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

## HEARING

BEFORE THE

## SUBCOMMITTEE ON PUBLIC ASSISTANCE

OF THE

## COMMITTEE ON FINANCE

## UNITED STATES SENATE

NINETY-SIXTH CONGRESS

FIRST SESSION

ON

## H.R. 3434

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

SEPTEMBER 24, 1979

Printed for the use of the Committee on Finance

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

MONDAY, SEPTEMBER 24, 1979

U.S. SENATE,
SUBCOMMITTEE ON PUBLIC ASSISTANCE,
COMMITTEE ON FINANCE,
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 7:30 p.m., in room 2221, Dirksen Senate Office Building, Hon. Daniel Patrick Moynihan (chairman of the subcommittee) presiding.

Present: Senators Moynihan, Dole, and Heinz.

[The press release announcing this hearing and the bill H.R. 3434 follows:]

[Press Release—Sept. 10, 1979]

FINANCE SUBCOMMITTEE ON PUBLIC ASSISTANCE TO HOLD HEARINGS ON H.R. 3434 AND OTHER PROPOSALS RELATED TO SOCIAL AND CHILD WELFARE SERVICES, ADOPTION ASSISTANCE, AND FOSTER CARE

The Honorable Daniel Patrick Moynihan, (D., N.Y.), Chairman of the Finance Subcommittee on Public Assistance, today announced that the Subcommittee will hold a hearing on the bill H.R. 3434 and other proposals related to the social services program established by title XX of the Social Security Act, and to foster care, child welfare services, and adoption assistance under title IV of that Act.

*The hearing will be held starting at 5 p.m. on Monday, September 24, 1979 in Room 2221 Dirksen Senate Office Building.*

"With the Title XX ceiling soon to revert to its permanent level, it is important that the Senate begin its consideration on this and related issues," Senator Moynihan said. "Although it is not yet clear whether the Second Concurrent Budget Resolution for Fiscal 1980 will allow for lifting that ceiling, it is essential that we examine the issue in the context of concern over the Title XX distribution formula and mindful of changes that have been proposed in various aspects of the program. The forthcoming hearing will afford us an opportunity to review the provisions of H.R. 3434, to consider the proposals in S. 1184, and to examine the administration's Title XX recommendations.

"The other important set of issues to be addressed at this hearing involve the provisions of the Social Security Act affecting foster care and child welfare services, and proposals to change them. These were the subject to extensive hearings and painstaking but incomplete legislative action in the 95th Congress, and it is extremely important that we now move promptly to make long-overdue reforms in this complex and sensitive field that so powerfully affects the lives of so many youngsters. We will consider the provisions of H.R. 3434 and will give careful attention to the proposals embodied in S. 966, which the administration submitted in April; to Amendment 392, a comprehensive alternative that Senators Cranston, Riegle, and I introduced on August 3; to S. 1661, introduced by Senator Levin on August 2; and to other related proposals pending before the Finance Committee."

*Requests to testify.*—Chairman Moynihan stated that witnesses desiring to testify at the hearing must make their requests to testify to Michael Stern, Staff Director, Committee on Finance, Room 2227, Dirksen Senate Office Building, Washington, D.C. 20510, *not later than the close of business on Friday, September 14, 1979.* Witnesses who are scheduled to testify will be notified as soon as possible after this

date as to when they will appear. If for some reason the witness is unable to appear at the time scheduled, he may file a written statement for the record in lieu of the personal appearance. Chairman Moynihan also stated that the Subcommittee strongly urges all witnesses who have a common position or the same general interest to consolidate their testimony and to designate a single spokesman to present their common viewpoint to the Subcommittee. This procedure will enable the Subcommittee to receive a wider expression of views than it might otherwise obtain.

*Legislative Reorganization Act.*—Chairman Moynihan stated that the Legislative Reorganization Act of 1946 requires all witnesses appearing before the Committees of Congress to "file in advance written statements of their proposed testimony and to limit their oral presentation to brief summaries of their argument." Senator Moynihan stated that, in light of this statute, the number of witnesses who desire to appear before the Subcommittee, and the limited time available for the hearings, all witnesses who are scheduled to testify must comply with the following rules:

(1) A copy of the statement must be delivered to Room 2227 Dirksen Senate Office Building, not later than 5 p.m. on Thursday, September 20, 1979.

(2) All witnesses must include with their written statements a summary of the principal points included in the statement.

(3) The written statements must be typed on letter-size paper (not legal size) and at least 100 copies must be delivered to Room 2227, Dirksen Senate Office Building, not later than 5 p.m. on Friday, September 21, 1979.

(4) Witnesses are not to read their written statements to the Subcommittee, but are to confine their oral presentations to a summary of the points included in the statement.

(5) All witnesses will be limited in the amount of time for their oral summary before the Subcommittee. Witnesses will be informed as to the time limitation before their appearance.

Witnesses who fail to comply with these rules will forfeit their privilege to testify.

*Written statements.*—Persons not scheduled to make an oral presentation, and others who desire to present their views to the Subcommittee, are urged to prepare a written statement for submission and inclusion in the printed record of the hearing. Written testimony for inclusion in the record should be typewritten, not more than 25 double-spaced pages in length and mailed with 5 copies to Michael Stern, Staff Director, Senate Committee on Finance, Room 2227, Dirksen Senate Office Building, Washington, D.C. 20510, not later than Monday, *September 24, 1979*

SEPTEMBER 24, 1979.

## LIMITATION ON PERIOD FOR STATE FILING OF CLAIMS UNDER THE SOCIAL SECURITY ACT

(Suggested by Senator Moynihan)

(Prepared by the Staff of the Committee on Finance)

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

The conference report on the fiscal year 1980 Labor—HEW Appropriation Bill (H.R. 4389) includes language under the appropriations for assistance payments, Medicaid, and social services as follows:

"No payment shall be made from this appropriation to reimburse State or local expenditures made prior to September 30, 1978."

This limitation would apply only in the case of appropriations in this particular appropriation bill, and it would limit the filing of retroactive claims against these appropriations to between one and two years.

Senator Moynihan has suggested that another approach be adopted instead under which the Social Security Act would be amended effective October 1, 1981 to limit the period of retoractivity for State claims to a full two years under the various titles of the Act. Such a provision would be a feature of permanent law (rather than in an annual appropriation bill), and would allow States a reasonable time for filing of claims. The Secretary of Health, Education, and Welfare could make exceptions in situations where he determines there is good reason to do so.

II

96TH CONGRESS
1ST SESSION

# H. R. 3434

IN THE SENATE OF THE UNITED STATES

AUGUST 7, 1979

Read twice and referred to the Committee on Finance

# AN ACT

To amend the Social Security Act to make needed improvements in the child welfare and social services programs, to strengthen and improve the program of Federal support for foster care of needy and dependent children, to establish a program of Federal support to encourage adoptions of children with special needs, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SHORT TITLE; REFERENCE TO ACT

SECTION 1. (a) This Act, with the following table of contents, may be cited as the "Social Services and Child Welfare Amendments of 1979".

★(Star Print)

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(b) Whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference (unless specifically otherwise indicated) shall be considered to be made to a section or other provision of the Social Security Act.

# TITLE I—SOCIAL SERVICES

## PERMANENT INCREASE IN AMOUNT ALLOCATED TO STATES

SEC. 101. Section 2002(a)(2)(A)(ii) is amended by striking out "$2,500,000,000" the second time it appears and inserting instead "$3,100,000,000".

## TEMPORARY EXTENSION OF 100-PERCENT FEDERAL MATCHING FOR CERTAIN CHILD DAY CARE EXPENDITURES

SEC. 102. (a) Section 2002(a)(1) is amended by inserting "(subject to paragraph (17))" after "planning services and".

(b) Section 2002(a) is further amended by adding at the end the following new paragraph:

"(17)(A) The total payment to a State under this section with respect to expenditures during fiscal year 1980 or fiscal year 1981 for the provision of child day care services under this title shall be equal to 100 per centum of such expenditures to the extent that such expenditures (during that fiscal year) do not exceed an amount which bears the same ratio to $200,000,000 as the amount of the State's limitation under paragraph (2)(A) bears to $3,100,000,000.

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

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

EMPLOYMENT OF WELFARE RECIPIENTS IN DAY CARE

SEC. 103. Section 2002(a) is amended by adding after paragraph (17) (as added by section 102(b) of this Act) the following new paragraph:

"(18)(A) Sums granted by the State to a qualified provider of child day care services (as defined in subparagraph (B)) for payment of the wages of one or more eligible employees (as defined in section 50B(h) of the Internal Revenue Code of 1954), in jobs related to the provision of child day care services, shall be deemed for purposes of this title to constitute expenditures for the provision of child day care services to the extent that (i) the grants involved are included in the State's expenditures (for the provision of child day care services) with respect to which payment may be made at the rate specified in paragraph (17)(A), and (ii) the wages so paid to any such employee (as determined by the Secretary) are paid at an annual rate not in excess of (I) $5,000, in the case of a public or nonprofit private provider, or (II) $4,000, or 80 per centum of the wages of such employee, in the case of any other provider. For purposes of paragraph (17), services directed at the goals specified in section 2001 shall be

deemed to include the employment of Federal welfare recipients in jobs related to the provision of child day care services in accordance with the preceding sentence.

"(B) For purposes of this paragraph, the term 'qualified provider of child day care services' (with respect to any grant by a State) includes a provider of such services only if some or all of the costs of such services for at least 20 per centum of the children receiving services from such provider in the facility with respect to which the grant is made are paid for under the State program under this title.".

LIMITATION ON FUNDS FOR TRAINING

SEC. 104. (a) The first sentence of section 2002(a)(2)(A)(i) is amended by striking out "in excess of an amount" and all that precedes it, and inserting instead "Except as provided in clause (iii), no payment may be made under this section to any State for any fiscal year beginning after September 30, 1979, in excess of an amount".

(b) Section 2002(a)(2)(A) is further amended by adding after clause (ii) the following new clause:

"(iii) Payment with respect to expenditures for personnel training or retraining directly related to the provision of services under this title may be made to a State, for any fiscal year, in excess of the limitation for such State promulgated under clause (i); except that—

"(I) payment to a State with respect to such expenditures for fiscal year 1980 may not exceed an amount equal to 3 per centum of the State's limitation so promulgated for fiscal year 1980, plus (if the State's expenditures for such training or retraining in fiscal year 1979 were in excess of 3 per centum of its limitation for that year) two-thirds of the amount (if any) by which such expenditures for fiscal year 1979 exceeded an amount equal to 3 per centum of the State's limitation for fiscal year 1980; and

"(II) payment to a State with respect to such expenditures for fiscal year 1981 or any succeeding fiscal year may be made only if the State has submitted to the Secretary in accordance with paragraph (19) (prior to the beginning of the fiscal year involved) a training plan specifying in detail how its funds expended for such training or retraining in that fiscal year will be used, and only with respect to expenditures included in such plan which are approved by the Secretary in accordance with criteria prescribed by him.".

(c) Section 2002(a) is amended by adding after paragraph (18) (as added by section 103 of this Act) the following new paragraph:

"(19) Effective October 1, 1980, no payment may be made under this section for training or retraining expendi-

tures except in accordance with a training plan approved by the Secretary which, at a minimum—

"(A) describes how training needs were assessed and how the assessment was used to structure the training programs, the individuals to be trained, and the training resources to be used;

"(B) demonstrates that the training activities have a direct relationship to the title XX services program and to the State's staffing needs to carry out the title XX services program; and

"(C) describes the State agency's plan to monitor training programs and to evaluate the agency's overall staff training and development program.".

CONSULTATION WITH LOCAL OFFICIALS

SEC. 105. (a) Section 2004 is amended by inserting "(a)" after "SEC. 2004.", and by adding at the end the following new subsection:

"(b) A State's comprehensive services program planning does not meet the requirements of this section unless, prior to the publication of the proposed comprehensive services program plan in accordance with subsection (a), the State official designated under paragraph (2) of that subsection gives public notice of his intent to consult with the chief elected officials of the political subdivisions of the State in the development of that plan, and thereafter provides each such

official with a reasonable opportunity to present his views prior to the publication of the plan.".

(b) Paragraph (2) of section 2004(a) (as so designated by subsection (a) of this section) is amended—

(1) by striking out "and" at the end of subparagraph (I);

(2) by striking out "; and" and the end of subparagraph (J) and inserting instead ", and"; and

(3) by adding at the end the following new subparagraph:

"(K) a description of the process of consultation that was followed in compliance with subsection (b) of this section; and a summary of the principal views expressed by the chief elected officials of the political subdivisions of the State in the course of that consultation; and".

(c) Section 2007 is amended—

(1) by striking out ", and" at the end of paragraph (1) and inserting instead a semicolon;

(2) by striking out the period at the end of paragraph (2) and inserting instead "; and"; and

(3) by adding at the end the following new paragraph:

"(3) the term 'political subdivisions of the State' means those areas of the State that are subject to the jurisdiction of general purpose local governments.".

MULTIYEAR PLANNING

SEC. 106. (a) Paragraph (1) of section 2004(a) (as so designated by section 105(a) of this Act) is amended to read as follows:

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

(b) Section 2004(a) (as so redesignated) is further amended—

(1) by striking out "services program year" each place it appears and inserting instead "services program period";

(2) by striking out "annual" in paragraph (2) (in the matter preceding subparagraph (A)) and in paragraph (4);

(3) by striking out "during that year" in paragraph (2) (in the matter preceding subparagraph (A)) and inserting instead "during that period";

(4) by striking out the period at the end of paragraph (5) and inserting instead "; and"; and

(5) by adding at the end the following new paragraph:

"(6) where the State adopts under paragraph (1) a services program period of longer than one year, the State agency publishes and makes generally available such information concerning the comprehensive services program, at such times, as the Secretary may by regulation require.".

CRITERIA FOR PROVISION OF SERVICES

SEC. 107. Paragraph (2)(D) of section 2004(a) (as so designated by section 105(a) of this Act) is amended to read as follows:

"(D) the geographic areas in which those services are to be provided, with specific reference to those areas determined to be areas of special need for such services, the nature and amount of the services to be provided in each geographic area, and the criteria used to determine the nature and amount of such services for each geographic area,".

PERMANENT EXTENSION OF PROVISIONS RELATING TO ALCOHOLICS AND DRUG ADDICTS

SEC. 108. Section 4(c) of Public Law 94-120 is amended (effective with respect to expenditures made, and services provided, on and after October 1, 1979) by striking out "only for the period" and all that follows and inserting instead "from and after October 1, 1975.".

EMERGENCY SHELTER

SEC. 109. Section 2002(a)(11) is amended—

(1) by striking out "; and" at the end of subparagraph (C) and inserting instead a comma;

(2) by redesignating subparagraph (D) as subparagraph (E); and

(3) by inserting after subparagraph (C) the following new subparagraph:

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

PURPOSES OF SOCIAL SERVICES PROGRAM

SEC. 110. (a) Section 2001 is amended by striking out "to furnish services directed at the goal of—" in the matter preceding paragraph (1) and inserting instead "to meet social services needs which are not otherwise being met, in order to

make a comprehensive range of social services available to the individuals eligible for services under this title, by furnishing services within the State, and especially within the political subdivisions of the State having a special need for those services, directed at the goals of—".

(b) Section 2002(a)(1) is amended by striking out "goal of—" and all that follows down through "including expenditures" and inserting instead "goals specified in section 2001, including expenditures".

SOCIAL SERVICES FUNDING FOR TERRITORIAL JURISDICTIONS

SEC. 111. (a) Effective with respect to fiscal years beginning after September 30, 1979, section 2002(a)(2) is amended by striking out subparagraphs (B), (C), and (D) and inserting instead the following new subparagraph:

"(B) From the amounts made available under section 2001 for any fiscal year beginning with fiscal year 1980 (in addition to any sums appropriated for purposes of payments under the preceding provisions of this subsection), the Secretary shall allocate—

"(i) to the jurisdictions of Puerto Rico, Guam, and the Virgin Islands, for purposes of payments under sections 3(a) (4) and (5), 403(a)(3), 1003(a) (3) and (4), 1403(a) (3) and (4), and 1603(a) (4) and (5), with re-

spect to services, the sums of $15,000,000, $500,000, and $500,000, respectively, and

"(ii) to the jurisdiction of the Northern Mariana Islands, for purposes of payments under section 403(a)(3), with respect to services and for services programs for other individuals as defined by the Secretary, the sum of $100,000,

in addition to any amounts otherwise available to such jurisdictions under this Act.".

(b) The last sentence of section 2001 is amended by inserting before the period at the end thereof the following: "(and to territorial jurisdictions as described in subsection (a)(2)(B) thereof)".

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 112. (a) Section 2002(a)(3)(B) is amended—

(1) by striking out "annual"; and

(2) by striking out "2004(2) (B) and (C)" and inserting instead "2004(a)(2) (B) and (C)".

(b) Section 2002(a)(7) is amended by striking out "paragraph (11)(D)" in subparagraphs (A) and (E) and inserting instead in each instance "paragraph (11)(E)".

(c) Section 2003(b) is amended by striking out "services program year" each place it appears and inserting instead "services program period".

(d) The last sentence of section 2003(d)(1) is amended by striking out "2004(1)" and "services program year" and inserting instead "2004(a)(1)" and "services program period", respectively.

(e) Section 2003(e)(1) is amended by striking out "subsection (g)" and inserting instead "subsection (d)".

(f) Section 2004(a)(2)(B) (as so designated by section 105(a) of this Act) is amended by striking out "section 2002(a)(1)" each place it appears and inserting instead "section 2001".

(g) Section 2005 is amended by striking out "services program year" and inserting instead "services program period".

(h) Section 1108(a) is amended by striking out "2002(a)(2)(D)" in the matter preceding paragraph (1) and inserting instead "2002(a)(2)(B)".

## TITLE II—CHILD WELFARE SERVICES,

### AMENDMENTS TO CHILD WELFARE SERVICES PROGRAM

SEC. 201. (a) Part B of title IV is amended (subject to subsection (b) of this section) by striking out all that precedes section 426 and inserting instead the following:

### "PART B—CHILD WELFARE SERVICES

### "APPROPRIATION

"SEC. 420. For the purpose of enabling the United States, through the Secretary, to cooperate with State public

welfare agencies in establishing, extending, and strengthening child welfare services, there is authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this part (other than section 426).

"ALLOTMENTS TO STATES

"SEC. 421. (a) The sum of $266,000,000 shall be allotted by the Secretary each fiscal year for use by cooperating State public welfare agencies which have plans developed jointly by the State agency and the Secretary, as follows: He shall first allot $70,000 to each State, and shall then allot to each State an amount which bears the same ratio to the remainder of such sum as the product of (1) the population of the State under the age of twenty-one and (2) the allotment percentage of the State (as determined under this section) bears to the sum of the corresponding products of all the States.

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

"(c) The allotment percentage for each State shall be promulgated by the Secretary between October 1 and November 30 of each even-numbered year, on the basis of the average per capita income of each State and of the United States for the three most recent calendar years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the two fiscal years in the period beginning October 1 next succeeding such promulgation.

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

"STATE PLANS FOR CHILD WELFARE SERVICES

"SEC. 422. (a) In order to be eligible for payment under this part, a State must have a plan for child welfare services which has been developed jointly by the Secretary and the State agency designated pursuant to paragraph (1), and which meets the requirements of subsection (b).

"(b) Each plan for child welfare services under this part shall—

"(1) provide that (A) the individual or agency designated pursuant to section 2003(d)(1)(C) to administer or supervise the administration of the State's services program will administer or supervise the administration of the plan, and (B) to the extent that child welfare services are furnished by the staff of the State agency

or local agency administering the plan, a single organizational unit in such State or local agency, as the case may be, will be responsible for furnishing such child welfare services;

"(2) provide for coordination between the services provided for children under the plan and the services and assistance provided under title XX, under the State plan approved under part A of this title, and under other State programs having a relationship to the program under this part, with a view to provision of welfare and related services which will best promote the welfare of such children and their families;

"(3) provide that the standards and requirements imposed with respect to child day care under title XX shall apply with respect to day care services under this title, except insofar as eligibility for such services is involved;

"(4) provide for the training and effective use of paid paraprofessional staff, with particular emphasis on the full-time or part-time employment of persons of low income, as community service aides, in the administration of the plan, and for the use of nonpaid or partially paid volunteers in providing services and in assisting any advisory committees established by the State agency;

"(5) contain a description of the services to be provided and specifies the geographic areas where such services will be available;

"(6) contain a description of the steps which the State will take to provide child welfare services and to make progress in—

"(A) covering additional political subdivisions,

"(B) reaching additional children in need of services, and

"(C) expanding and strengthening the range of existing services and developing new types of services,

along with a description of the State's child welfare services staff development and training plans;

"(7) provide, in the development of services for children, for utilization of the facilities and experience of voluntary agencies in accordance with State and local programs and arrangements, as authorized by the State; and

"(8) provide that the agency administering or supervising the administration of the plan will furnish such reports, containing such information, and participate in such evaluations, as the Secretary may require.

"PAYMENT TO STATES

"SEC. 423. (a) From its allotment under section 421 for each fiscal year, subject to the conditions set forth in this section and in section 424, the Secretary shall from time to time pay to each State that has a plan developed in accordance with section 422 an amount equal to 75 per centum of the total sum expended under the plan (including the cost of administration of the plan) in meeting the costs of State, district, county, or other local child welfare services.

"(b) The method of computing and making payments under this section shall be as follows:

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

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

"(c) No payment may be made to a State under this part with respect to any expenditure made in a fiscal year begin-

ning after September 30, 1979, unless the Secretary receives a claim from the State for Federal reimbursement for such expenditure on or before the last day of the fiscal year following the fiscal year in which the expenditure is made (as determined in accordance with such guidelines or regulations as the Secretary may promulgate).

"(d) No payment may be made to a State under this part, for any fiscal year beginning after September 30, 1979, with respect to State expenditures made for (1) child day care necessary solely because of the employment, or training to prepare for employment, of a parent or other relative with whom the child involved is living, (2) foster care maintenance payments, and (3) adoption assistance payments, to the extent that the Federal payment with respect to those expenditures would exceed the total amount of the Federal payment under this part for fiscal year 1979.

"(e) No payment may be made to a State under this part in excess of the payment made under this part for fiscal year 1979, for any fiscal year beginning after September 30, 1979, if for the latter fiscal year the total of the State's expenditures for child welfare services under this part and title XX (excluding expenditures for activities specified in subsection (d)) is less than the total of the State's expenditures under this part and title XX for fiscal year 1979.

"FOSTER CARE PROTECTIONS REQUIRED FOR ADDITIONAL FEDERAL PAYMENTS

"SEC. 424. (a) A State shall not be eligible for payment from its allotment under section 421 for any fiscal year in an amount greater than it was paid under this part for fiscal year 1979, except as provided in this section.

"(b) Each State shall be eligible for payment from its allotment under section 421 for fiscal year 1980 and each fiscal year thereafter (subject to subsection (d)(2)), in addition to an amount equal to such State's payment under this part for fiscal year 1979, of an amount equal to 40 per centum of the remainder of such allotment. As soon as possible after the date of the enactment of the Social Services and Child Welfare Amendments of 1979, the State, using such portion of any amounts paid to it under the preceding sentence as may be necessary, shall—

"(1) complete case reviews (as defined in section 425(b)(4)) of children in foster care under the responsibility of the State, including at a minimum all children who have been in such foster care continuously for the six months preceding the last day of the quarter during which the case reviews are performed;

"(2) submit to the Secretary and make available to the public a report based on the case reviews under paragraph (1) which sets forth the number of children

who have been in foster care for more than six months and the length of time they have been in foster care, their ages and appropriate demographic characteristics, their legal status, the reasons for initial placement in foster care, the types of foster care arrangements in which they reside, and the numbers of such children respectively expected to return to parents or other relatives, to be adopted, or to have legal guardians appointed; and

"(3) take such other actions as may be necessary to establish and place in effect the laws, regulations, standards, practices, and procedures described in subsection (c).

"(c) Each State shall be eligible for payment of the full amount to which it is entitled from its allotment under section 421 for each calendar quarter, beginning after September 30, 1980 (and after the State has completed the actions described in the second sentence of subsection (b)), for which the State demonstrates to the satisfaction of the Secretary that the State has in effect such laws, regulations, standards, practices, and procedures as are necessary and appropriate to assure that—

"(1) no child (except in a situation described in paragraph (2)(A) or (2)(C)) will be placed in foster care either voluntarily or involuntarily unless the child and

his family have been provided adequate preventive services which are designed to avoid unnecessary out-of-home placements (and which may include home-maker services, day care, twenty-four-hour crisis intervention, emergency caretaker services, emergency temporary shelters and group homes for adolescents, and emergency counseling), or such preventive services have been made available but refused by the family;

"(2) no child will be involuntarily removed from a home shared with a parent and placed in foster care, except on a short-term emergency basis either in the case of a situation described in subparagraph (A) of this paragraph or in the case of an alleged delinquent or an alleged status offender, unless there has been a judicial determination, by a court of competent jurisdiction, that—

"(A) the situation in the home presents a substantial and immediate danger to the child which would not be mitigated by the provision of preventive services,

"(B) the child is dependent, neglected, or in need of supervision or has committed a status offense, and preventive services have been provided to the family pursuant to paragraph (1) but have failed to alleviate the crisis necessitating an out-

of-home placement, or every reasonable effort has been made to provide such services, or such services have been made available but refused by the family, or

"(C) the child has committed a delinquent offense;

"(3) no child will be placed in foster care by the voluntary action of a parent unless a voluntary placement agreement, containing such provisions as the Secretary shall by regulation require for purposes of this section, has been developed and approved by the placement agency and the parents, signed by both, and a copy given to any foster parent or guardian;

"(4) with respect to each child accepted for placement—

"(A) the child will be placed in the least restrictive setting which most approximates a family and in which his special needs, if any, may be met in accordance with such criteria as the Secretary shall by regulation establish,

"(B) the child will be placed within reasonable proximity to his home, taking into account any special needs of the child, and

"(C) where appropriate, all reasonable efforts will be taken to place the child with relatives;

"(5) the State will establish and make available to each child in placement, his parents, and other members of his family, family reunification services which are designed to alleviate the conditions necessitating placement and to insure the swiftest possible return of the child to his home and which may include transportation services, family and individual therapy, psychiatric counseling, homemaker and housekeeper services, day care, consumer education, respite care, information and referral services, and services to assist in post-placement adjustment;

"(6) the State has provided for the development of a written individualized case plan (as defined in section 425(b)(3)) for each child receiving foster care, and has established a case review system under which each child receives, no less frequently than once every six months, a case review (as defined in section 425(b)(4));

"(7) the State has established procedures for a dispositional hearing to be held, in a family or juvenile court or another court of competent jurisdiction, or by an administrative body appointed by a court, no later

than eighteen months after the original placement, which hearing shall determine that the child—

"(i) should be returned home,

"(ii) requires continued placement for a specified period of time not to exceed six months, unless extended by the court (or administrative body) because of special needs or special circumstances which prevent immediate return to a parent,

"(iii) should be placed with a legal guardian,

"(iv) should be freed for adoption through appropriate proceedings and placed in an adoptive home, or

"(v) requires a permanent long-term foster care placement because the child cannot or should not be returned home or placed in an adoptive home; and

"(8) the State has established a fair hearing procedure under which—

"(A) any parent, foster parent, guardian, or child who believes that he has been aggrieved by any governmental action under this part will be afforded a prompt fair hearing before an impartial hearing officer who has not previously been in-

volved in the care and supervision of the child, and

"(B) if such a hearing is requested by any party, the parent, foster parent, guardian, and child will each be afforded notice of the hearing and the opportunity to participate as a party.

"(d)(1) Notwithstanding the preceding provisions of this section (but subject to paragraph (2) of this subsection), a State which has not satisfied all of the requirements of subsection (c), but which demonstrates to the satisfaction of the Secretary that it has established and placed in effect the laws, regulations, standards, practices, and procedures described in paragraphs (2) through (8) of such subsection, shall be deemed to have satisfied all of the requirements of such subsection (if it has not been previously deemed to satisfy such requirements under this paragraph) for the period beginning with the first calendar quarter (after September 30, 1980, and after the State has completed the actions described in the second sentence of subsection (b)) in which those laws, regulations, standards, practices, and procedures are in effect and ending when the State actually satisfies the requirements of such subsection or (if the State has not theretofore actually satisfied such requirements) with the close of the third calendar quarter thereafter or the close of the next succeeding fiscal year, whichever is later.

"(2) If any State has not completed all of the actions described in the second sentence of subsection (b) and placed in effect all of the laws, regulations, standards, practices, and procedures described in paragraphs (2) through (8) of subsection (c) prior to the beginning of the fiscal year 1982, both this subsection and the first sentence of subsection (b) shall be inapplicable, and the requirements of subsection (c) shall be deemed not to have been satisfied, with respect to that State, beginning with the first quarter of the fiscal year 1982 and continuing thereafter until all of the actions described in the second sentence of subsection (b) have been completed and all of the laws, regulations, standards, practices, and procedures described in subsection (c) have been placed in effect or paragraph (1) of this subsection becomes applicable.

"(e)(1) In order to be eligible for payment as provided in this section, each State shall submit an annual report to the Secretary on its program under this part, which report shall contain the information specified in subsection (b)(2), and any additional information which the Secretary may by regulation require. The first report required by this paragraph shall be due by the end of the fiscal year succeeding the fiscal year in which the report required by subsection (b)(2) is submitted to the Secretary.

"(2) Where a State fails to submit to the Secretary the report required by paragraph (1), he shall withhold from the

payment to such State under this part for any quarter beginning after the date on which the report was due any amounts in excess of the amount which the State was paid in the same calendar quarter of fiscal year 1979. The Secretary shall pay the State any amounts so withheld in the quarter succeeding the quarter in which the report is received.

"(f) With respect to fiscal years beginning after September 30, 1980, in the case of any State which the Secretary determines has complied with the conditions specified in this section, no less than 40 per centum of the amount by which its payment in any fiscal year exceeds its payment under this part for fiscal year 1979 must be expended by such State in part for services designed to help children to remain with their families and in part for services to help children, where appropriate, to return to families from which they have been removed, including at least one of the following services: homemaker services, day care, twenty-four-hour crisis intervention, emergency caretaker services, emergency shelters, or any other such services specified in regulations of the Secretary.

"DEFINITIONS

"SEC. 425. (a) For purposes of this title, the term 'child welfare services' means public social services which are directed toward the accomplishment of the following purposes: (1) protecting and promoting the welfare of all children, in-

cluding handicapped, homeless, dependent, or neglected children; (2) preventing or remedying, or assisting in the solution of problems which may result in, the neglect, abuse, exploitation, or delinquency of children; (3) preventing the unnecessary separation of children from their families by identifying family problems, assisting families in resolving their problems, and preventing breakup of the family where the prevention of child removal is desirable and possible; (4) restoring to their families children who have been removed, by the provision of services to the child and the families; (5) placing children in suitable adoptive homes, in cases where restoration to the biological family is not possible or appropriate; and (6) assuring adequate care of children away from their homes, in cases where the child cannot be returned home or cannot be placed for adoption.

"(b) For purposes of this part and the provisions of part A relating to foster care and adoption—

"(1) the term 'administrative review' means an impartial review, with respect to a child, which is open to the participation of the parents and caretakers of the child and is conducted by a panel of appropriate persons at least one of whom is not responsible for the case management of, or the delivery of services to, either the child or the parents who are the subject of the review;

"(2) the term 'adoption assistance agreement' means a written agreement, binding on the parties to the agreement, between the State agency, other relevant agencies, and the prospective adoptive parents of a minor child which, at a minimum, specifies the amounts of the adoption assistance payments (if any) and any additional services and assistance which are to be provided as part of such agreement, and stipulates that the agreement shall remain in effect regardless of whether the adoptive parents are or remain residents of the State;

"(3) the term 'case plan' means a written document, with respect to a child, which includes at least the following information: A description of the type of home or institution in which the child is to be placed, including a discussion of the appropriateness of the placement and (if the child was removed from the home of a relative as a result of a judicial determination described in section 408(a)) how the agency which is responsible for the child proposes to comply with any requirements set as a result of such judicial determination; and a plan of services that will be provided to the family, child, and caretakers in order to improve the conditions in the home, facilitate return of the child or the permanent placement of the child, and address

the needs of the child while in foster care, including a discussion of the appropriateness of the plan of services that have been provided to the child under the plan;

"(4) the term 'case review' means a review by a court of competent jurisdiction or an administrative review (as defined in paragraph (1)), with respect to a child in foster care, which at a minimum—

"(A) verifies that the child has a case plan, and determines the continuing appropriateness or need for modification of the case plan and the extent of compliance with the case plan,

"(B) evaluates the continuing necessity for and appropriateness of the placement and the progress made toward eliminating the need for placement in foster care, and

"(C) sets a date by which it is expected that the child can be returned home, or placed for adoption or legal guardianship, or otherwise permanently placed;

(5) the term 'parent' means a biological or adoptive parent or legal guardian, as determined by applicable State law;

"(6) the term 'voluntary placement' means an out-of-home placement of a minor, by or with participation of a State agency, after the parents or guard-

ians of the minor have requested the assistance of the agency and signed a voluntary placement agreement; and

"(7) the term 'voluntary placement agreement' means a written agreement, binding on the parties to the agreement, between the State agency, any other agency acting on its behalf, and the parents or guardians of a minor child which specifies, at a minimum, the legal status of the child and the rights and obligations of the parents or guardians, the child, and the agency while the child is in placement.".

(b) In the case of Guam, Puerto Rico, and the Virgin Islands, and the Commonwealth of the Northern Mariana Islands, section 422(b)(1) (as otherwise amended by subsection (a) of this section) shall be deemed to read as follows:

"(1) provide that (A) the State agency designated pursuant to section 402(a)(3) to administer or supervise the administration of the plan of the State approved under part A of this title will administer or supervise the administration of such plan for child welfare services, and (B) to the extent that child welfare services are furnished by the staff of the State agency or local agency administering such plan for child welfare services, the organizational unit in such State or local agency established pursuant to section 402(a)(15) will

be responsible for furnishing such child welfare services;".

(c) Notwithstanding section 422(b)(1) of the Social Security Act, (as amended by subsection (a) of this section) if on December 1, 1974, the agency of a State administering its plan for child welfare services under part B of title IV of that Act was not the agency designated pursuant to section 402(a)(3) of that Act, such section 422(b)(1) shall not apply with respect to such agency, but only so long as such agency is not the agency designated under section 2003(d)(1)(C) of that Act; and if on December 1, 1974, the local agency administering the plan of a State under part B of title IV of that Act in a subdivision of the State was not the local agency in such subdivision administering the plan of such State under part A of that title, such section 422(b)(1) shall not apply with respect to such local agency, but only so long as such local agency is not the local agency administering the program of the State for the provision of services under title XX of that Act.

(d) Notwithstanding any other provision of law, funds which are appropriated for fiscal year 1980 pursuant to section 420 of the Social Security Act, and for which States are eligible for payment under section 424(b) of that Act (as amended by subsection (a) of this section), shall remain available, to the extent so provided in an appropriation Act here-

after enacted, for payment with respect to expenditures for child welfare services under part B of title IV of that Act until September 30, 1981.

(e) Section 2002(a)(8) is amended by striking out "or 422" and inserting instead "or 423".

## TITLE III—FOSTER CARE AND ADOPTION ASSISTANCE

### FEDERAL PAYMENTS FOR DEPENDENT CHILDREN VOLUNTARILY PLACED IN FOSTER CARE

SEC. 301. (a) Section 408 is amended to read as follows:

"FEDERAL PAYMENTS FOR FOSTER CARE OF DEPENDENT CHILDREN

"SEC. 408. (a) For purposes of this part, the term 'dependent child' (notwithstanding section 406(a)) includes a child—

"(1) who would meet the requirements of such section 406(a), or of section 407, except for his removal from the home of a relative (specified in such section 406(a)) pursuant to a voluntary placement agreement entered into by the child's parent or legal guardian or as a result of a judicial determination to the effect that continuation therein would be contrary to the welfare of the child;

"(2) whose placement and care are the responsibility of—

"(A) the State or local agency administering the State plan approved under section 402, or

"(B) any other public agency with whom the State agency administering or supervising the administration of such State plan has made an agreement which is still in effect and which includes provision for assuring the development of an individualized case plan for the child (satisfactory to such State agency) as required by subsection (d) and such other provisions as may be necessary to assure accomplishment of the objectives of the State plan approved under section 402;

"(3) who has been placed in a foster family home or child-care institution as a result of such voluntary placement agreement or judicial determination; and

"(4) who—

"(A) received aid under such State plan in or for the month in which such agreement was entered into or court proceedings leading to such determination were initiated, or

"(B)(i) would have received such aid in or for such month if application had been made therefor, or

"(ii) in the case of a child who had been living with a relative specified in section 406(a) within six months prior to the month in which such agreement was entered into or such proceedings were initiated, would have received such aid in or for such month if in such month he had been living with (and removed from the home of) such a relative and application had been made therefor.

"(b) For purposes of this Act, the term 'aid to families with dependent children' (notwithstanding section 406(b)) includes foster care in behalf of a child described in subsection (a)—

"(1) in the foster family home of any individual, whether the payment therefor is made to such individual or to a public or nonprofit private child-placement or child-care agency, or

"(2) in a child-care institution, whether the payment therefor is made to such institution or to a public or nonprofit private child-placement or child-care agency, but subject to limitations prescribed by the Secretary (which shall be the same for public and private institutions similarly situated) with a view to including as 'aid to families with dependent children' in the case of foster care in such an institution only those

items which are included in such term in the case of foster care in the foster family home of an individual.

"(c) In determining Federal payments to a State under section 403, the number of individuals counted under clause (A) of section 403(a)(1) for any month shall include individuals (not otherwise included under such clause) with respect to whom expenditures were made in such month as aid to families with dependent children in the form of foster care.

"(d) Each State plan approved under section 402 shall include provision for the development of an individualized case plan for each child described in subsection (a), and for periodic case review with respect to each such child, in accordance with part B of this title.

"(e)(1) For purposes of this section and section 412, a child who was voluntarily removed from the home of a relative prior to the date of the enactment of the Social Services and Child Welfare Amendments of 1979 shall be deemed to have been so removed as a result of a judicial determination to the effect that continuation therein would be contrary to the welfare of the child, if and from the date that (A) a review meeting the requirements of paragraph (2) of this subsection, or an equivalent or more comprehensive review, has been made with respect to the child and the child is determined to be in need of foster care as a result of such review, and (B) the State has established and placed in effect all of

the laws, regulations, standards, practices, and procedures described in paragraphs (2) through (8) of subsection (c). In the case of any child described in the preceding sentence, the date of the voluntary removal shall be treated as the date on which court proceedings leading to such removal were initiated for purposes of subsection (a)(4).

"(2) No payment shall be made to any State with respect to expenditures made under this part with respect to a child removed from the home of a relative as described in paragraph (1) unless that State has developed a written individualized case plan (as defined in section 425(b)(3)) for such child, and the plan so developed has been reviewed by an experienced and objective person not directly involved in the provision of services to the family (which may be a court of competent jurisdiction). The review required under the preceding sentence shall—

"(A) determine the extent of progress which has been made toward alleviating or mitigating the causes necessitating placement, and project a likely date by which the child may be returned to the home of his biological parent or parents;

"(B) insure compliance by all parties with the requirements of the case plan and voluntary placement agreement, and modify those documents where necessary;

"(C) be conducted no less than two weeks after the parent and the child have been notified in writing of the review, advised of the status of the case and agency recommendations, and provided the opportunity to appear by or with representation of their choice; and

"(D) result in written findings and conclusions and, if necessary, modifications of the case plan, which shall specify the obligations and duties of all parties during the continued period of placement, a copy of which must be provided to the agency and to the child's biological parent and guardian, foster parents, or other party having responsibility for the maintenance of the child.

"(f) For purposes of this section—

"(1) the term 'foster family home' means a foster family home for children which is licensed by the State in which it is situated, or which has been approved, by the agency of such State responsible for licensing homes of this type, as meeting the standards established for such licensing; and

"(2) the term 'child-care institution' means a public institution accommodating not more than twenty-five children, or a nonprofit private child-care institution, which is licensed by the State in which it is situated, or which is approved, by the agency of such

State responsible for the licensing or approval of institutions of this type, as meeting the standards established for such licensing; but such term shall not include detention facilities, forestry camps, training schools, or any other facility operated primarily to accommodate children who are delinquent.

For definitions of other terms used in this section, see section 425(b).".

(b) Section 402(a) is amended—

(1) by striking out "and" at the end of paragraph (28);

(2) by striking out the period at the end of paragraph (29) and inserting instead "; and", and

(3) by adding after paragraph (29) the following new paragraph:

"(30) provide for coordination between the services and assistance provided for children under the plan and the services and assistance provided under the State plan approved under part B of this title, under title XX, and under other State programs having a relationship to the programs under this part, with a view to provision of welfare and related services which will best promote the welfare of such children and their families.".

(c)(1) Except as provided by paragraphs (2) and (3) of this subsection, the amendments made by subsections (a) and (b) shall be effective upon the date of the enactment of this Act.

(2) To the extent that the amendment made by subsection (a) authorizes assistance to children whose removal from the home of a relative occurs pursuant to a voluntary placement agreement or otherwise relates to such children, such amendment shall be effective with respect to fiscal years ending on or after September 30, 1980, but shall apply with respect to payments of aid to families with dependent children (including payments under section 412), under the plan of any State approved under part A of title IV of the Social Security Act, only in the case of those children whose removal occurs pursuant to voluntary placement agreements entered into (or renewed in such manner and form as the Secretary of Health, Education, and Welfare may prescribe) on or after the first day of the earliest month (after the month in which this Act is enacted and after September 1979) in which such State has established and placed in effect all of the laws, regulations, standards, practices, and procedures described in section 424(c) of the Social Security Act (added by section 201 of this Act), as demonstrated by the State to the satisfaction of the Secretary of Health, Education, and Welfare on the basis of such evidence as he may require.

(3) To the extent that the amendment made by subsection (a) authorizes assistance to children voluntarily removed from the home of a relative before February 1, 1979, such amendment shall become effective on the date of the enactment of this Act with respect to payments made under section 403 of the Social Security Act for quarters beginning on or after such date or, if later, on or after October 1, 1979.

ADOPTION ASSISTANCE PAYMENTS UNDER AID TO FAMILIES WITH DEPENDENT CHILDREN FOSTER CARE PROGRAM

SEC. 302. (a) Part A of title IV is amended by adding at the end thereof the following new section:

"ADOPTION ASSISTANCE PAYMENTS

"SEC. 412. (a)(1) Notwithstanding any other provision of this part, each State having a plan approved under this part shall, directly or through another public or nonprofit private agency, make adoption assistance payments pursuant to an adoption assistance agreement (as defined in section 425(b)(2)) in amounts determined under paragraph (3) to parents who, after the effective date of this section, adopt a child who—

"(A) meets the requirements of section 406(a), section 407, or section 408 with respect to eligibility for assistance under this part, or meets the require-

ments of section 1611(a)(1) with respect to eligibility for supplemental security income benefits, and

"(B) is determined by the State, pursuant to subsection (c), to be a child with special needs.

Each State plan approved under this part shall be deemed to incorporate the provisions and requirements of this section.

"(2) The amount of the adoption assistance payments shall be determined through agreement between the adoptive parent (or parents) and the State or local agency administering the program under this section, which shall take into consideration the economic or other circumstances of the adopting parents and the needs of the child being adopted, and may be readjusted periodically, with the concurrence of the adopting parents (which may be specified in the adoption assistance agreement), depending upon changes in such circumstances. However, in no case may the amount of the adoption assistance payments made with respect to any adopted child under this section exceed the payments of aid to families with dependent children which would have been made with respect to such child under the applicable State plan approved under this part during the period involved if such child (throughout that period) had been a child in foster care (in a foster family home of an individual) subject to section 408.

"(3) Notwithstanding the preceding provisions of this subsection—

"(A) no payment may be made under this section to parents with respect to any child who has attained the age of eighteen (or, where the State determines that the child has a mental or physical handicap which warrants the continuation of assistance, the age of twenty-one), and

"(B) no payment may be made to parents with respect to any child if the State determines that the child is no longer receiving any support from such parents.

"(4) Parents who have been receiving adoption assistance payments under this section shall keep the State or local agency administering the program under this section informed of circumstances which would make them ineligible for such assistance payments, or eligible for assistance payments in a different amount.

"(5) In addition to any adoption assistance payments which may be made pursuant to paragraph (2), assistance under this section may include payments, to parents who adopt a child with special needs (as determined pursuant to subsection (c)), of an amount necessary to cover part or all of the nonrecurring expenses (as defined in regulations of the Secretary) associated with the proceedings related to the adoption of the child.

"(6) For the purposes of this part, individuals with whom a child (who the State determines, pursuant to subsec-

tion (c), is a child with special needs) is placed for adoption, pursuant to an interlocutory decree, shall be eligible for adoption assistance payments under this subsection, during the period of the placement, on the same terms and subject to the same conditions as if such individuals had adopted the child.

"(b) For purposes of this Act, the term 'aid to families with dependent children' shall, notwithstanding section 406(b), include payments made under and in accordance with this section.

"(c) In order to determine that a child is a child with special needs for purposes of this section, the State or local agency administering the program under this part must determine (in accordance with such standards and procedures as the Secretary may by regulation provide)—

"(1) that the child cannot or should not be returned to his biological family;

"(2) that the child is difficult or impossible to place with appropriate adoptive parents without providing adoption assistance payments because of his ethnic background, age, membership in a minority or sibling group, or the presence of factors such as medical conditions or physical, mental, or emotional handicaps; and

"(3) that, except where it would be against the best interests of the child because of such factors as

the development of significant emotional ties with prospective adoptive parents while in the care of such parents as a foster child, a reasonable effort, consistent with the best interest of the child, has been made to place the child with appropriate adoptive parents without providing adoption assistance under this section.".

(b) Section 402(a)(24) is amended by inserting before the semicolon the following: "(but nothing in this paragraph shall affect the eligibility of any such individual or his adopting parents for assistance under section 412)".

(c) The amendments made by this section (a) shall become effective in any State on the first day of such month during the period beginning October 1, 1979, and ending September 30, 1980, as the State may designate, but shall in any event be effective in all States no later than September 1, 1980.

## TITLE IV—MISCELLANEOUS

### PUBLIC ASSISTANCE PAYMENTS TO TERRITORIAL JURISDICTIONS

SEC. 401. (a) Section 1108(a) is amended—

(1) by striking out "with respect to the fiscal year 1972 and each fiscal year thereafter other than the fiscal year 1979" in paragraphs (1)(E), (2)(E), and (3)(E) and inserting instead in each instance "with re-

spect to each of the fiscal years 1972 through 1978"; and

(2) by striking out "with respect to the fiscal year 1979" in paragraphs (1)(F), (2)(F), and (3)(F) and inserting instead in each instance "with respect to the fiscal year 1979 and each fiscal year thereafter".

(b) The last sentence of section 1118 is amended by striking out "when applied to quarters in the fiscal year ending September 30, 1979".

EFFECTIVE DATES

SEC. 402. Except as otherwise specifically indicated—

(1) title I and section 401 of this Act, and the amendments made thereby, shall be effective with respect to fiscal years beginning after September 30, 1979 (except that the amendments made by sections 105 and 107 of this Act shall be effective, in the case of any State that has published a proposed comprehensive services plan for the fiscal year 1980, only with respect to succeeding comprehensive services plans); and

(2) titles II and III of this Act, and the amendments made thereby, shall be effective with respect to calendar quarters beginning after September 30, 1979.

SEC. 403. Notwithstanding any other provision of this Act, no payments under title II of this Act shall be effective

except to the extent provided in advance in appropriation Acts.

Passed the House of Representatives August 2, 1979.

Attest: EDMUND L. HENSHAW, JR.,

*Clerk.*

Senator MOYNIHAN. A very pleasant good afternoon to you all.

These are, of course, hearings on H.R. 3434, and other proposals related to social and child welfare services, to adoption assistance, and to foster care. I believe that my colleague, Senator Levin, is here, and it is with the greatest pleasure that we welcome him to his first appearance before this subcommittee, which I am happy to think will not be his last.

Senator Levin, you can go right ahead, sir.

## STATEMENT OF HON. CARL LEVIN, U.S. SENATOR FROM THE STATE OF MICHIGAN

Senator LEVIN. Thank you very much, Senator Moynihan.

It is good to be here with you. As always, being with you is pleasurable and educational.

I would like to begin by thanking you and the subcommittee for affording me the opportunity to add to the testimony which will be presented here today on one of the most significant and pressing matters before the U.S. Senate, the future well-being of the parentless children of this Nation.

Mr. Chairman, I know that the concerns which I and others share with the members of this subcommittee do not fall on virgin ears. The case for prompt enactment of proposals similar to those embodied in the bills pending before your subcommittee has been made most eloquently by child welfare agency experts, case workers, administrators, child advocates, and others during hearings over the past several years. The case grows more and more acute as each day passes.

As you know, in its last moments of existence, the 95th Congress came close to clearing similar legislation, but close is not enough for the substantial number of foster children who spend the most significant years of their lives floating from family to family, never knowing the stability of a permanent home, a most precious aspect of our existence which so many Americans take for granted.

Mr. Chairman, before any further deliberations on this most vital issue, I would like to take a moment to commend you and your committee on your extensive and untiring efforts on behalf of the indigent families and children of America. I would also like to pay tribute to my colleagues, among them Senator Cranston, Senator Riegle, Congressman Brodhead, Congressman Miller, all of whom are leaders in the struggle to properly identify and adequately meet the needs of the foster care child.

They have worked long and hard to restructure the law, to enhance the quality of life for the less-privileged children of this country.

I am pleased to have as cosponsors of S. 1661 Senators Hatfield, DeConcini, and Senator Riegle of my own State of Michigan.

Mr. Chairman, as you well know, the area of child welfare is vast. My bill has a narrow focus, to increase the adoption of children with special needs. While success in this endeavor would be no little achievement, S. 1661 addresses only one narrow aspect of the foster care system, and its purpose is not to change the direction of broader legislation which has been introduced in the Senate by Senator Cranston or H.R. 3434, which recently cleared the House.

This bill contains a needed reform. It is not a substitute for other needed reforms.

Mr. Chairman, I intend to keep my remarks brief and limited to my personal convictions about the need for a comprehensive adoption assistance program, as I realize there are many experts and child advocates here today prepared to provide the subcommittee with specific statistical information about the foster care system and facts on what has been impeding the transition to permanent homes for numerous foster care children, which will undoubtedly emphasize the need for reform.

Thousands of children in this country are eligible for adoption but needlessly linger in temporary facilities. The children to whom I refer mostly come from underprivileged families and most often broken homes. The foster child is usually one who has been neglected, abused, or abandoned by the parent or parents. In some cases, they are the severely retarded or otherwise handicapped.

There are many prospective parents who are willing to meet the primary requirements of the disadvantaged child, a permanent family and a home, but they cannot always assume the high costs associated with proper care of a special need child.

S. 1661 would eliminate this obstacle by providing an adoption subsidy for parents of a hard to place child. The actual amount of the subsidy would be determined by agreement between the adoptive parents and administering agency, taking into consideration the economic circumstances of the adopting parents and the needs of the child.

I would like to comment on the primary difference between S. 1661 and the adoption assistance provision contained in S. 966. While my proposal calls for the consideration of economic circumstances and the formulation of an adoption assistance agreement, as in H.R. 3434, it would not impose a means test upon the adopting parent.

Mr. Chairman, the object behind adoption assistance is to stimulate the permanent placement of children that are at a disadvantage because they bear a condition which often discourages their adoption. To deny assistance to parents willing to adopt these children simply because their earnings exceed a prescribed income limit would be counterproductive to the intent of the legislation.

In fact, the frequent turnover of homes accepting foster care children has been attributed in large part to inadequate support payments to foster parents. In many instances, support payments to foster homes do not cover actual out-of-pocket expenses incurred in caring for a child with special needs.

Also, requiring that States give prospective adopting parents a means test would undoubtedly add to the administrative costs of the program. For instance, the Michigan Federation of Private Child and Family Agencies has indicated that an eligibility determination process such as the one set forth in S. 966, would not only place administrative burdens on agencies but would also increase administrative costs of the program.

A study of subsidized adoptions showed that most of the adopting parents of children with special needs have annual incomes below the recommended cutoff. Viewed in this light, it would seem unnecessary to impose a means test upon adopting parents. By encourag-

ing permanent adoption over temporary foster care, we may well save money, for the majority of children who will receive this assistance are AFDC children who otherwise would remain in the more expensive foster care arrangements. The savings engendered by the bill are highlighted by the fact that at no time would the payment exceed the amount that would have been paid to the child in foster care.

By insuring funds for a child's special needs, we increase the opportunity for the permanent adoption of thousands of children rather than augment the intermediary facilities where so many children needlessly remain.

Mr. Chairman and other members of the subcommittee, many parents are ready to open their homes if only provided the necessary means to meet the child's special needs. The trauma of being separated from a permanent family is one which this Senate can help to diminish. A decisive mood lies here and now with us.

Senator MOYNIHAN. Senator Levin, that was remarkably concise testimony, and creates precisely the atmosphere we hoped to set for this hearing, which concerns itself with getting a bill through this committee and onto the floor of the Senate and into law. Our distinguished ranking member, Senator Dole, is here. I wondered if he would like to make an opening statement or ask questions, or as he will.

Senator DOLE. I have no questions. I think Senator Levin made an excellent statement.

I have a statement I would like to have inserted in the record. I want first of all to commend the chairman for calling these hearings, and I appreciate the opportunity to hear as much of the testimony as I can. I would just say that I would ask that my full statement be made a part of the record.

Senator MOYNIHAN. Without objection.

[The prepared statement of Senator Dole follows:]

OPENING STATEMENT OF SENATOR DOLE

Mr. Chairman, I commend you for calling these hearings today and appreciate the opportunity to hear testimony from individuals and groups who are interested in the important but often forgotten issues of social services, child welfare and foster care.

The title XX social services program provides the kind of supportive services to people with problems that make cash assistance and social insurance programs work. It is a particularly impressive program in my point of view because it allows the States to make decisions about what kinds of services are needed and how they can best be provided. It is a true test of the block grant approach to decentralize welfare programs and make them more responsive to the needs of individuals, and I believe it has worked well.

It is important to provide additional monies for the social services program, since inflation has eroded the Federal dollars available to the States to help them maintain the proper level of services. I certainly hope that we can find the money in the budget to do that.

There are other important changes for title XX recommended in the legislation. I look forward to learning from the witnesses here today how these changes will affect the current program and the ability of the States to provide adequate services.

The child welfare and foster care provisions in the bill can provide to the States the long-needed impetus to keep families with problems together rather than to place the children indiscriminately in foster care as is so often the case now. I have been made aware of the various studies, both public and private, which indicate that children and families are much better served when they receive assistance which can allow the children to stay in the home than when their options are limited to foster care. I have also been impressed with the importance of adoption

assistance which will allow permanent placement of those children who cannot remain with their own families.

I have a particular concern for handicapped children, and I believe this bill is a step toward improving the chances of handicapped children to become fully functional, independent adults. If these children can be placed permanently with families and given the medical and financial support as well as the emotional support promised by this legislation, they will certainly have a greater opportunity to overcome their handicaps or to learn to live with them as adults. That is extemely important in the world in which we live, and it is no less than we should offer our children.

If human concerns addressed by this bill are not enough to move us, certainly the savings in tax dollars, which are expected due to the shift away from expensive foster care to preventive services and adoption, should move us in this day of budget restraint.

Thank you, Mr. Chairman, for providing this forum for consideration of the social services and child welfare legislation.

Senator DOLE. It is a rather good statement. I would want the chairman to read it at his leisure, but I would say that one area that I have a deep interest in is concern for handicapped children. I believe the bill is a step forward toward improving the chances of handicapped children to become fully functional, independent adults, and so I am certainly hoping that we can work out, as the chairman has just indicated, a bill that can pass, and pass very quickly, because I know the extreme need.

Thank you, Mr. Chairman.

Senator MOYNIHAN. We thank you, sir, and I am pleased to know it is a very good statement.

Senator Cranston, we welcome you to this subcommittee, and we wonder if you would like to make an opening statement, if it is a good opening statement. If it is not a good opening statement, we wouldn't want to be embarrassed by it.

[General laughter.]

## STATEMENT OF HON. ALAN CRANSTON, U.S. SENATOR FROM THE STATE OF CALIFORNIA

Senator CRANSTON. First, I thank you, Senator Moynihan, very much for the opportunity of sitting with you in this hearing. I appreciate very much your great interest in this subject.

I also want to thank Senator Levin for his interest and for his joining with us in this effort.

I want to say a very few words. First of all, I thank the chairman again for his tremendous support and contribution to the development of this proposal, and to our efforts to help the hundreds of thousands of children in this country who have been locked far too long in the foster care system. Senator Moynihan and his staff, as well as Senator Long and the staff of the Finance Committee have shown a tremendous commitment to developing a realistic, meaningful legislative proposal to deal with the serious problems in the existing foster care system, and to remove the Federal fiscal incentives that have helped condemn multitudes, literally multitudes of helpless children throughout this country to the uncertainties and the traumas of indefinite long-term foster care placement.

I have a more extended statement that I will submit for the record. That is all that I will say at this time, so that we can proceed with our witnesses.

Again, I thank you very, very much.

[The prepared statement of Senator Cranston follows:]

TESTIMONY OF SENATOR ALAN CRANSTON, CHAIRMAN OF THE SUBCOMMITTEE ON CHILD AND HUMAN DEVELOPMENT, COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. Chairman and members of the Subcommittee, I am pleased to be here today to offer testimony on behalf of the proposed "Adoption Assistance, Foster Care, and Child Welfare Amendments of 1979", Amendment Number 392 to S. 966. First of all, I want to thank the Chairman for his tremendous support and contribution to the development of this proposal and to our efforts to help the hundreds of thousands of children in this country who have been locked far too long in the foster-care system. Senator Moynihan and his staff, as well as Senator Long and the staff of the Finance Committee, have shown a tremendous commitment to developing a realistic and meaningful legislative proposal to deal with the serious problems in the existing foster-care system and to remove the federal fiscal incentives that have helped condemn multitudes of helpless children throughout this country to the uncertainties and traumas of indefinite, long-term foster-care placements.

Mr. Chairman, as you know, my initial interest in this area arose out of efforts I began over seven years ago to deal with the barriers in present law to the adoption of foster children with special needs. In 1977 I chaired a hearing of the Child and Human Development Subcommittee on adoption reform legislation—S. 961—which I sponsored during the 95th Congress. I had also proposed comparable legislation in the 93rd and 94th Congresses. At that time, I heard from some of the most extraordinary public witnesses I had ever had the privilege to listen to—men and women who had, over tremendous barriers, opened their hearts and homes to children with special needs—severely handicapped children who had been languishing in foster-care institutions. I heard about Jenny, who was adopted at age 3 after having been mistakenly diagnosed as mentally retarded, who was legally blind and had deformed hands and is now a top student in her elementary school; Barbara, adopted at age 6 after having lived her life in a convalescent home for crippled children because of a variety of birth defects; John and William, teenage brothers emotionally scarred by years in and out of foster homes. The individuals who adopted these children told me about the barriers—both at the federal and local levels—they had to surmount in order to bring these children into their homes. Other children, I learned, had been left to languish in foster care when they could have been in loving, permanent homes simply because of the red-tape and arbitrary policies which permeate existing practices.

My own sense of urgency about the need for this legislation was increased after I chaired a series of hearings in my Subcommittee earlier this year looking into the problem of abuse and neglect of children in institutional care, including foster-care institutions. The testimony I heard—which came from all parts of the Nation—was truly distressing. I heard of foster children being tied up and placed in iron cages, beaten and abused by the custodians who had been given the responsibility for their care by state and local public welfare agencies. I also heard testimony from individuals who had been employed in foster-care and other institutional settings describing their frustrations in attempting to deal with this abuse and to find sympathetic officials to whom they could report these problems. I also heard an Assistant Attorney General of the United States describe the problem of institutional abuse of children as "widespread and serious."

Mr. Chairman, it should also be said that there are many foster care institutions that provide loving and needed care for thousands of abused and neglected children. They are fulfilling a crucial role in society. There are also hundreds of thousands of foster parents who have taken such children into their homes—often at tremendous emotional and financial cost. Foster care is an essential child protection service.

Yet, study after study has shown that a vast number of children remain unnecessarily in long-term foster care. Foster care was originally intended to provide temporary, short-term care for children in crisis. In far too many cases, however, it has become a form of long-term childhood imprisonment. Once a child enters the foster-care system, the likelihood of his or her returning home decreases substantially as the months go by.

The reasons are complex. In many caes, the fault lies with the responsible public agencies that fail to comply with even the minimal requirements in existing law for case planning and reviews. The 1977 GAO study of foster-care placements found that only one-third of the children surveyed had received the statutorily required case reviews. The GAO also found a widespread failure to include vital information in the case plans—required under existing law—developed for foster children.

Yet, Mr. Chairman, I also believe that part of the fault lies at the federal level: first, in not clearly articulating in federal statutes, as you have stressed, the intention that foster care be a "temporary" placement for a child, except in the few rare instances where long-term foster-care placement is warranted; and, second, in perpetuating a federal financial assistance program that provides fiscal incentives

to keep children in long-term foster-care placements without any corresponding fiscal commitment to providing the kinds of services and support necessary to free children from the foster-care limbo—either by returning them to their original homes or freeing them for adoption.

One striking example of this "upside-down" federal policy is the termination of medical assistance to a handicapped child who is removed from foster care and placed in an adoptive home. Another example is the continuation of an open-ended federally-funded program to finance foster-care maintenance costs—a policy which inevitably encourages states to keep children indefinitely in foster care. Although I recognize that there are legitimate questions about the various ceilings that have been proposed to cap the present open-ended foster-care maintenance program and questions as to what is a "fair" base-year or annual increase in funding, I don't believe that there is any serious question that there are many children who are presently in foster care who should be in their own homes or should be freed for adoption.

We already know from the demonstration projects which have been set up around the country that foster-care placements can be reduced. I recently received a review of foster-care placements in my own State, prepared by the Joint Legislative Audit Committee of the California Legislature, which showed that one northern California county had cut its foster-care placements by almost 50 percent in an eighteen month period simply by establishing a "greater emphasis on maintaining children within families whenever possible." The Nashville, Tennessee Comprehensive Emergency Services Program, funded by HEW, dramatically reduced both the number of foster-care placements and the time in placement. Mr. Chairman, the statistics from that project are remarkable: A 56-percent reduction in the number of neglect and dependency petitions, a 51-percent reduction in the number of children removed from their homes, a 35-percent reduction in the number of children placed in institutions, a 100-percent reduction in the number of children under age 6 placed in institutions, an 88-percent reduction in the recidivism rate for neglect and dependency, and finally, a reduction in the percentage of children in long-term care—more than 2 years—from 94-percent to only 34-percent.

Mr. Chairman, this type of program costs money but the net savings from the Nashville program was $68,000.

Similar results can be found in other programs around the country. A Child Welfare League program in New York City—the New York State Preventive Services Demonstration Project—produced, for an investment of $500,000 for services, an estimated savings of $2 million in 1 year. A project operated in over a dozen cities around the Nation by the National Council of Juvenile Court Judges—the Children-in-Placement Project—has sharply reduced the number of children in care and reunited children with their families in every community in which it has been implemented.

It is abundantly clear that we just don't need to—and should not—continue to pour the millions of dollars into the foster-care system that end up being used to keep innocent children trapped year after year away from their families. This money ought to be used to keep families together or to find permanent new homes for children.

Mr. Chairman, I don't intend to review the various provisions of the proposed amendment. It is based largely upon the legislation which this Committee worked so carefully in developing and which was passed by the Senate, but unfortunately was not acted upon in time by the House during the last Congress. It is, I believe, a responsible proposal that moves us in the direction we must go in the area of child welfare services. Although it may not contain every provision which I or you personally would like to have included or modified, it is an important and major step forward in attempting to deal with the tremendous problems which exist today in the foster-care system. It represents the product of extensive discussions with Administrative officials to produce a consensus that we all can support. I believe that it is urgent that this measure be enacted during this Congress, and I appreciate deeply your commitment, Mr. Chairman, and that of Senator Long, to moving forward with this legislation as rapidly as possible.

I ask that the full text of the Amendment and my explanatory introductory statement of August 3, 1979, be printed in the hearing record.

S 11704

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*(Legislative day of Thursday, June 21, 1979)*

### ADOPTION ASSISTANCE, FOSTER CARE, AND CHILD WELFARE AMENDMENTS OF 1979—S. 966

AMENDMENT NO. 592

(Ordered to be printed and referred to the Committee on Finance.)

Mr. CRANSTON (for himself, Mr. MOYNIHAN, and Mr. RIEGLE) submitted an amendment intended to be proposed by them, jointly, to S. 966, a bill to amend the Social Security Act to strengthen and improve the program of Federal support for foster care of needy dependent children, to establish a program of Federal support to encourage adoptions of children with special needs, and for other purposes.

● Mr. CRANSTON. Mr. President, we are today submitting amendment No. 592 to S. 966, the proposed "Child Welfare Amendments of 1979".

The amendment we are introducing today—the proposed "Adoption Assistance, Foster Care, and Child Welfare Amendments of 1979"—was developed after deliberations with Finance Committee leadership, White House staff members, and HEW officials. I am delighted to say that this legislation, which is a total substitute for the version which I introduced on April 10 at the request of the administration, has the support of the administration. This legislation is vitally important for the hundreds of thousands of children in this Nation's foster care system, and I personally intend to do everything possible to secure the approval of this legislation by the Finance Committee and the Senate during this Congress.

Mr. President, I am delighted to be joined in sponsoring this legislation by the distinguished chairman of the Public Assistance Subcommittee of the Finance Committee, Mr. MOYNIHAN, with whom I worked closely on similar legislation during the 96th Congress, as well as a highly dedicated member of my Child and Human Development Subcommittee, the Senator from Michigan (Mr. RIEGLE). Senator MOYNIHAN and Senator RIEGLE have each been tremendously supportive and actively involved in past legislative efforts to reform the present foster care system and facilitate the adoption of children with special needs, and I am pleased to have their continued support.

BACKGROUND

Mr. President, the legislation we are introducing today is aimed at strengthening and improving the existing federally-supported foster care system for dependent and neglected children, establishing an adoption assistance program to encourage the adoption of children with special needs, and improving the existing federally-supported child welfare services program.

It is very similar to the legislation—in H.R. 13511 and H.R. 3965—which passed the Senate twice last October and is the product of extensive work and negotiations between members of the Finance Committee and Labor and Human Resources Committee, officials from HEW, and White House staff members during the 95th Congress and the first few months of the 96th Congress.

The need for reform of our existing foster care system has been documented time and time again. Foster care is an important part of our national efforts to protect helpless children from abuse and neglect, but too often children have been taken away from their natural parents, only to become lost in the "foster care limbo" at enormous expense to the taxpayers and irreparable damage to the children involved. The legislation being introduced today represents a major step in the direction needed both to reduce unnecessary foster care and to provide adequate protection for those children who, because of abuse or neglect, or other circumstances, cannot live with their families.

Mr. President, a tremendously important aspect of this legislation—and of deep personal concern to me—are the provisions which remove the barriers which exist in present law and practices to finding permanent, loving adoptive homes for those children who cannot return to their families. I have been working for adoption reform legislation for the past 7 years and introduced legislation in this area in the 93d, 94th, and 95th Congresses. Hearings which I conducted during the 94th Congress demonstrated that there are thousands of families eager to adopt children with special needs and provide these children with the warm, loving family life every child is entitled to have.

In too many instances, however, our current laws and practices prevent families from adopting these needy children. During the 95th Congress, we were successful in enacting the Adoption Reform Act—title II of Public Law 96-266. This act, which provides for the establishment of a national foster care and adoption data gathering and analysis system, training and education programs, a national adoption information exchange to assist in the placement of children awaiting adoption, and the development of model adoption legislation, provides a first step toward eliminating the barriers which exist and inhibit finding permanent, loving homes for the thousands of children presently locked in the foster care system. We have been content too long to pour millions of dollars into foster care and virtually nothing into programs aimed at keeping children with their families or finding new families where necessary.

When I originally introduced S. 966 on April 10, at the request of the administration, I expressed my reservations about certain provisions of the administration's proposal, particularly those which dealt with the adoption assistance program. Today's legislation, as I will explain shortly, corrects those and other deficiencies.

EFFORTS IN THE 95TH CONGRESS

Mr. President, for the benefit of my colleagues, I would like to review briefly, the history of the development of this legislation and our efforts during the last Congress to enact similar legislation.

During the first session of the 95th Congress—July of 1977—I introduced S. 1928, the proposed "Child Welfare Amendments of 1977", on behalf of the administration. This proposal was the result of many hours of discussion and negotiations which a number of us in Congress had with Vice President MONDALE, and with HEW and White House staff. Vice President MONDALE provided the kind of leadership which brought together many diverse opinions on the direction this legislation should take. He has continued to provide this leadership.

The adoption provisions of S. 1928, were taken largely from legislative proposals I had been working to develop over the past few years and which I introduced in the 95th Congress as S. 961. S. 961 represented the culmination of years of work with experts in the adoption field, and the redrafting and refining of legislation dealing with adoption reform that I had sponsored during the 93d and 94th Congresses.

The foster care provisions of S. 1928 built upon the legislation passed by the House of Representatives, H.R. 7200, which largely reflected years of work by my colleague from California, Congressman GEORGE MILLER, who is widely recognized as being a national leader of efforts toward the reform of the foster care system. GEORGE MILLER'S outstanding efforts in this area provided the stimulus to focus national attention upon the enormous problems in the foster care system.

Mr. President, despite widespread recognition of the need to reform foster care and remove barriers to adoption of children with special needs, we were not successful in our efforts during the 95th Congress to enact legislation in this area. It is indeed ironic to note that foster care-adoption reform legislation was passed by the Senate twice in the 95th Congress—in H.R. 13511 and H.R. 3965—and twice by the House—in H.R. 7200 and H.R. 11711. Unfortunately, neither House was able to act on the same legislation at the same time, and each bill died in the 95th Congress.

Mr. President, I want to comment briefly on the excellent assistance and contributions made during the last Congress by my good friends the chairman of the Finance Committee, Mr. LONG, and the chairman of the Public Assistance Subcommittee of the Finance Committee, Mr. MOYNIHAN, to the development of legislation—based upon the administration's proposal in the last Congress, S. 1928—passed by the Senate the last year. The Finance Committee worked hard to develop a compromise proposal which in some areas, such as adoption assistance, was more generous and responsive than that originally proposed by the administration.

That legislation—H.R. 7200—was reported by the Finance Committee in December of 1977; unfortunately, there were other, non-child welfare, controversial measures contained in other provisions of the Finance Committee reported bill which precluded consideration of the full measure during the 95th Congress. As my colleagues will well remember, the Senate was operating throughout the entire 2d session of the 95th Congress under extraordinary time constraints and few legislative matters were taken up by the Senate without time agreements.

Although H.R. 7200 itself was not taken up in the Senate, during the last week of the 95th Congress, the child welfare-foster care-adoption assistance provisions of title I of H.R. 7200 were added by Senator MOYNIHAN and myself, with the support of Senator LONG, as amendments to two other House-passed measures, H.R. 11511, the Tax Revenue Act of 1978, and H.R. 3965, the Wool Tariff Bill. Though the Senate passed both bills with our amendments, the House declined to act favorably on either amendment.

Congressman JAMES CORMAN, then offered provisions similar to the Senate-

passed measure as an amendment to the Trade Adjustment Assistance amendments, H.R. 11711, which the House sent to the Senate in literally the last few minutes of the 95th Congress. The Senate, however, adjourned sine die without acting upon H.R. 11711. Thus, each House of Congress has, within the last 2 years, acted favorably twice on legislation to reform the foster care system and establish a program of adoption assistance for special needs children.

RECENT HEARINGS ON INSTITUTIONAL ABUSE

Mr. President, my own commitment to moving forward with reform of the foster care system has been made even stronger as a result of hearings I chaired in January and May of this year before the Child and Human Development Subcommittee of the Labor and Human Resources Committee. These hearings, which focused upon abuse and neglect of children living in various types of institutions, revealed what can truly be described as atrocious examples of brutality and abuse of foster children in institutions in various parts of the country. Let me hasten to note that many foster care institutions provide needed and appropriate care for these children, but the testimony at our hearings indicated numerous instances of abuse of children in institutional care.

Mr. President, I could share with my colleagues many examples of abuse described to our subcommittee. In a number of these cases, State and Federal courts made specific findings of fact documenting these horror stories. Other testimony has shown the lengthy delays and great difficulties public officials have encountered in attempting to close down institutions with repeated and documented instances of abuse and neglect of children.

We heard from parents describing their frustrations in attempting to get public officials even to look into problem institutions and from child care workers who have become concerned about the policies of the institutions where they work, but have had no place to report the abuses they have witnessed.

A number of witnesses at our hearings on institutional abuse, Mr. President, expressed the view that one of the most effective ways to deal with this problem is to reduce the number of children who must reside in institutional settings. The legislation we are introducing today, by seeking to reduce the number of children who must be placed in foster care and the length of their stays, as well as encourage placement in the least restrictive, most family-like setting appropriate for the individual child, will, I believe, provide one remedy for the devastating problem of institutional abuse.

There are, in addition, other steps which are critical to the protection of the rights of children residing in institutions such as passage of S. 10. Legislation I have cosponsored with the distinguished Senator from Indiana (Mr. BAYH) and others to continue the authority of the Attorney General of the United States to initiate or intervene in legal actions involving denial of constitutional or Federal statutory rights of children and other persons in institutions. The House has now passed the companion measure, H.R. 10 and I intend to continue to press for passage of the Senate legislation.

FOSTER CARE CHILDREN IN GUYANA

Mr. President, I also want to comment briefly on another aspect of the foster care abuse problem that has recently come to light and has increased my own sense of urgency about the need to enact foster care reform measures during this Congress. Several months ago, reports came to my attention in connection with the hearings the Child and Human Development Subcommittee was conducting in the area of institutional abuse of children that a number of foster children has been placed into foster care facilities operated by the People's Temple, or by members of the People's Temple, and that these children had died in Jonestown.

At that time, I requested the General Accounting Office to conduct an investigation into these reports and advise the subcommittee whether any foster children had died in Jonestown, and if so, under what circumstances they had gone to Guyana, and, if these reports were true, what changes in existing law might prevent similar tragedies from occurring in the future.

On May 31, the GAO testified before the subcommittee on the results of the first stage of its investigation. The GAO reported that 337 children were among the more than 900 members of the People's Temple who emigrated to Guyana, and that, of those, 19 children had previously been in foster care and 12 had been placed in homes or facilities operated by members of the People's Temple; 16 of these children are reported to have perished in Guyana, two survived, and the status of one child is still unresolved.

In one case, foster care payments continued to be sent to the child's foster parent who remained in the United States for some 7 months after the child emigrated—without the foster parent—to Guyana. In two other cases, foster care payments were discontinued after the responsible county reported having "lost contact" with the foster parent. The loss of contact, of course, was the result for their removal from the country.

In addition to the foster care children, the GAO investigators uncovered a pattern, developed by the attorneys for the People's Temple, of securing guardianship orders placing dependent children into the custody of People's Temple members. This practice was apparently designed for the purpose of evading California statutes requiring that children in out-of-home care be placed in licensed foster homes or facilities unless placed in the homes of legal guardians.

The GAO has not completed its investigation into this usage of guardianship arrangements, but has indicated at our hearing that a total of 31 of the 337 children in Guyana were under guardianship arrangements.

Mr. President, the death of these children in Jonestown is perhaps only the most dramatic example of the inadequacies of our foster care system. Foster children in this country are all too frequently lost into the foster care limbo with little or no accountability from the public agencies responsible for their welfare.

Study after study has documented the lack of supervision of foster care placements, the perfunctory reviews of placements and the utter abandonment of many children to permanent foster care, rather than the return to their own families or placement for adoption. The children who died in Guyana were only a tiny fraction of the hundreds of thousands of children across the country who have become "victims" of the system.

NUMEROUS STUDIES AND DOCUMENTATION OF THE NEED FOR FOSTER CARE REFORM

Mr. President, when I introduced the administration's legislative proposal for foster care and adoption reform in 1977, I recited many of the statistics and studies that documented the need for reform of this system. (CONGRESSIONAL RECORD, vol. 123, S12807, July 26, 1977). In February of this year, Arabella Martinez, Assistant Secretary for Human Development Services, testified before the Public Assistance and Unemployment Compensation Subcommittee of the House Ways and Means Committee, on the administration's new proposal. In her testimony, she provided a number of facts, derived from the National Study of Social Services for Children and Their Families, a study conducted for HEW's Administration for Children, Youth, and Families. She indicated that this study revealed that—

The number of children in foster care in 1977 was approximately 500,000—nearly three times the number of children in foster care as compared to 1961.

About 80 percent of the children in foster care are in foster family care (almost 400,000 children).

In only one of every five cases does the services plan for these foster children recommend a specific length of placement. In other words, the so-called temporary provision of foster care has no definite target date for ending the placement and for placing the child in a permanent family setting.

Over half the children in foster care have been away from their families for more than 2 years—about 100,000 children have spent more than 6 years of their lives in foster care.

Nearly one-fourth of the children have been in three or more foster family homes.

Nearly half of the children who have spent 2 o. more years in foster care have had at least four different caseworkers.

Even in cases where the agency had developed a plan for returning the child to his or her home, in one-third of the cases, there was no plan for visits between the child and the parent or another person who would care for the child if returned home.

There are more than 100,000 children in foster care awaiting adoption.

For more than one-third of the children, financial assistance to the adoptive family would be needed to meet their special needs.

No adoptive homes have been found for 50,000 of the children already legally free for adoption.

Earlier this year, the Children's Defense Fund, a nonprofit children's advocacy and research project based in Washington, D.C., released a report, "Children Without Homes," which documented, once more, the weaknesses in the present foster care system. The Children's Defense Fund report cited the inadequate monitoring of foster care placements, inappropriate institutionalization, the placement of children far from their homes or communities, and the lack of adequate data in the vast majority of States to indicate what children are in foster care, where they are or how long they have been there.

Another citizens group, the National Commission on Children in Need of Parents, also released a report earlier this year entitled "Who Knows? Who Cares? Forgotten Children in Foster Care," reiterating the problems endemic to the foster care system. This National Commission, on the basis of its public hearings throughout the country, listed the abuses—inadequate records, lack of services, and inadequacy of care.

Both the Children's Defense Fund and the National Commission reports stress the fact that few funds or services are available to prevent unnecessary removal of children from their homes, to reunite children with their families, or to assist in finding new families through adoption when appropriate.

In contrast, there exists open-ended funding to pay the costs of foster care—often many times more expensive than the cost of services which would keep a child with his or her own family.

It is time, I am convinced, that we reverse the fiscal incentives in the current system which encourage the placement of children in foster care and provide little support for services to keep families together or for efforts to move foster children into new adoptive homes where necessary. The data and research has been compiled; the time for action is now.

Mr. President, the legislation being introduced today, the proposed "Adoption Assistance, Foster Care and Child Welfare Services Amendments of 1979," is designed to shift the fiscal incentives away from prolonged placement of children in foster-care systems and towards maintaining them with their own families or finding new adoptive families for them. While the proposal may not, in every instance, encompass all the reforms which I personally would like to see achieved, I am confident it represents a critical and much needed step in the right direction.

Before I describe the provisions of legislation in each of the three critical areas—foster care, adoption assistance, and child welfare services—encompassed by this proposal, I would like to describe briefly for my colleagues the present Federal involvement in foster care and child welfare services.

HISTORICAL DEVELOPMENT: THE FEDERAL ROLE IN FOSTER CARE AND CHILD WELFARE SERVICES

Mr. President, in order to understand the present Federal role in the area of foster care and child welfare services, I think it is important to understand how the Federal Government first became involved in foster care.

Robert H. Mnookin, professor of law at the University of California, Berkeley, provided an excellent historical perspective of the Federal role in foster care in his testimony of September 8, 1976, on ... joint hearings called by the House Education and Labor Committee and the former Senate Committee on

Labor and Public Welfare to explore the problems and issues of foster care. The following is an excerpt from Professor Mnookin's testimony:

> The limits of the current Federal role—to provide funds for foster care but not to make or influence policy—can be partially explained by the history of federally supported foster care within the AFDC program of the Social Security Act of 1935. Before passage of the Social Security Act, care of poor, neglected and dependent children was a State, local and private responsibility. Although the Federal Children's Bureau was concerned with children separated from parents and relatives, the Federal Government provided meager financial support for children who were orphaned, abandoned, or removed from their families because of neglect or abuse.

The Federal AFDC program did not initially include foster care. In fact, the program emphasized the importance of supporting poor children within their own homes or in the homes of relatives, and not resorting to out-of-home placement. Giving Federal aid to children not living with their families was seen as undermining the Social Security Act's central policy of encouraging family unity and responsibility. During the 1940's and 1950's, State AFDC plans included provisions for discontinuing support payments if a home were found to be "unsuitable." However, at the same time, the prohibitive costs of caring for a child outside his or her home discouraged States from using juvenile courts to remove children from parental custody, unless a relative or other person offered to care for or support the child. Consequently, a welfare department was likely to find a home "unsuitable", and discontinue AFDC payments but leave a child to live in that "unsuitable" home.

The 1962 amendments to the Social Security Act changed the situation significantly. Children who had been receiving AFDC payments within their own homes became eligible for an even higher Federal reimbursement if they were removed from their homes as "a result of a judicial determination to the effect the continuation therein would be contrary to the welfare of such child" (42 U.S.C. § 608(a)(1)). The requirement of a court decision was a compromise. It provided a means for the Federal Government to share in State and local foster care, but only in those cases where a court of law as an independent decisionmaker had found that the interests of the child and the duty of the State to protect its children outweighed the interests of family privacy and necessitated removal from parental custody for the child's welfare.

The availability of Federal funds for out-of-home care did not significantly affect the States' behavior, since States were not obligated to include foster care as a regular part of their AFDC program. Most States did not immediately apply for Federal funds because the act required certain changes in the administration of foster care for States to be eligible. Moreover, only a fraction of the children in foster care at that time would have become eligible anyway since many were not removed by courts, and those who had come before the court were not always AFDC recipients at the time they were removed. By June 1965, only 23 States had accepted the AFDC foster care program and were using it to care for 5,779 children.

In 1967, after continuing controversy between HEW and several States over their foster care programs, the AFDC foster care program was made mandatory for all States to begin in 1968. Eligibility for Federal reimbursement was extended to children who were not actually AFDC recipients but who would have been if application had been made when the court removed them from parental custody (42 U.S.C. § 608(a)(4)). These amendments expanded the AFDC foster care program dramatically.

Thus, Mr. President, today any State which participates in the federally supported Aid to Families with Dependent Children—AFDC—program must provide in its State plan a program of foster care for children removed from AFDC homes by court order. Under this existing system, the Federal Government shares with the States the cost of maintaining in foster-care homes or institutions those children from AFDC-income eligible homes who have been removed from their homes as a result of a judicial determination that removal is necessary for the child's welfare.

Under the criteria, Mr. President the Federal Government now contributes to the support of approximately 115,000 children in foster-care situations at an annual Federal cost of over $300 million. Federal expenditures for fiscal year 1979 are estimated to be about $340 million. The remaining children in foster care are not funded under title IV-A, although they may receive some Federal maintenance support through title IV-B, Child Welfare Services, of the Social Security Act.

It is estimated that most of the money appropriated under title IV-B currently $46.6 million—is spent on foster care for children not eligible for the title IV-A foster-care program. These children are not included in the existing IV-A program either because they do not meet the AFDC-income eligibility criteria or because they were not placed in foster care as a result of a court order.

Mr. President, under our current system of financing foster care, title IV-A is an open-ended entitlement program. That is, a State may seek Federal financial assistance for any number of children it places in foster care who meet the requirement for IV-A funding—a court order removing them from a AFDC-eligible home. In contrast, the Federal Government's contribution to services aimed at keeping children with their own families has been severely limited. Although appropriations under title IV-B have been authorized above $300 million for several years, actual appropriations have never exceeded $56.6 million. It is a curious situation—and I believe a seriously untenable one—when the Federal Government is willing to pay virtually unlimited amounts of money to keep children in foster care institutions or homes, and yet provides very limited resources for the kinds of services that would keep children in their own homes or assist them in finding permanent, adoptive homes.

OUTLINE OF LEGISLATION

Mr. President, the legislation we are introducing today deals with three basic areas: Reform of the existing IV-A foster-care program, establishment of a program of adoption assistance for children with special needs, and revision and strengthening of the existing child welfare services program under title IV-B of the Social Security Act. The first two—foster care and adoption—would be incorporated into a new title IV-E of the Social Security Act.

Mr. President, let me digress here for a moment to say that the designation of a new part E of title IV of the Social Security Act to encompass the foster-care and adoption-assistance programs, while of minor technical importance, is of tremendous symbolic importance, since it removes foster care from the existing AFDC welfare program under title IV-A. Although many of the components of the new title IV-E foster-care program will resemble the essential ingredients of the old IV-A foster-care program, the transfer of the foster-care program and the placement of the new adoption-assistance program, away from the title IV-A program which is generally regarded as a welfare program, and in a new and distinct title under the Social Security Act is an important symbolic recognition of the differences between the child welfare effort on behalf of foster children and children eligible for adoption, and the existing welfare program under the general AFDC program.

NEW IV-E PROGRAM

Mr. President, let me briefly summarize some of the important changes this legislation would make in the foster-care program under the new title IV-E. First of all, it is explicitly stated in the proposed new section 470(b)(1) that it is the policy of the Federal Government, in providing funds to the States to carry out their foster-care programs, that foster care should not ordinarily be regarded as a desirable form of permanent child care and that foster care should ordinarily be regarded as a temporary status. The various studies I cited earlier have demonstrated all too dramatically the necessity of reiterating the point that foster care ordinarily should be—and originally was—designed as a temporary placement, and is not, in most cases, a desirable way to care for a child for any substantial period of time.

There are, of course, exceptional cases where a child must reside permanently in a foster-care situation. Far too many children, however, enter the foster-care system during an emergency situation for a "temporary" foster care placement which turns into years of lingering in the foster-care system, without any planning or efforts toward finding a permanent home for the child, either with his family or in a new adoptive home.

In an effort to take positive steps toward reducing the number of children in long-term foster care placements, the legislation would provide that each State shall establish on or before October 1, 1981, specific goals for each fiscal year as to the maximum number of children who will remain in foster care for more than 24 months, and provide a description of the steps which will be taken by the State to achieve such goals. This provision is intended to assist the States in focusing upon the problem of unnecessary long-term foster care and to facilitate a planning process at the State level for reducing long-term foster care.

PROVISION OF PREVENTIVE SERVICES AS A CRITERION FOR PARTICIPATION IN THE IV-E PROGRAM

Mr. President, a second major revision of the existing IV-A program under the new IV-E program is the requirement under the proposed section 471(a)(14), effective October 1, 1981, that in each case reasonable efforts are to be made prior to the placement of a child in foster care to prevent the removal of the child from his or her home as well as reasonable efforts to make it possible for the child to return to home after removal. This requirement in the State plan under the proposed section 471(a)(14) would be reinforced by the new requirement under the proposed section 472 that each State with a plan approved under section IV-E may make foster-care maintenance payments only for a child who has been removed from a home as a result of an explicit judicial determination that reasonable efforts to prevent the removal have been made, as well as making the determination required by existing law that continuation in the home would be contrary to the welfare of the child.

Mr. President, these two provisions, I believe, are extremely important to our efforts to both reduce the number of children who are unnecessarily placed in foster care and to reduce the length of time children remain in foster-care situations. These provisions, along with the availability of extra resources for services to help keep families together or to reunite families under the IV-B program, which I will outline shortly, are critical to our efforts to reform the foster-care system.

STRENGTHENING OF CASE PLANS FOR FOSTER-CARE CHILDREN

Mr. President, another important provision in the new IV-E program is the requirement that for each foster child in the IV-E program there be developed a detailed case plan which includes provision for periodic review of the necessity of the child's being in foster care.

Mr. President, existing law under title IV-A requires that each foster child have a plan developed to assure that the child receives proper care while in foster care and that services are provided which are designed to improve the conditions in the home from which he was removed. Unfortunately, the evidence is all too clear that there has been little if any compliance with this generalized requirement. The 1977 GAO investigation of foster-care placements found a widespread failure to include vital information in the case plans developed for foster children. Indeed, only one-third of the children reviewed in the GAO investigation had received case reviews. The GAO report noted that current Federal requirements for case plans are "very general and do not require that the plans be documented."

The proposed legislation strengthens the provisions in existing law by describing exactly what factors should be covered in the case plan. The bill provides under the proposed section 472(a)(8) that each child in foster care shall have a case plan. The proposed section 475(1) provides that this case plan must contain a description of the type of home or institution in which a child is to be

placed, including a discussion of the appropriateness of the placement, a plan of services that will be provided to the parents, child, and foster parents in order to improve the conditions in the parents' home, and facilitate return of the child, or bring about the permanent placement of the child, and must address the needs of the child while in foster care, including a discussion of the appropriateness of the plan of services provided to the child.

Hopefully, these specific requirements will assist in providing the kind of focus for case plans that is missing under current law and is needed to reduce unnecessary foster care.

FOSTER-CARE CEILING

Mr. President, before I describe the adoption-assistance and child welfare services provisions of this legislation, I would like to discuss one provision which has, in the past, created some controversy. This legislation, like the bill that passed the Senate last year and the administration's proposed legislation—both in this Congress and during the 95th Congress—contains a prospective ceiling on the existing open-ended funding for foster care. This provision provides that States would be entitled in fiscal year 1980 to receive 120 percent of their 1979 fiscal year entitlement for foster care. For each of the fiscal years 1981, 1982, 1983, and 1984, a State would be entitled to an allotment equal to 110 per centum of its allotment for the preceding fiscal year. This ceiling thus increases 20 percent the first year, and then 10 percent each year until 1985. In 1985, the bill provides that the entire program will need to be reauthorized for any new foster-care placements. This will provide Congress an opportunity to determine whether this ceiling should be continued, eliminated, or modified. The bill also provides that a State may use, for services authorized under title IV-B, any funds allocated under title IV-E which are not utilized for foster-care maintenance or adoption-assistance payments. In other words, a State which does not reach its ceiling for foster care, may utilize title IV-E funds for child welfare services under title IV-B.

Mr. President, I have certain reservations concerning the appropriateness of placing a cap upon a maintenance program of this type. It is sometimes difficult to predict in advance what unforeseen economic factors might increase legitimate program costs over the next few years. The rationale underlying this fiscal limitation is that it will discourage placement of children in foster care. Under existing law, there are virtually no financial constraints on the inappropriate placement of children in foster-care situations. A State is fiscally free to remove any number of AFDC eligible children from their own homes, place them in foster care, and receive Federal financial support. Under the fiscal constraints proposed in the ceiling to be imposed by this legislation, States will be encouraged to place in foster care only those children whose removal from their families is clearly necessary.

There has been concern expressed that a ceiling on the foster-care program will result in children remaining in homes when they should be removed, and that there is no guarantee under this kind of fiscal constraint that the "right" children will be removed or left in their homes. Although these are valid concerns, there is little doubt that under our current system far more children are removed from their families than need be if services were provided to keep families together. The placement of a ceiling on the federally-funded foster-care maintenance payments is an attempt to deal with a very real problem—excessive and unnecessary foster-care placements.

The imposition of a fiscal restraint such as the ceiling is not a substitute for providing the type of services that are necessary to hold families together. Unfortunately, however, our social services programs too often are molded to precipitate the flow of Federal dollars. As long as States can tap into unlimited funds for foster-care maintenance, foster-care placement will continue to offer all too easy a solution.

It is essential that action be taken to create some form of fiscal disincentives that will aid in reducing unnecessary foster-care placements. I do believe, however, that proponents of this ceiling must be prepared to make adjustments, if necessary, to insure that the welfare of foster children is protected. Thus, although the administration's legislative proposal provided that the ceiling become permanently fixed at the 1985 level, the legislation being submitted today would provide that both the ceiling and authorization for new foster-care placements expire in 1985 in order to require that Congress reassess its effects. The bill also provides specific reporting requirements for HEW in order to provide Congress with the data it will need to make a determination whether the foster-care ceiling has been effective in helping to reduce foster care placements.

Additionally, the legislation includes a provision which the Finance Committee, in its work during the last Congress on this proposal, adopted providing for an alternative formula to protect States with low foster-care participation. This provision provides the States with the alternative of a fixed allocation based upon their population under 18, rather than an allocation based upon their present foster-care caseload. The Finance Committee's alternative formula in 1977 would have provided room for program growth to some 19 States with disproportionately small foster-care programs.

Mr. President, I want to make one final comment on the proposed ceiling on the IV-E program. Whatever arguments can be advanced on behalf of a ceiling on the foster-care program, there is clearly no policy justification for placing a ceiling on an adoption-assistance program. Whereas there is legitimate basis for trying to discourage foster-care placements through creation of fiscal disincentives, precisely the opposite is true of adoption assistance. As I indicated in my floor statement on April 10, I was very disappointed that the administration's proposal continued to include a ceiling on the adoption assistance program—a ceiling which the Senate Finance Committee specifically rejected during the last Congress. The legislation submitted today would not include any ceiling on adoption-assistance payments.

Mr. President, before I turn to a discussion of the specific provisions of the adoption-assistance program, I would like to comment upon the provisions of the legislation which relate to the title IV-B child welfare program.

FEDERAL PARTICIPATION IN CHILD WELFARE SERVICES UNDER TITLE IV-B OF THE SOCIAL SECURITY ACT

Mr. President, title IV-B of the Social Security Act provides for a mechanism of funding child welfare services by the Federal Government through State public welfare agencies. The child welfare moneys made available to the States through title IV-B can be utilized by the States for a wide variety of child welfare services, ranging from foster-care programs to child protection systems. One particularly important element of the title IV-B funded programs is the absence of a "means test" for assistance. In other words, State agencies have been able to extend child services, for example, where a child is being physically abused by his family, without the necessity of requiring an income eligibility test.

Moneys that the States have received under the IV-B program have been virtually unrestricted programmatically and States are now free to utilize these funds for whatever child service programs they deem necessary.

Despite the potential for supporting innovative and constructive child services programs, the IV-B program has never been as effective as its promise. First of all, although the authorization level for the IV-B program has exceeded $300 million for the last 4 fiscal years and is currently at a level of $346 million, the appropriations level for title IV-B has never risen beyond $56.6 million. Second, although States have been free to utilize these funds for a wide range of child services, estimates indicate—as I pointed out earlier—that as much as 80 percent of the title IV-B funds received by the States are expended on foster-care maintenance payments for children who are not eligible for the title IV-A foster care maintenance program either because the children are in voluntary placements or are not AFDC eligible.

Thus, the potential for supporting innovative and useful child services programs under title IV-B has not been met. Instead, title IV-B funds, for the most part, have served to support a parallel foster-care maintenance program for children ineligible for the title IV-A program.

It is not surprising, therefore, that many critics of the Federal financial participation in foster care point out that although the Federal Government literally pours about $50 million Federal dollars a year into the maintenance of children in foster-care situations, almost no Federal money is directed either toward providing children and their families with the services that might prevent the initial breakup of the family units or promote the reunification of these families. The failure of the Federal Government to fund title IV-B at its full authorization level combined with the failure of the States to utilize the bulk of the funds received under title IV-B for anything other than foster-care maintenance is a disheartening and unacceptable demonstration of our present low level of commitment to children and families.

NEW TITLE IV-B SERVICES

Mr. President, in an effort to induce States to utilize title IV-B funds in a more productive fashion, the legislation would authorize the earmarking of new title IV-B funds through the appropriations process for specific services designed to protect children from unnecessary and prolonged foster-care placements.

The legislation also would provide that States would not be permitted to spend any of new title IV-B funds on foster-care maintenance payments. States would thus be permitted to utilize their shares of the present $56 million Federal dollars for these programs but no new IV-B funds could be used for for foster-care maintenance payments.

Mr. President, in order for a State to be eligible to receive the new funds appropriated under this earmark provision, a State must agree to expend these new funds on specific services, outlined in the proposed section 428, that I will describe.

INVENTORY OF ALL CHILDREN IN FOSTER CARE FOR 6 MONTHS

During the first year a State receives these new funds, it must conduct an inventory of all children who have been in foster care under the responsibility of the State for a period of 6 months. As part of this inventory, the State must determine the appropriateness of and necessity for the current foster-care placement and whether the child can be returned to his or her parents or should be freed for adoption. The State must indicate in this inventory what services are necessary to facilitate either the return of the child or the placement of the child for adoption. The State could carry over funds from its first years allocation to complete the inventory, if necessary.

Mr. President, I believe that inventories of this nature are essential to our efforts to deal with foster-care problems.

The absence of data on the children now in the foster-care system is one of the most critical problems facing us today. The requirement of a one-time inventory of the 400,000 to 500,000 children now in foster care is designed to find out where these children are and what is happening to them. Until States have taken account of their existing foster-care populations, the reforms hoped for in the foster-care system cannot take place in a meaningful fashion. It is disgraceful that this information is not currently available. The thousands of children who are frequently described as being "lost" in the foster-care system—in some cases, without even a caseworker assigned to them—must be found and helped as we begin our task of protecting the interests of children and families who enter the foster-care system in the future.

DEVELOPMENT OF STATEWIDE INFORMATION SYSTEM

The bill also would provide that during the first year that a State receives these new funds, it must design and develop a statewide information system from which the status, demographic characteristics, location, and goals for the placement of every child in foster care or who has been in such care within the preceding 12 months can be readily

determined.

This requirement is designed to provide a permanent mechanism for the tracking of children in foster care and to prevent the build-up which presently exists of children lost in the foster-care mass. The establishment of such a system is also important as a vehicle to maintain information on how well a State is moving its children into and out of foster care.

Again, Mr. President, the legislation would permit a State to carry over funds from its first year allocation if necessary to complete the design and development of this system.

Mr. President, during our hearings on the Opportunities for Adoption Act during the 95th Congress (now partly enacted as Public Law 96-266), we established that it is impossible to account accurately for the number of children in foster care because of the lack of administrative and recording systems capable of keeping track of these children. The result is that they can linger in foster care for years without having any efforts made to return them to their homes of birth or free them for adoption. In Public Law 95-266, we required the establishment of a national data gathering and analysis system so that, for the country as a whole, we would have the ability to evaluate accurately problem areas in moving children from inappropriate foster-care placements, and have better accountability systems for determining how Federal dollars in this area are being spent.

The State data collection systems developed under the provisions of this legislation would feed data into the national data collection mechanism established under Public Law 96-266. Hopefully, in years to come, it will be possible with these systems in operation to determine where foster children are on both a State and national basis.

A CASE REVIEW SYSTEM

States would also be required to design and develop a case review system to insure that each child receiving foster care under the supervision of the State has a case plan and that the status of each child is reviewed no less frequently than once every 12 months by either a court or administrative body. This review is designed to determine the continuing necessity for and appropriateness of the placement, the extent of compliance with the case plan, and the extent of progress which has been made toward alleviating or mitigating the causes necessitating placement in foster care, and to project a likely date by which the child may be returned to the home or placed for adoption or legal guardianship.

Mr. President, this case review system would also require the establishment of due process procedures designed to protect the rights of parents, foster parents, and children. These procedures must cover such situations as the removal of a child from his or her home, changes in the child's placement, and any determinations affecting visitation privileges of parents.

The case review system must also assure that each foster child is afforded a dispositional hearing, either by a court or administrative body appointed by the court, no later than 24 months after the original placement to determine whether the child should be returned home, requires continued placement for a specified period of time, should be placed for adoption, or should, because of special needs or circumstances, be continued in foster care on a permanent or long-term basis.

Mr. President, the provision for a dispositional hearing after a set period of time is, I believe, of critical importance. One of the prime weaknesses of our existing foster-care system is that, once a child enters the system and remains in it for even a few months, the child is likely to become "lost" in the system. Yearly judicial reviews of the child's placement too often become perfunctory exercises with little or no focus upon the difficult question of what the child's future placement should be. Foster care, with a few exceptions, should be a temporary placement; unfortunately, under our existing system, temporary foster care becomes a permanent solution for far too many children. This provision requiring a dispositional hearing after a child has been in foster care for a specific period of time should assist States in making the difficult, but critical, decisions regarding a foster child's long-term placement.

Mr. President, as I indicated before, these due process provisions must also apply to such aspects of the foster-care process as the removal of the child from the home of his parents, changes in the child's placement, and any determination affecting visitation privileges by parents.

The legislation does not specify the precise mechanism or the specific procedures which a State must follow in establishing due process protections. The procedures, must, however, embody the basic components of due process—providing parents and other interested parties with notice of proceedings, the nature of the proceedings, and the possible consequences. The parties must be provided an opportunity to be heard. Where necessary, counsel must be provided. For example, the U.S. Court of Appeals for the Ninth Circuit has held that the due process clause of the Constitution requires that States must provide counsel for indigent parents in proceedings in which parents cannot properly present their case without counsel and where the parents face a substantial possibility of loss of custody of child or a prolonged separation from the child (*Chesser v. Wilcox*, 499 F. 2d 948, 9th Cir. 1974).

The parties should also receive timely notice as to any determination of their rights and an indication of the basis for the decision. Such proceedings need not, in every case, be a full judicial hearing, but should be presided over by an impartial and disinterested person and comport with the general notion of due process proceedings. Obviously, the more serious the nature of the rights affected the more formal the proceedings must become.

Mr. President, these minimal due process requirements—leaving to the discretion of the States the precise mechanisms for protecting the rights of persons in the foster-care system—are clearly necessary to insure that each person be treated with the fairness and procedural safeguards essential to the operation of a fair and equitable system.

PLACEMENT STANDARDS

Mr. President, the case review system provision also would require that each foster child have a case plan designed to achieve placement in the least restrictive, family-like setting and in close proximity to the parents' home consistent with the best interests and special needs of the child.

The provisions dealing with geographic placement of children are particularly important. The shipments of foster children to distant States where they have been placed in large, barren institutions has given rise to a legitimate outcry and demand for congressional action. These unfortunate children have been cut off from any contact with their families, deprived of the possibility of visitation, and effectively denied the potential for reunification with their families. Litigation by the Children's Defense Fund in Louisiana in the Gary W. case has amply demonstrated the abuses which have arisen in the interstate movement of foster children. However, these problems are not necessarily limited to interstate placements of children. Placement of children in foster homes or institutions hundreds of miles from their homes within the same State also severely limits the ability of the family and child to maintain contact and to become reunited.

It has been found that sometimes not even the child's caseworker maintains contact with the child in these situations. The GAO study of foster care indicated that in many of the States reviewed, there were no regular visits to the institutions by caseworkers. Moreover, almost half of the institutions actually visited by the GAO auditors had serious deficiencies in terms of repairs, cleanliness, and available facilities.

At the hearings on institutional abuse in children's residential facilities which I chaired earlier this year, witnesses made the point that when a child is placed in a distant institution, away from both family and caseworkers, the likelihood of neglect and institutional abuse is often increased.

Mr. President, there is a strong and legitimate concern in our country that foster children should reside in the least restrictive, family-like setting consistent with the child's interests and special needs. There is widespread agreement that many children are inappropriately placed in foster-care institutions and deprived of the benefits of family life as a result of such placements. The proposed legislation addresses this particular problem—the overinstitutionalization of foster children—by requiring that the child be placed in the least restrictive, most family-like setting consistent with the best interests and special needs of the child. Of course, there are some children for whom institutional care is the most appropriate placement. However, it is important that the possibility of placement in a family or family-like setting be explored as a potential placement for every child in need of foster care.

SERVICE PROGRAMS

Mr. President, the proposed legislation also would provide that States which accept these new funds must design and develop a service program designed to help children remain with their families, help children to return to families from which they have been removed, or, where appropriate to place children for adoption or in legal guardianships.

Mr. President, I would like to point out that the omission in the administration's bill this year of a services program designed to help children who should be freed for adoption was a great disappointment to me and was one of the key reasons why I was unable to give my whole-hearted support to S. 966 as introduced. Where we can provide services to keep children with their own families or reunite them, we certainly should do everything possible to achieve that goal. But where foster children cannot, for some reason, ever be returned to their birth families, efforts should be made to remove them from the foster care "limbo," and to find permanent, adoptive homes for them.

Mr. President, the establishment of a service program to prevent the removal of children from their homes, to reunify families, and, where appropriate, to find new adoptive homes for foster children is central to our efforts to reform the foster care system.

The States and Federal Government annually spend millions of dollars on the maintenance of children in foster homes and institutions. Yet, our commitment to provide equivalent support for programs that would prevent or shorten the length of time children remain in foster care has been sadly lacking.

Every study of the existing foster-care system has found a dismal absence of services provided to the family—services which could prevent the removal and long-term placement of children in foster-care. Yet, in recent years there have been demonstration service delivery programs throughout the country which have shown that we can dramatically reduce foster-care placements by providing services to the family and children in their own homes.

For example, in Nashville, Tenn., the comprehensive emergency services program, funded by HEW, dramatically reduced both the number of foster care placements and the time in placement. The statistics are remarkable: A 86-percent reduction in the number of neglect and dependency petitions, 81-percent reduction in the number of children removed from homes, 85-percent reduction in the number of children placed in institutions, 100-percent reduction in the number of children under age 6 placed in institutions, 88-percent reduction in the recidivism rate for neglect and dependency, and finally, a reduction in the percentage of children in long-term care—more than 2 years—from 94 percent to only 34 percent. The net dollar savings under the Nashville program was $68,000.

Similar results can be found in other programs around the country. A Child Welfare League program in New York City—the New York State Preventive Services Demonstration Project—provided an investment of $500,000 for services, an estimated savings of $3 million in 1 year. A project operated in over a dozen cities around the Nation by the National Council of Juvenile Court Judges—the Children-in-Placement project—has sharply reduced the number of children in care and reunited children with their families in every community in which it has been implemented. Judge John F. Staketee of the Grand Rapids, Mich.,

juvenile court aptly described. In his testimony before a hearing—chaired by Congressman George Miller—of the Select Education Subcommittee of the Education and Labor Committee in the House of Representatives 2 years ago, the basic principles upon which such a system is based Judge Stekster testified:

If a family has problems, the most humane, effective and economical way to correct is by protective services intervention. If a family is to be separated, this should be only as an emergency or last resort and we must all work together toward reuniting that family. If out-of-home placement continues unduly—weeks and months stretching into years—it is imperative that planning be made for permanency for the child.

The human costs of failing to take whatever steps are available to prevent the removal of a child from his family are beyond calculation. The financial costs of placing a child in long-term foster care—running as high as $30,000 a year for institutional placements—can become enormous, particularly in contrast to the cost of the preventive services which could avert the necessity for removal or continued removal of the child. Our present system provides through its open-ended financing for a dramatic incentive for continuing children in foster care situations and only a tiny fraction of that money for preventive services.

Hence, efforts to reunite families when children are in foster care are minimal in the existing system. The GAO study found, in the cases it reviewed, that in 45 percent of the cases, the families of the children in foster care were not even visited by caseworkers; and case plans frequently provided no planning for reunification of families. The HEW study of foster care in five States—Arizona, California, Iowa, Massachusetts, and Vermont—reached similar conclusions. Efforts must be made both to prevent families from being broken up and to restore children to their families when possible.

Mr. President, I believe that this legislation goes a long way toward promoting the kinds of services that are needed to keep families together—instead of breaking them apart. As I indicated earlier, these provisions for service programs are directly related to the proposed requirement under the new title IV-E foster-care program that a judicial determination be made for each child in the IV-E foster-care program that reasonable efforts have been made prior to the placement of the child in foster care to prevent the removal of the child from his home and to make it possible for the child to return to his home. Once these programs are instituted, unnecessary and prolonged foster-care placements should be greatly reduced—at a substantial savings to the taxpayer and an enormous benefit to the children and families.

VOLUNTARY PLACEMENT IN FOSTER CARE

Mr. President, there is one issue not addressed in the proposed legislation we are introducing today which I would like to comment upon. Under existing law, Federal financial assistance is not available under title IV-A for foster care placement unless the placement is the result of a child's removal from his home by a court order to the effect that continuation of the child in his own home would be contrary to the child's welfare.

The requirement in the existing law limiting Federal financial participation in foster-care replacement to those children removed by a judicial determination was enacted originally as part of the basic policy of the AFDC program: that is, to provide support first for needy children in their own homes. The expansion of this program to support children in foster-care was originally limited to situations where a child was removed by a court order because of the Federal Government's concern that the removal of children from their own homes not be encouraged in any way except in those instances where removal is clearly necessary for the child's protection.

The judicial determination requirement was also enacted to protect against the possibility of children being placed in foster care under the guise of voluntariness when the placement was, in fact, involuntary. There was legitimate concern that families not be coerced into "voluntarily" giving up their children for foster-care placements. The requirement of a judicial determination as a condition for Federal involvement in foster-care maintenance under title IV-A was viewed as a means of limiting the potential for such abuses.

Concern has been growing, however, that the Federal Government has legitimate obligations in the area of maintenance of AFDC-eligible children in certain voluntary placements. A large number of children in voluntary foster placements actually do receive some Federal maintenance support under the title IV-B (Child Welfare Services) of the Social Security Act—there are estimates indicating that as high as 80 percent of the title IV-B total of $56.5 million in Federal funds given to States are spent on foster-care maintenance payments for children who do not qualify for the IV-A funding because they are in voluntary, rather than involuntary, placements.

These children do not now receive any of the protections—however limited—afforded children in the existing title IV-A foster-care program.

Mr. President, in some instances, the requirement of a judicial determination can work counter to the Federal desire to support the integrity of the family. For example, in the case of a mother facing emergency hospitalization with no options for the care of her children other than foster care, the imposition of the judicial determination requirement, carrying with it the stigma of unfitness or failure as a parent, is both unnecessary and unduly harsh.

Similarly, various studies have indicated that those children who are voluntarily placed in foster care are subjected to many of the same problems suffered by involuntarily placed children. For example, existing data suggest that after a certain period of time in the initial placement, voluntarily placed children are likely to stay in the foster-care system as long as the involuntarily placed children.

Indeed in testimony before the Subcommittee on Select Education of the Committee on Education and Labor in the House of Representatives, Prof. Robert H. Mnookin, professor of law, University of California, Berkeley, Calif., observed:

Because welfare departments are typically not accountable to anyone for what happens to these children, children who are voluntarily placed are quite often the "orphans of the living".

Finally, there is legitimate concern that the requirement for judicial determination as a condition for Federal funds for foster-care maintenance has led to a misuse of the court process simply in order to obtain Federal assistance. In other words, in some areas of the country, all foster children are "run through" the court system simply to meet the Federal requirements for more Federal money. This practice has led, unfortunately, to the overloading of the court systems and superficial court review for all children. Thus, by forcing States to channel all foster children through a judicial system in order to generate Federal financial assistance, the meaningful judicial review sought in existing law has, in many cases, been undermined.

Clearly, Mr. President, there is a need to address the welfare of AFDC children who are voluntarily placed in certain foster-care situations.

At the same time, a number of concerned individuals feel that a blanket removal of the judicial protections for foster children would be, in the words of Professor Mnookin, a "serious policy error."

It could, as Professor Mnookin points out:

Simply create incentives for the continued operation of a system that, if anything, is less accountable than the system where kids go through juvenile court.

The administration's proposal that I introduced in 1977, and the proposal I introduced in April on behalf of the administration, provided for a limited coverage for children voluntarily placed in foster care. Under these proposals, the Federal Government would be authorized to make a contribution to the care of these children for the first 180 days. Then, the existing law's requirement of a judicial determination would come into effect and require court approval of the continued foster-care placement. I felt this was a reasonable middle ground, which would meet some of the need for emergency short-term foster care on a voluntary basis, while not encouraging the creation of a new group of foster children who would become, as Professor Mnookin stated, "orphans of the living."

The proposal that we are submitting today, however, does not contain this provision principally because the legislation which the Finance Committee considered and reported during the last Congress did not change the provisions of existing law with respect to judicial determination. As I indicated earlier, although there are some areas I would have preferred to address, the legislative proposal we have introduced was the result of negotiations with various parties—and a process in which certain compromises have been reached to achieve a consensus. The legislation which the House has acted upon does contain a modification of the provision of existing law in this area and I am hopeful that some further consideration may be given to this issue when the House and Senate proposals are reconciled.

ADOPTION ASSISTANCE PROVISIONS STATUS

Mr. President, I would like to turn now to the adoption portion of the bill which builds on and provides financing for legislative concepts to promote adoption which I have been advocating for several years now.

GROUNDWORK PROVIDED BY PREVIOUS LAW

During the 93d Congress and again in the 94th, I introduced legislation to assist children who would benefit by adoption. My initial proposal, then entitled the "Opportunities for Adoption Act," would have provided grants to the States to be used to assist financially parents who adopted children with special needs.

I subsequently became convinced, however, that to avoid duplication of effort and to provide for continuity, any adoption assistance program should be tied into the existing foster care and medicaid systems. Thus, during the last Congress I deleted those provisions in the proposed Opportunities for Adoption Act that dealt with adoption assistance payments, and I worked with the Finance Committee and the administration to develop separate legislative provisions that would better relate to foster care and medicaid. In doing so, I endeavored to assure that the protections for parents and children that I had built into my original legislation would become a part of the new proposals.

ENACTMENT OF PUBLIC LAW 95-266

The proposed Opportunities for Adoption Act, as revised, was signed into law on April 24 1978 as title II of Public Law 95-266, the Child Abuse Prevention and Treatment and Adoption Reform Act of 1978. Implementation of title II is now well underway by the Administration on Children, Youth, and Families in the Department of Health, Education, and Welfare, thanks to the $5 million Congress appropriated for fiscal year 1979. I was also pleased to note that the President requested an additional $5 million for the Adoption Reform Act in his fiscal 1980 budget, and both the House and Senate-passed fiscal year 1980 Labor-HEW appropriations measures include the full amount requested.

Mr. President, the Adoption Reform Act requires the development of model adoption legislation designed to correct the inconsistencies and contradictions which exist between current State adoption laws and which pose barriers to interstate adoption placements. It calls for the establishment of an administrative arrangement for planning and coordinating Federal activities affecting adoption and foster care, and mandates the development of a tracking and information system to prevent children from being lost in the foster-care system. It calls for the establishment of an administrative arrangement for planning and coordinating Federal activities affecting adoption and foster care, and mandates the development of a tracking information system to prevent children from being lost in the foster-care systems. It calls for the provision of a national computerized adoption information exchange system to match waiting children with waiting families, and it includes a requirement for a study of the effects upon children of unlicensed adoption placements. In effect, it lays the groundwork for the reform provisions in the legislation being introduced today.

Although the provisions of the Adop-

tion Reform Act will assist in locating both the children currently in foster care who have no hope of being reunited with their birth parents, and in locating parents wishing to adopt such children, today's legislation would entitle medically needy children to medicaid eligibility under title XIX of the Social Security Act. This legislation would further permit maintenance assistance through title IV-A—proposed to become title IV-E.

PROPOSED SOCIAL SECURITY ACT AMENDMENTS

Mr. President, providing for the financing of adoption assistance through titles IV and XIX of the Social Security Act will truly be a giant step forward for children who would benefit by adoption. I want to point out, too, Mr. President, that such financing not only will be of enormous benefit to children with special needs, but should save taxpayers money in the long run, since the high proportion of the adopted children who these provisions will benefit in many instances will require less assistance in adoptive placements than they would had they been relegated to spend the rest of their childhood in foster care.

Mr. President, I would like now to discuss the specifics of the adoption provisions in the proposal.

ADOPTION MAINTENANCE PAYMENT

Mr. President, section 473 of the new part E—Foster Care and Adoption Assistance—in the amendment would authorize federally supported maintenance payments for adoption assistance when a child with special needs who had been eligible for foster care is adopted by parents whose income at the time of the adoption does not exceed 150 percent of the State median income for a family of four—adjusted for family size, including the size of the family after adoption, or if the State or local agency administering the section 473 program determines that there are special circumstances in the family warranting adoption assistance payments.

In introducing S. 1928 on behalf of the administration 2 years ago, I expressed my philosophic difficulty with the notion of including an absolute means test cutoff—then 115 percent of the median income—in an adoption reform measure. I continue to believe that adoption assistance should be tied to the needs of the child, and not solely to the income level of adoptive parents. If there is a need for some assistance in light of the family's income, it should be provided even if very small. We should not design a program to foster adoptions only in those families with the least financial capacity to care for these special needs children.

Mr. President, let me point out that most of the children we are talking about are not healthy infants. We are talking about assisting parents who want to adopt "special needs children" who would be unable to be placed in adoption without the benefit of assistance.

They are the children like those we heard about during our work on Public Law 95-266—Jenny, who was adopted at age 3 after having been mistakenly diagnosed as mentally retarded, who was legally blind and had deformed hands—she is now a top student in her third grade class; Barbara, adopted at age 6 after having lived her life in a convalescent home for crippled children because of a variety of birth defects; John and William, teenage brothers emotionally scarred by years in and out of foster care.

Although I continue to be opposed philosophically to the income cutoff, I recognize that other Members of Congress and the administration are committed to such a requirement. This legislation has improved the standard markedly from last Congress bill.

Moreover, in this amendment, unlike S. 966 as introduced, the income test would not be applicable to eligibility for continuation of medicaid assistance. There are numerous cases where a family adopting a severely handicapped child might fall above the bill's income test for adoption assistance payments, but be in great need of help with the child's medical costs. In many cases, private medical insurance does not cover pre-existing medical conditions of an adopted child. This is another area where I was particularly disappointed in the administration's proposal this year. The administration's legislation tied medicaid eligibility for special-needs children to eligibility for a cash adoption assistance payment. The linkage would have resulted in the imposition of the means test cut-off upon medicaid coverage—a concept I find to be totally unacceptable in these circumstances where we are trying to find adoptive homes for often severely handicapped children with very costly medical needs.

COST-EFFECTIVENESS

Mr. President, section 473 would limit the adoption assistance payments to no more than the foster-care maintenance payment which the adopted child would have received in a foster family home. I want to highlight this provision, because it is significant in terms of the cost-effectiveness of the adoption assistance concept—the particular financial costs for a given child would never be greater than those associated with retaining the child in the least expensive setting—foster home care versus institutional costs—in the foster-care system.

DEFINITION OF ADOPTION ASSISTANCE AGREEMENT

Mr. President, section 475 of the proposed new part E would define an "adoption assistance agreement" as a written agreement, binding on the parties to the agreement, between the State agency, other relevant agencies, and the prospective adopting parents of a minor child which, at the minimum, specifies the amounts of the adoption assistance payments and any additional services and assistance which are to be provided as part of such agreement.

Mr. President, this legislation would not specifically deal with the problems which may arise when the adopting family moves from one State to another. This issue was raised at the hearing I chaired on the Opportunities for Adoption Act in the 95th Congress. During our hearings the parents of one adopted child, Jenny, the remarkable child whom I mentioned earlier, testified to their first-hand experience when the obligations of two States involved in an interstate placement are not established at the outset. Jenny's mother testified as follows:

Let me give you a vivid example of a road-block we had that scared both Allen and myself tremendously.

Jenny came down here from New York to Virginia; one of her hands was deformed badly, and we had been told that she needed a series of operations, starting right away. This was about 2 months after we had Jenny.

So we found a doctor, a very capable doctor. He said that he was willing to perform the operations. We told him about our financial situation. He said that did not really matter, that he would go ahead with it anyway.

We wrote to New York State, saying is there any money you could give us to help with Jenny's handicaps, and they wrote back saying no, that we were unfortunately ineligible because she was no longer a ward of New York State.

So then, I started in at Richmond saying "How we are going to live here in Richmond. Could you help us out?" And they said no, that she was the responsibility of New York.

It came down to the morning of Jenny's operation, and the nurse came up to Allen and myself and said, "Would you like to sign the papers?" for the release of Jenny's operation, and we said, "No. She is not ours."

Now, when a child is placed in your home, that is exactly what it is, she is placed. She is not ours. We could not adopt Jenny for a good year after we got her. It took 1 year by the time we adopted her. So we had no legal right to sign any papers for an operation.

But yet, New York State was not going to help us, and Virginia claimed that it was not their responsibility. So we signed the papers, knowing full well that if anything be proposed wrong in that operation, we could be in a lot of trouble.

Mr. President, I would hope that in the implementation of this section, provisions would be made for dealing with instances when adoptive families move from State to State.

MEDICAID ELIGIBILITY FOR SPECIAL NEEDS CHILDREN: A LANDMARK PROVISION

MEDICAL ELIGIBILITY

Mr. President, as I mentioned before, one of the major benefits affecting adoption reform included in this legislation is to vest title XIX medicaid coverage in a child who was eligible for foster care and is later adopted, for medical conditions existing prior to adoption. In addition, a State may provide full eligibility for medical assistance under the State's approved title XIX plan for such a child, if the State so chooses. I cannot overemphasize the importance of this provision. Right now, children in foster care receive Federal medicaid assistance to pay for serious medical and emotional problems. If these children are adopted, however, they automatically lose this medicaid assistance, and adopting parents often find that their own insurance carriers will not cover these preexisting costs for an adopted child. This certainly is a "catch-22" situation—one all too often resolved by leaving the child in foster care so that the medicaid benefit will not be lost.

This bill would amend the law to permit medicaid benefits to follow the child into an adoption placement—limited, if the State so elects, to care for those medical conditions existing prior to adoption. This provision would eliminate one of the worst disincentives to adoption. I want to point out again, Mr. President, how important it is that there is no means test associated with these medicaid eligibility provisions and that the medicaid assistance would extend to the age—18—at which a disabled child can be eligible for medicaid and maintenance support through SSI eligibility.

NON-RECURRING COSTS

Mr. President, this amendment would also authorize States to cover with title IV-B funds the costs of nonrecurring expenses associated with the proceedings related to the adoption of a child with special needs, such as legal and other expenses. This provision was included in my proposed Opportunities for Adoption Act and the Senate-passed legislation last year, and I believe it is important to our goal of encouraging adoption for homeless children.

LEGISLATIVE HISTORY

For purposes of legislative history, in my July 26, 1977, floor remarks on S. 1928, and again in my floor remarks on October 9, 1978, on amendment No. 3032, I discussed in great detail some of the problems we attempted to deal with in my original adoption legislation and the genesis of provisions in both S. 1928 and the legislation the Senate passed last October derived from that original legislation. Those remarks and legislative history apply as well to this legislation, and I hereby incorporate them by reference in this statement—specifically beginning on page S12907 of the CONGRESSIONAL RECORD of July 26, 1977 and beginning on page S17749 of the RECORD of October 9, 1978.

Mr. President, it has been seven years since I first began my work in the area of adoption and foster-care reform, and will now be over 2 years since I introduced the predecessor legislation to this legislation on July 26, 1977. I hope that the children who will benefit by these proposals will not be put off one day longer than is absolutely necessary.

CONCLUSION

Mr. President, the legislation we are introducing today when enacted will, I believe, be a significant step in our attempting to deal with a system which has failed to respond adequately to the needs of thousands of homeless children throughout our country. Enactment of these reforms into law will give these children a real future and an opportunity to grow and develop into productive and healthy citizens.

Mr. President, I want to express my personal appreciation to the members of the White House domestic policy staff, Bert Carp and Chris Edley, to Margie Siegel, Dick Warden and Sandra from HEW, and David Kleinberg from the Office of Management and Budget, for their help in working out this accord. I also deeply appreciate the assistance of Michael Stern and Joe Humphreys of the Finance Committee staff, CheckeP Pinn of Senator MOYNIHAN'S staff, and the staff on the Child and Human Development Subcommittee. Finally, I must again recognize the leadership of Vice President MONDALE, whose continued commitment to the welfare of children has been instrumental to the success of our efforts.

Mr. President, I ask unanimous consent that the text of the amendment be printed in the RECORD at this point.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

S. 966

Strike out all after the enacting clause

and insert in lieu thereof the following:

That this Act may be cited as the "Adoption Assistance, Foster Care, and Child Welfare Services Amendments of 1979".

SEC. 2. (a)(1) Title IV of the Social Security Act is amended by adding at the end thereof the following new part:

"PART E—FEDERAL PAYMENTS FOR ADOPTION ASSISTANCE AND FOSTER CARE

"PURPOSE; APPROPRIATION

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

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

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

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

"STATE PLAN FOR ADOPTION ASSISTANCE AND FOSTER CARE

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

"(1) provides, where the plan includes adoption assistance payments, that such payments shall be payable in accordance with section 473, and where the plan includes foster care maintenance payments, that such payments shall be payable in accordance with section 472;

"(2) provides that the State agency responsible for administering the program authorized by part B of this title shall administer the program authorized by this part;

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

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

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

"(6) provides that the State agency referred to in paragraph (1) (hereinafter in this part referred to as the 'State agency') will make such reports in such form and containing such information as the Secretary may from time to time require, and comply with such provisions as the Secretary may from time to time find necessary to assure the correctness and verification of such reports;

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

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

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

"(10) provides that the standards referred to in section 5666(d)(1)(F) shall be applied by the State to any foster family home or child care institution receiving funds under this part or part B of this title;

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

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

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

"(14) provides (A) specific goals (which shall be established by State law on or before October 1, 1981) for each fiscal year (commencing with the fiscal year which begins on October 1, 1982) as to the maximum number of children (in absolute numbers or as a percentage of all children in foster care with respect to whom assistance under the plan is provided during such year) who, at any time during such year, will remain in foster care after having been in such care for a period in excess of 24 months, and (B) a description of the steps which will be taken by the State to achieve such goals; and

"(15) effective October 1, 1983, provides that, in each case, reasonable efforts will be made (A) prior to the placement of a child in foster care, to prevent the removal of the child from his home, and (B) to make it possible for the child to return to his home.

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

"FOSTER CARE MAINTENANCE PAYMENTS PROGRAM

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

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

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

"(3) such child has been placed in a foster family home or child-care institution as a result of such determination

"(4) such child—

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

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

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

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

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

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

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

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

"ADOPTION ASSISTANCE PROGRAM

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

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

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

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

"(C) the State has determined, pursuant to subsection (c) of this section, is a child with special needs.

"(2) Parents may be eligible for adoption assistance payments under this part or by if their income at the time of the adoption does not exceed 150 per centum of the median income of a family of four in the State, adjusted in accordance with regulations of the Secretary to take into account the size of the family after adoption. Notwithstanding the preceding sentence, parents whose income is above the limits specified therein may be eligible for assistance payments under this part if the State or local agency administering the program under this section determines that there are special circumstances (as defined in regulations of the Secretary) in the family which warrant adoption assistance payments.

"(3) The amount of the adoption assistance payments shall be determined through

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

"(4) Notwithstanding the preceding two paragraphs, (A) no payment may be made to parents pursuant to this section with respect to any month in a calendar year following a calendar year in which the income of such parents exceeds the limits specified in paragraph (2), unless the State or local agency administering the program under this section has determined, pursuant to paragraph (3), that there are special circumstances in the family which warrant adoption assistance payments, (B) no payment may be made to parents with respect to any child who has attained the age of eighteen, and (C) no payment may be made to parents with respect to any child if the State determines that the parents are no longer legally responsible for the support of the child or if the State determines that the child is no longer receiving any support from such parents. Parents who have been receiving adoption assistance payments under this section shall keep the State or local agency administering the program under this section informed of circumstances which would, pursuant to this subsection, make them ineligible for such assistance payments, or eligible for assistance payments in a different amount.

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

"(b) *Any child*—

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

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

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

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

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

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

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

"PAYMENTS TO STATES; ALLOTMENTS TO STATES

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

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

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

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

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

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

"(b) (1) Notwithstanding the provisions of subsections (a) (1) and (a) (2), with respect to expenditures relating to foster care, the aggregate of the sums payable to any State thereunder, with respect to expenditures relating to foster care, for the calendar quarters in any fiscal year shall not exceed the State's allotment for such year.

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

"(3) (A) For the fiscal year 1980, the allotment of each State shall be equal to 120 per centum of its allotment for the fiscal year 1978 or (if greater) the amount provided under subparagraph (B). For the fiscal years 1981, 1982, 1983, and 1984 the allotment of each State shall be equal to 110 per centum of the amount of its allotment for the preceding fiscal year, or (if greater) the amount provided under subparagraph (B). For the fiscal year 1985, the allotment of each State shall be equal to its allotment for the fiscal year 1984, or (if greater) the amount provided under subparagraph (B).

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

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

"DEFINITIONS

"Sec. 475 As used in this part or part B of this title

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

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

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

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

"TECHNICAL ASSISTANCE; DATA COLLECTION AND EVALUATION

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

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

(2)(A) Effective with respect to expenditures made after September 30, 1979, section 408 of the Social Security Act is, subject to subparagraph (B), repealed.

(B) The repeal made by subparagraph (A) shall not be applicable in the case of any State for any quarter prior to the first quarter, which begins after September 30, 1979, in which such State has in effect a State plan approved under part E of the Social Security Act or (if earlier), such repeal shall be effective with respect to expenditures made after September 30 1981. During any period with respect to which the repeal made by subparagraph (A) is not applicable in the case of a State, the aggregate of the sums payable to the State, under the State's plan approved under part A of title IV of the Social Security Act, with respect to expenditures (including administrative expenditures) authorized or incurred by reason of the provisions of section 408 of such Act shall not exceed the amount of the allotment which such State would have had for such period under section 403, if such State had had an approved plan under part E of such title IV.

(3) For the first fiscal year with respect to which there is appropriated under section 420 of the Social Security Act an sum which is subject to the restriction authorized under section 428(a) of such Act, Federal payment with respect to expenditures made by a State, under its State plan approved under part E of such Act, for any of the purposes described in section 428(b)(1) of such Act shall not be subject to the limitation imposed by section 474 (b) for such year.

(4) Unless otherwise specified, the amendments made by this section shall be effective on and after October 1, 1979.

(b)(1) Section 428 of the Social Security Act (including the caption thereto) is amended to read as follows:

"FEDERAL SHARE

"Sec 428 The 'Federal share' for any State shall effective on and after October 1, 1979, be 75 per centum.".

(2) Section 428 of such Act is amended by adding at the end thereof the following new sentence: "Expenditures made by a State for any calendar quarter which begins after September 30 1979, for foster care maintenance payments shall be treated for purposes of making Federal payments under this part with respect to expenditures for child welfare services, as if such foster care maintenance payments constituted child welfare services of a type to which the limitation imposed by section 427 does not apply, except that the amount paid to the State with respect to expenditures made in the provision of welfare services and for foster care maintenance payments during any such quarter shall not exceed 100 per centum of the amounts of the expenditures made for child welfare services for which payment may be made under the limitation imposed by such section 427 as in effect without regard to this sentence.".

(3) Part B of title IV of the Social Security Act is further amended by adding at the end thereof the following new section:

"LIMITATION ON PAYMENTS WITH RESPECT TO FOSTER CARE

"Sec 427 Notwithstanding any other provision of this part except the last sentence of section 425, if for any fiscal year which begins after September 30, 1979, there is appropriated under section 420 an amount in excess of the amount appropriated for the fiscal year ending on September 30, 1979, the amount payable to any State for expenditures made to provide child welfare services in the form of foster care maintenance pay-

ments in foster family homes or other foster care facilities, shall not exceed the amount of his allotment (before application of the provisions of section 434) under this part for the fiscal year ending September 30, 1978. Funds made available to any State pursuant to section 474(c) shall be subject to the limitation imposed by the preceding sentence.".

(d) Section 428 of such Act is amended by inserting "(a)" immediately after "Sec. 428." and by adding at the end thereof the following new subsection:

"(b) Funds expended by a State for any calendar quarter to comply with the statistical report required by section 474(b), and funds expended with respect to nonrecurring costs of adoption proceedings in the case of children placed for adoption with respect to whom assistance is provided under a state plan for adoption assistance approved under part E of this title, shall be deemed to have been expended for child welfare services.".

(e) Part B of title IV of the Social Security Act is amended by adding after section 427 (as added by subsection (b)(3) of this section) the following new sections:

"PORTIONS OF INCREASED ALLOTMENTS TO BE USED FOR CERTAIN SERVICES

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

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

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

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

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

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

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

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

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

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

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

"(B) the status of each child is reviewed periodically but no less frequently than once every twelve months by either a court or by administrative review (as defined in paragraph (3)) in order to determine the continuing necessity for and appropriateness of the placement, the extent of compliance with the case plan, and the extent of progress which has been made toward alleviating or mitigating the causes necessitating placement in foster care and to project a likely date by which the child may be returned to the home or placed for adoption or legal guardianship, and

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

"(2) As used in paragraph (1)(B) the term 'administrative review' means a review open to the participation of the parents of the child, conducted by a panel of appropriate persons at least one of whom is not responsible for the case management of, or the delivery of services to either the child or the parents who are the subject of the review

"PAYMENTS TO INDIAN TRIBAL ORGANIZATIONS

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

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

"(c) For purposes of this section—

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

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

(d) Section 422 of the Social Security Act is amended by adding at the end thereof the following new subsection:

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

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

Sec. 3. (a) The Secretary of Health, Education, and Welfare shall conduct a study of programs of foster care and adoption assistance established under part IV-E of the Social Security Act (as added by this Act) and shall submit to the Congress, not later than October 1, 1980, a full and complete report thereon, together with his recommendations as to (1) whether such part IV-F should be continued, and if so, (2) the changes (if any) which should be made in such part IV-E.

(b) Such report shall include, but not be limited to, the following:

(1) a determination as to (A) the extent of reduction that has occurred in the duration of foster care under such programs, (B) the extent to which such programs of adoption assistance have resulted in an increase in the adoption of children who otherwise would have remained in foster care under State plans approved under title IV-A of the Social Security Act, and (C) the extent to which the availability of Federal funding for adoption assistance under title IV-E of such Act has resulted in States' initiating or expanding programs for adoption assistance,

(2) data concerning the number of instances in which income standards for adoption assistance under section 473(a)(2) of the Social Security Act have resulted in inability to place a child in a adoptive home, and

(3) specific legislative recommendations for ways to bring about further reduction in the duration of foster care for children.

Senator MOYNIHAN. We thank you, sir.

I would just like to comment and ask Senator Levin on the point he makes about the question of a means test—there is that terrible plus—or income limitation for adopting parents.

Do we know anything—I won't press you, sir—about the practices of State governments? It was one of the early events of this administration that the Secretary of HEW and the Vice President announced what they termed an extraordinary breakthrough in social policy: the Federal Government was going to provide assistance for adoptions, and it gradually emerged that 44 States were already doing so.

Is there anything general to be said about the income limits? Do most States have some family income cutoff or phaseout? What about Michigan?

Senator LEVIN. I am not in a position to answer that, except for the one study that I am familiar with, which I believe is in Virginia, where 90 percent, I believe, of the families that were eligible for the adoption subsidy provided by that State would have met a means test anyway.

Senator MOYNIHAN. Would have done so anyway. Yes. May I say, I am not sure—"means test" are emotional words in the world of social welfare. A point I would like to make is that H.R. 7200, which we passed last year but never got into law, had an income limit of 115 percent of the median family income. S. 966, which Senator Cranston and I have introduced, has this set at 150 percent of median income.

Now, my statistics are not very good here, but I would think 150 percent of median income would probably cover about 85 percent of the population. One hundred and fifty percent of median income right now would be getting up to about $27,000, or $28,000, and that is probably 85 to 90 percent of the population, so we have a very wide range, and where we cut out, it would be regarded as in the high-income levels, but we shall see. We will see if we can get some testimony from HEW on that. There are HEW people in the room. Maybe one of them would have the kindness to go out and find out what 150 percent of median income means in terms of percentile of population.

[The following was subsequently supplied for the record:]

During a colloquy with Senator Levin, Senator Moynihan asked what percent of the population had an income of 150 percent of the median income.

Approximately 75 percent of the population falls in this category.

Senator LEVIN. It certainly is not my intention, Mr. Chairman, to use words which will emotionalize the issue rather than clarify it. I simply wanted to make the point that I think that the few that would be left out under your much broader test, whatever it is called, would not make up for the cost of administering it.

Senator MOYNIHAN. That is a fair question, a very good question, and always a good question to ask. I just want to say one thing, since you are, Carl, the first to appear before us.

Our concern is to get some legislation here. It is one of the ironies, I think, that the last 3 years have been, at least in my experience among the most barren of social initiatives of any time in recent American history. For what reason or not, an administration whose party controls both the executive and the legislative

branches, has passed no legislation of any consequence, none whatever, no welfare legislation, no health legislation, no child support legislation, nothing.

What that means, I don't know, but it certainly suggests we ought to get to work on this bill.

Senator Dole, do you want to comment? That is an opportunity for you to comment.

Senator DOLE. No; I will save my comments for later.

Senator MOYNIHAN. All right. How much later?

Senator DOLE. About 6 months.

Senator MOYNIHAN. Yes. Senator Cranston?

Senator CRANSTON. I have no comment.

Senator MOYNIHAN. We thank you very much, sir, for your kindness in appearing before us.

Senator LEVIN. Again, I do commend you for your leadership in this area, Senator Moynihan, and certainly I want to emphasize that the bill which I have discussed contains but one reform, and there are many other needed reforms which are included in other bills.

Senator MOYNIHAN. Let's hope we see part of it as law before this year is out. Thank you again.

Now we have the pleasure of an old friend appearing before us, Congressman Miller, who will speak to the House side of these matters, which I think can fairly be said to have been the more energetic, and we welcome you, sir. I see you have a colleague, if you would introduce him to the committee.

## STATEMENT OF HON. GEORGE MILLER, U.S. REPRESENTATIVE FROM THE STATE OF CALIFORNIA, ACCOMPANIED BY JOHN LAWRENCE, LEGISLATIVE STAFF

Representative MILLER. Thank you, Senator.

Seated on my left is Mr. John Lawrence, who is on my legislative staff.

Senator MOYNIHAN. Mr. Lawrence, good afternoon to you.

Mr. LAWRENCE. Thank you, sir.

Representative MILLER. I want to thank you and members of the committee for allotting me time, along with my colleague from California, Senator Cranston, who has been very helpful and has spearheaded legislation in this area in the Senate.

I intend to be very brief today in my remarks.

H.R. 3434 is a product of over 4 years of my work and the efforts of hundreds of individuals and organizations throughout the country. We share a serious concern with the fiscal and human costs of the foster care system, a system which too often consumes the very children and families it is intended to help. I do not intend to recite again the litany of the system's shortcomings and abuses. Those failures, which continue every day that reforms are delayed, have been documented in at least a half a dozen major empirical studies in the last 2 years.

Those studies indicate the foster care system, which costs in excess of $1.5 billion annually to the Federal Government, does not work. We know what the problem is. We know what the solutions are. They are embodied in this legislation.

In the 95th Congress and again last month, the House acted swiftly and overwhelmingly. Once again we look to the Senate, and this time we hope for quicker action. We know what is needed: Greater Federal support for services designated to reduce the need for foster care and its duration; greater accountability for those children, including appropriate placement and periodic reviews of case planning; adoption support payments for children who would otherwise remain indefinitely in foster care.

There are two specific subjects which I wish to mention today. The House unwisely deleted the entitlement language for title IV-B. This entitlement would have assured States of the Federal matching funds for child welfare services. It would be a staged and capped entitlement. The total new money for fiscal 1980 would have been about one one-hundredth of 1 percent of the projected Federal budget, about $80 million.

The States need that assurance. Let us not make homeless children the victims of budget cutting rhetoric.

I also want to caution you about setting a cap on title IV-A. Setting the cap at the 1977 or 1978 level ignores some unavoidable increased cost in foster care maintenance. In California, a cap would cost the State $40 million in additional costs. If you must cap IV-A, do so prospectively, and with the subject of future review of its impact.

A cap will not reduce the number of children who need foster care. It may just mean that vital help is denied them. The accountability of reforms in H.R. 3434 are a far better method of reducing the caseload and the cost of the system.

Last, you should mandate the reforms included in H.R. 3434 and not pass that responsibility to the Appropriations Committee. These reforms work. In State after State they have been shown to cut costs dramatically. Many States are moving toward these policies in anticipation of the Federal Government adopting this legislation.

The list of prominent individuals and organizations supporting this legislation includes virtually every child welfare organization, State and local groups, and legal rights organizations in the country. You will hear from these people later today.

The issue is not whether there is a need or whether we have the appropriate remedy. The issue is only this. Will the Senate and this committee expedite action on this broadly supported and vitally needed legislation?

Thank you very much for the opportunity to testify before this committee today.

Senator MOYNIHAN. I thank you, Congressman, and want to agree entirely with your last statement. The House has done its work. It is our turn now.

Senator Cranston, would you like to comment?

Senator CRANSTON. I would just like to welcome a fellow Californian and a long-time friend and comrade in this effort. I am glad we are working on it once again, and this year we will get it done, with your help.

Representative MILLER. Thank you.

Senator MOYNIHAN. The ranking minority member of the subcommittee has joined us, Senator Heinz. We welcome you, sir. Did you have an opening statement you might like to make?

Senator HEINZ. No, Mr. Chairman.

I simply want to commend Congressman Miller on a very effective statement. Also, I think it is fair to say that we all admire the work that the House has done on this matter. They have really applied themselves. As those of us former Members of the House would say, we are always proud of the people's body and the fine work they do.

Representative MILLER. Thank you very much. I appreciate the fact that, as Senator Moynihan said earlier with the previous witness, the committee will get to this matter this year. I think one of the shocking things that you might consider——

Senator MOYNIHAN. Oh, no, the committee is going to get to this matter Thursday morning.

Representative MILLER. That is even better, because I think one of the shocking things that I have just started to realize is that there are only about 90 days left in "The Year of the Child," and 1979 has been a very barren landscape in terms of social legislation for children in this country. Thank you very much.

Senator MOYNIHAN. I agree. We thank you, and thank you, Mr. Lawrence, for coming.

[The prepared statement of Mr. Miller follows:]

TESTIMONY OF CONGRESSMAN GEORGE MILLER OF CALIFORNIA

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I do not intend to recite again the litany of that system's shortcomings and abuses. Those failures, which continue every day that reforms are delayed, have been documented in at least a half dozen major empirical studies in the last two years.

Those studies indicate that the foster care system, which costs in excess of one and a half billion dollars annually to the Federal Government, does not work.

We know what the problem is.

We know what the solutions are. They are embodied in this legislation.

In the 95th Congress and again last month, the House acted swiftly and overwhelmingly. Once again, we look to the Senate, and this time we hope for quicker action.

We know what is needed:

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Greater accountability for those children, including appropriate placement and periodic reviews and case planning; and

Adoption support payments for children who would otherwise remain indefinitely in foster care.

There are two specific subjects which I want to mention. The House unwisely deleted the entitlement language for title IV-B. This entitlement would assure States of Federal matching funds for child welfare services. It would be a staged and capped entitlement. The total new money for fiscal 1980 would be about one-one hundredths of 1 percent of the projected Federal budget, or $80 million. The States need that assurance. Let us not make homeless children the victims of budget cutting rhetoric.

I also want to caution you about setting a cap on title IV-A. Setting a cap at 1977 or 1978 levels ignores some unavoidable increased costs in foster care maintenance. In California, such a cap could cost the State $40 million in additional costs.

If you must cap IV-A, do so prospectively and subject to a future review of its impact. A cap will not reduce the number of children who need foster care; it may

just mean that vital help is denied them. The accountability reforms in H.R. 3434 are a far better method of reducing the caseload and the costs of the system.

Last, you should mandate the reforms included in H.R. 3434, and not pass that responsibility to the Appropriations Committee. These reforms work, in State after State, they have been shown to cut costs dramatically. Many States are moving toward these policies in anticipation of the Federal Government adopting this legislation.

The list of prominent individuals and organizations supporting this legislation includes virtually every child welfare organization, State and local group, and legal rights organization in the country. You will hear from those people today.

The issue is not whether there is a need, or whether we have the appropriate remedy. The issue is only this: will the Senate, and this committee, expedite action on this broadly supported and vitally needed legislation?

Senator MOYNIHAN. Again, a good friend from the other body, Congressman Corrada, if you would come forward, sir.

## STATEMENT OF HON. BALTASAR CORRADA, RESIDENT COMMISSIONER FROM THE COMMONWEALTH OF PUERTO RICO

Representative CORRADA. Thank you, Mr. Chairman, and members of the committee.

I would ask the distinguished chairman to include my entire statement as part of the record.

Senator MOYNIHAN. Without objection.

Representative CORRADA. I would just say in summary that last year when the House approved H.R. 7200 and the Senate Finance Committee reported that bill, a provision was contained therein whereby the then existing ceiling of $24 million for AFDC payments to Puerto Rico was increased to the amount of $72 million for fiscal year 1979 and the matching formula was changed from 50 percent Federal, 50 percent Puerto Rico, to 75 percent Federal, 25 percent Puerto Rico. Because H.R. 7200 never got to be considered by the Senate, Senator Matsunaga had that attached as a floor amendment to the tax cut bill that was approved last year, and by the way, the fact that the Senate Finance Committee did report that bill with $72 million for Puerto Rico and additional sums for the other territories was due considerably as a result of the great interest of Senator Moynihan as chairman of the subcommittee and Senator Dole of the minority, who helped, together with Senator Matsunaga.

This year, Mr. Chairman and members of the committee, the House in H.R. 3434 approved to extend that treatment for fiscal year 1980 and subsequently until such time as that new ceiling of $72 million is again changed, and I am appearing here today to urge you to of course adopt H.R. 3434 with the provision that the House already passed, which is similar to what the Senate Finance Committee last year approved as well.

In addition to that, there is a provision with regard to title XX. Puerto Rico participates in title XX heretofore, but to an amount up to $15 million in the event that such amount is available. Under the provisions of H.R. 3434, there would be a set-aside of $15 million for Puerto Rico and some additional sums for the other territories, so that we could plan on the basis of the certainty of that amount being available, and the bill is drafted in such a way, of course, that by having this entitlement for Puerto Rico, no funds are being taken from the funds otherwise available to the other States.

We also urge the committee to approve this provision in H.R. 3434 as has passed the House of Representatives.

In the meantime, Mr. Chairman and members of the committee, I will continue my efforts and endeavor to have SSI, the Prouty amendment, and other provisions extended to Puerto Rico, which we currently do not have, but at least I would urge you to approve the provisions of H.R. 3434 insofar as they relate to Puerto Rico and the territories as contained in the House bill.

Senator MOYNIHAN. Well, Congressman, we thank you very much for this testimony. As I am sure you know, it is fully our intention to continue the arrangements which we had hoped to put into effect last year, and which in an incomplete way we did put into effect.

We have a rule here of firsts in arrival, and not only would we defer to you in any event, but you are the first to arrive, Senator Cranston.

Senator CRANSTON. Thank you very much. I have no questions, but I welcome your support and your testimony. Thank you very, very much.

Senator MOYNIHAN. Senator Heinz?

Senator HEINZ. I have no questions.

Senator MOYNIHAN. Thank you.

Representative CORRADA. Thank you very much.

Senator MOYNIHAN. You are well and favorably known here, of course. We thank you, brother Corrada.

[The prepared statement of Mr. Corrada follows:]

STATEMENT OF HON. BALTASAR CORRADA, RESIDENT COMMISSIONER OF PUERTO RICO

Mr. Chairman, members of the subcommittee, it is for me a pleasure to appear before you today in support of H.R. 3434, particularly those sections that pertain to payments to Puerto Rico and the territories.

As far as Puerto Rico is concerned, the bill provides for a continuation of the increase to $72 million in AFDC payments which was authorized for fiscal year 1979 under the Revenue Act of 1978, and for a set-aside of $15 million under title XX. The bill also provides for a proportionate increase in the title XX entitlement when the national ceiling is increased.

Mr. Chairman, for years, we the people of Puerto Rico have been struggling to pull up from the poverty circle. We have made great strides through our own efforts to improve our economic and social conditions. Despite these efforts and assistance we have received from the United States Government, according to the 1970 census, 35.2 percent of the families in Puerto Rico had incomes of less than $2,000 per year. A recent survey uncovered 62,000 families with no, or next to no income at all.

In combination, severe poverty and high unemployment have generated extensive public assistance needs in Puerto Rico. While our needs are big and resources very limited, we have not been fortunate in receiving appropriate treatment under various sections of the Social Security Act. Under the income maintenance provisions of the Act, Puerto Rico had a ceiling of $24 million with a 50-50 matching until last year Congress redressed this inequity by increasing the ceiling to $72 million and providing a matching formula of 75 percent Federal, 25 percent Puerto Rico. H.R. 3434, as already passed by the House, would extend this to fiscal year 1980 and subsequently, until such time as the ceiling is revised again.

Puerto Rico is excluded from participating in title XVI (SSI). We are also excluded from the Prouty Program. The limits placed on Puerto Rico severely restrict benefits to those who because of their condition, be it age or physical impairment, are least able to help themselves.

Mr. Chairman, these ceilings and restrictions have created serious inequities in the benefits received by the U.S. citizens residing in Puerto Rico and other offshore territories. For example, although per capita income in Puerto Rico is less than 40 percent of the U.S. level and 60 percent of all families have incomes below the

Federal poverty level, only about 13 percent of the population receives cash assistance due to funding limitations.

The Federal share of the AFDC grant is disproportionately low—$4.73 versus a U.S. average of $39 and the higher matching rates have been a burden to Puerto Rico given our limited fiscal capacity.

Except for fiscal year 1979, these ceilings have remained static since 1972, and if we take into consideration the high rate of inflation, we find that the real value of Federal payments have been reduced to less than 60 percent of the 1972 level.

If this legislation is enacted, we estimate that monthly payments per recipient would be increased to an average of $30 per month—still a very low sum if we consider the fact that cost of living in Puerto Rico is about 12 percent higher than in Washington, D.C., and if we further consider that these public assistance payments are not supplemental to the SSI, which, unforunately, Congress has not yet extended to Puerto Rico. I urge you to maintain AFDC payments for fiscal year 1980 at the level authorized by Congress for fiscal year 1979. In the meantime, I will go ahead with other efforts to convince the Administration to support the extension of SSI to Puerto Rico and the territories as soon as possible.

We also request a special allotment of $15 million for Puerto Rico under title XX, as it is only with this level of assistance that a meaningful service program can be properly planned and implemented.

The supply of indicated services under this title requires a great deal of planning and programming. However, the provisions of section 2002(c)(d), do not facilitate the necessary planning contemplated under section 2001 of title XX. Funds allocated to Puerto Rico are on a residual basis. The method of allocation of funds delays information on available funds. It also reduces the time during which the funds can be spent. It increases the turnover of staff, and consequently, increases the cost of training and program administration. Therefore, we urge that a special allotment of $15 million title XX funds for Puerto Rico be made, as this allotment will further the continuation of the expanded services. H.R. 3434 will do just that.

I believe that it is important to emphasize that Puerto Rico's participation in title XX under the special allotment will not result in the reduction of the allotment under this title to any state, since the $15 million allocation would be above and beyond any appropriation made for this title for distribution to the states under the legislated formula.

Mr. Chairman, I urge this Senate to support this legislation, parts of which are crucial to my constituents, particularly the most needy and helpless. Your support will be an act of justice to these American citizens who need our assistance.

Senator MOYNIHAN. Now we are going to move to the witnesses for the Administration, and before we do, I have the pleasure to read a note that was handed me just as I came into the hearing room from the Secretary of HEW, who says:

I wish to express my appreciation to you, the members of the Senate Finance Committee, and Senator Cranston for your interest and support of the child welfare amendments and the title XX amendments to which this legislation is attached in H.R. 3434. Reform of our Nation's foster care system is of paramount importance to me and to the administration. I intend to work closely with you in the days ahead to insure the rapid passage of this legislation.

Please accept my best wishes.

Sincerely yours,

PATRICIA ROBERTS HARRIS.

This will be made a part of the record.

[The material referred to follows:]

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE,
*Washington, D.C., September 21, 1979.*

DEAR PAT: I wish to express my appreciation to you, the Members of the Senate Finance Committee and Senator Cranston for your interest and support of the Child Welfare Amendments (S. 966) and the Title XX Amendments to which this legislation is attached in H.R. 3434.

Reform of our Nation's foster care system is of paramount importance to me and to the Administration. I intend to work closely with you in the days ahead to insure rapid passage of this legislation.

Please accept my best wishes.

Sincerely yours,

PATRICIA ROBERTS HARRIS.

Senator MOYNIHAN. Representing Mrs. Harris at this time is Hon. Arabella Martinez, the Assistant Secretary for Human Development Services in the Office of Human Development Services of the Department of HEW.

Madam Secretary, good afternoon to you. I see you have some associates. Perhaps you would have the kindness to introduce them.

STATEMENT OF HON. ARABELLA MARTINEZ, ASSISTANT SECRETARY FOR HUMAN DEVELOPMENT SERVICES, OFFICE OF HUMAN DEVELOPMENT SERVICES, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, ACCOMPANIED BY HERSCHEL SAUCIER, ACTING COMMISSIONER FOR CHILDREN, YOUTH AND FAMILIES; AND MICHIO SUZUKI, DEPUTY COMMISSIONER FOR PUBLIC SERVICES

Ms. MARTINEZ. Yes, Mr. Chairman.

On my left is Mr. Herschel Saucier, who is the Acting Commissioner for the Administration for Children, Youth, and Families. He comes with a great deal of distinction from the State of Georgia, where he was involved with the child welfare program there, as well as the title XX program, so he is very familiar with the programs.

On my right is Mike Suzuki, who is the Deputy Commissioner for the Administration for Public Services, the agency responsible for title XX.

Senator MOYNIHAN. May I just say good afternoon to Mr. Saucier and to Mr. Suzuki?

Ms. MARTINEZ. I would just like to submit my testimony, if I may, for the record. I will not read it all.

Senator MOYNIHAN. Without objection, it will be included in the record.

Why don't you go ahead and tell us what you think we ought to know?

Ms. MARTINEZ. The first thing I would like to tell you, Senator, and to my own Senator Cranston, is that I am extremely pleased that you have brought the attention of this country to problems in foster care and child welfare and to the need for support of the title XX program, and that you have done so in such a rapid manner. We all hope that we will have a child welfare bill that will reform the system, which badly needs to be reformed.

I also want to express my deep appreciation to Senator Cranston for all the work he has done, not just on this bill, but on other children's legislation, child abuse legislation, and I am pleased that he is here today, and we will continue to work together on this bill.

Senator CRANSTON. Thank you, Arabella, very much.

Ms. MARTINEZ. Thank you.

I think this particular bill represents the best efforts of the administration and the best efforts of the legislative branch, and it has been a pleasure to work jointly with the House and with the Senate as the legislation has been developed and prepared. I mentioned earlier that I think this legislation is one of the most significant pieces of legislation that is in front of the Congress, and in terms of children, there is no legislation which can have as much

impact on the well-being of children and in terms of the support of families.

I am not going to review with you the statistics about the child welfare system and foster care system. You know that.

Senator MOYNIHAN. No; I don't. Go ahead and review those.

Ms. MARTINEZ. Would you like me to do that?

Senator MOYNIHAN. We like statistics, Ms. Martinez.

Ms. MARTINEZ. Well, then, I will read that section of my testimony.

Senator MOYNIHAN. Good.

Ms. MARTINEZ. As you know, the Department completed a study, called the national study of social services for children and their families, and essentially——

Senator MOYNIHAN. When was that done?

Ms. MARTINEZ. It has been completed within the last 2 years. It was initiated and completed within the last 2 years.

Senator MOYNIHAN. Well, no; it wasn't completed within the last 2 years. When was it completed?

Ms. MARTINEZ. I really don't know, Senator, but I can get you that information. The report was completed and published in August 1978. It is based on data collected during 1977.

Senator MOYNIHAN. Would you see that we have a copy? I have not seen it. It has been done since the administration proposal was made?

Ms. MARTINEZ. It was during the summer of 1978 that the report was completed.

Senator MOYNIHAN. Fall of 1977. That is when you found out there were 44 States that were already doing it.

Ms. MARTINEZ. In terms of adoption subsidies, 40 States and the District of Columbia had passed laws.

First of all, there are approximately 500,000 children in some kind of foster care. That is nearly three times the number than there were in 1961.

Senator MOYNIHAN. Three times the number?

Ms. MARTINEZ. Three times the number; yes.

Senator MOYNIHAN. How should we read that? I am sorry. If I could just get this point clear. In terms of the increase in this population, is that more than three times the increase in children in this age group, or is it less than three times the increase of children in this age group?

Ms. MARTINEZ. I believe that it is less than.

[The following was subsequently supplied for the record:]

*Question 1.* In terms of the increase in this population (500,000 children in foster care), is that more than three times the increase in children in this age group, or is it less than three times the increase of children in this age group?

Answer. The number of children in foster care increased nearly three times; from 177,000 [1] in 1961, to 502,000 [2] in 1977. The number of children under 18 decreased from 65,791,000 [3] in 1961 to 64,253,000 [4] in 1977.

Senator MOYNIHAN. It is less than the increase in children?

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[1] Helen R. Jeter, Children, "Problems and Services in Child Welfare Programs," U.S. Children's Bureau, 1963.

[2] "National Study of Social Services to Children and Their Families," DHEW, 1978.

[3] U.S. Department of Commerce, Bureau of Census, Population Estimates, July 1, 1961.

[4] U.S. Department of Commerce, Bureau of Census, Population Estimates, July 1, 1977.

Ms. MARTINEZ. No; I am sorry. It is more than the increase in children.

Senator MOYNIHAN. It is more than. So the incidence of foster care in 1,000 children is higher today than it was in 1961?

Ms. MARTINEZ. Yes.

Senator MOYNIHAN. How much higher?

Ms. MARTINEZ. I do not know. I will get you that information.

[The following was subsequently supplied for the record:]

*Question 2.* So the incidence of foster care in 1,000 children is higher today than it was in 1961?

Answer. The incidence of children in foster care increased from .00269 per 1,000 children in 1961[1] to .00781 per 1,000 children in 1977[2]—an increase of about three times the ratio of 1961.

Senator MOYNIHAN. Mr. Suzuki, do you know?

Mr. SUZUKI. No, sir.

Senator MOYNIHAN. Mr. Saucier, do you know?

Mr. SAUCIER. No, Senator.

Senator MOYNIHAN. Does anybody know?

[No response.]

Senator MOYNIHAN. Can you try to get it before the end of the day? I would like to know. What is the incidence of foster care per 1,000 children? We ordinarily define a child as someone aged zero to 18. Does foster care go beyond 18?

Ms. MARTINEZ. No, it does not.

Senator MOYNIHAN. It never does?

Ms. MARTINEZ. It does not.

Senator MOYNIHAN. Yes. Well, what is the incidence of foster care in children zero to 18 years?

Ms. MARTINEZ. The incidence?

Senator MOYNIHAN. The present incidence.

Ms. MARTINEZ. Well, of the children who are in foster care——

Senator MOYNIHAN. No, of the children, how many are in foster care as a rate, 1 percent——

Mr. SAUCIER. I don't know that, but we can get it for you.[1]

Ms. MARTINEZ. There are only 500,000 children in foster care at this point in time.

Senator MOYNIHAN. Right. Are you sure it is 500,000? I am always suspicious of numbers like 500,000. That is really remarkable. It turned out just right on the button.

Ms. MARTINEZ. Well, it is approximately, sir.

Senator MOYNIHAN. Approximately?

Ms. MARTINEZ. Yes, sir.

Senator MOYNIHAN. Does anybody know?

Ms. MARTINEZ. We don't know the exact numbers because many of these children are placed voluntarily, and are not part of the payment system.

Senator MOYNIHAN. What did the national study of social services for children and their families say was the number?

Ms. MARTINEZ. 502,000.

Senator MOYNIHAN. 502,000? Well, that is a more reassuring number. [General laughter.]

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[1] Helen R. Jeter, "Children, Problems and Services in Child Welfare Programs," U.S. Children's Bureau, 1963.

[2] "National Study of Social Services to Children and Their Families," DHEW, 1978.

[1] See p. 76.

Go right ahead. I am sorry for interrupting.

Ms. MARTINEZ. Of these 500,000 children, less than one-fourth of these children are in the AFDC foster care program. About 80 percent of the children in foster care are in foster family care rather than in institutional or group home settings. In only one of every five cases do the services planned for these foster children recommend a specific length of placement.

In other words, the so-called temporary provision of foster care has no definite target date for ending the placement and for placing the child in a permanent family setting. More than half the children in foster care have been away from their families for more than 2 years. About 100,000 children have spent more than 6 years of their lives in foster care. Nearly one-fourth of the children have been in three or more foster family homes. Nearly half of the children have spent 2 or more years in foster care, and they have had at least four different workers.

Even in cases where the agency has developed a plan for returning the child home, in one-third of the cases there was no plan for visits between the child and the parent or another person who would care for the child if returned home.

For one-third of the children legally free for adoption, financial assistance to the adoptive family would be needed to meet the children's special needs. No adoptive homes have been found for 50,000 of the children already legally free for adoption.

There have been other studies done by other groups, including the Children's Defense Fund, the National Commission on Children in Need of Parents, and their findings and recommendations support the findings and recommendations of the Department.

With respect to the various legislative proposals, there are some substantive differences but not many. All of them basically are designed to meet four goals.

### EMPHASIS ON FAMILIES

The bills which are under consideration recognize the need to strengthen families, to help families stay together, and to help reunite families. We believe this is the most profamily bill up here.

The second major goal is protections for both children and families. The proposals protect legal rights, access to service, and limit the circumstances under which children can be removed from homes against their parents wishes, and provide assurances the children will not languish in foster homes uncared for and forgotten.

A third goal is the use of fiscal incentives to bring about reform. In seeking to encourage States to improve their child welfare services, they recommend that additional resources be made available to States to aid them in making these needed systems changes and improvements, and the additional money is absolutely essential.

The fourth of the goals is fiscal control over expenditures. The proposals provide accountability and fiscal control over State expenditures for maintenance payments and the cost of administering the social service-child welfare services provisions.

We are committed as an administration to work with the Senate and with the Congress to pass legislation this year, and we will be available whenever you need us to work out a bill.

With respect to title XX, the most significant item in testimony today is our request that the title XX training ceiling be increased from 3 percent to 4 percent. The basis for our request is that we have recently issued notice of proposed rulemaking for day care regulations and will, by the end of the year, be issuing final regulations for HEW-funded day care. We feel that the additional money will be used by the States to provide training for their day care workers.

This represents in 1980—$29 million, and in 1981, assuming that the cap would continue at 3 percent, if it was enacted, it would represent another $29 million, so a total of $58 million for additional training over a 2-year period.

We believe the States would target that money for day care training since the regulations mandate many provisions concerning training of child care workers. That is a change in our position, and I must say that I was very, very pleased with the Secretary's and OMB's support of this change. If Congress agrees with us on this proposal, we will request a supplemental appropriation for 1980 for title XX training.

Senator, I don't want to go into additional details on the testimony. We are ready for questions, you and other members may have.

Senator MOYNIHAN. Thank you very much, Madam Secretary.

Senator Cranston?

Senator CRANSTON. Thank you very much, Mr. Chairman.

First, I am delighted to see you again, Arabella.

Ms. MARTINEZ. I'm sorry we only get to see each other up here on the Hill?

Senator CRANSTON. We should change that. I know of your interest and commitment to this bill and to children's programs generally, and I am very grateful to you for the efforts you have made in this area.

While welcoming you, I was disappointed that the Secretary was unable to appear. That letter of hers appeased me quite a bit, because it showed her very strong commitment, and I am glad that it came. I had, however, hoped that she would be here.

Frankly, in the past, at times I have been concerned that the Department did not seem to have as much commitment to this particular effort as the White House has, but I trust that will not be the case now, and that the Secretary's letter is a clear indication of it, as is your testimony.

So, I hope we can work together effectively.

I do have just a few questions. First, in view of the fact that the House recently rejected the conversion of the title IV(B) program into an entitlement program, as did the Finance Committee 2 years ago, the funding for the services outlined in each of the pending proposals will undoubtedly be dependent upon our ability to get an adequate appropriation. Will the administration request a supplemental appropriation for fiscal 1980 if this legislation is enacted?

Ms. MARTINEZ. Yes, we will.

Senator CRANSTON. Good. At what level?

Ms. MARTINEZ. Our request, our initial request, is an $84 million increase for both parts of the program in 1980, and then we have included a provision which annually increases the foster care ceiling by an additional 10 percent.

Senator CRANSTON. Thank you. The administration has, from the outset, supported a ceiling on the foster care maintenance program. Would you clarify for us the basis for that decision and its policy implications?

Ms. MARTINEZ. Our basic concern has been that there are fiscal incentives to place children and young people in out-of-home care because of the open-ended nature of the appropriation, and that may be in part the reason that there has been an increase in the number of children in foster care.

The second thing we felt was, with respect to setting a ceiling, that we would set it at a high enough level above the 1978 level to insure that children who were really in need of foster care, and there are some who are really in need of foster care, and it is the most appropriate care at the time, that there was sufficient money with which to support those children. We also believe that if in fact the record shows as we proceed that there are not sufficient resources in the program that both the administration and the Congress will come back to deal with that problem, that it would not be left hanging until 1984 or later.

So, our position is basically a position against financial incentives for institutionalizing children or inappropriately placing children in out-of-home care.

Senator CRANSTON. In your tsstimony, you state that each of the three pending comprehensive proposals includes provisions for fiscal control over expenditures by imposing limits on foster care maintenance program, including administrative costs, and insuring that the new Federal funds will be well spent.

Could you provide for the record a description of the provisions in each of the three bills that you believe meet that prescription?

Ms. MARTINEZ. Yes, sir.

[The following was subsequently supplied for the record:]

In terms of fiscal control over expenditures, both the administration proposal and the Cranston-Moynihan amendment to it are extremely explicit in capping the foster care maintenance payment program, and limiting increases in the program for future years.

H.R. 3434 does not provide for a cap on the AFDC-FC program, but the committee report does express concern over unnecessary expenditures for foster care maintenance payments. It provides control over expenditures in title IV-B by limiting the amount of funds that could be made available to the states to 40 percent of new money in the first year, and any increases beyond that are predicated on States meeting certain requirements.

Senator CRANSTON. Thank you. As you know, there has been some discussion on the impact of the recent decision of the Supreme Court in the *Yochiam* v. *Miller* case on the proposed foster care ceiling. The Supreme Court held that States that had been paying foster parents related to their foster children lower rates than those paid nonrelatives must pay the full AFDC-FC rates to relatives.

How many States and how many children are affected by that decision? Do you know?

Ms. MARTINEZ. If I remember correctly, there were 13 States.

These are children who are living with relatives and are only getting the AFDC rate. We do not have an exact number of the children who live with relatives who would be affected because of the following conditions: (1) the relatives are licensed or are trained to be foster parents; (2) the child was removed from the

home originally as a result of a judicial determination; and (3) the child has been placed by the agency with a relative.

Those three provisions are provisions which will result in payment of the higher rate to the relative. If the placement of the child with the relative does not meet those three provisions, then by law we cannot pay the higher rate. So, the question that we have is, How many children are living with relatives who meet these three requirements? We would assume that as this becomes known, there will be fewer and fewer children placed with relatives without meeting those three requirements.

Senator CRANSTON. Would the administration be sympathetic to including a provision which would enable the States to include the costs of making foster care maintenance payments on behalf of children affected by the *Yochiam* decision in its base year for the purposes of the foster care ceiling?

Ms. MARTINEZ. Senator, I think we would be willing to explore that. I just don't have an answer for you.

Senator CRANSTON. It is a complicated question. I suggest you do take a look at that. Will you please advise us back?

Ms. MARTINEZ. Yes; we will.

[The following was subsequently supplied for the record:]

Senator Cranston, you asked that we look into the possibility of raising the foster care ceiling somewhat to assist States affected by the Supreme Court decision in the *Youakim* case. We believe that a slight adjustment might prove helpful to the 13 affected States, although we are not persuaded that a large number of children in the States would meet the conditions necessary to move from AFDC status to AFDC-FC status.

Senator CRANSTON. Public Law 95-266, the Adoption Reform Act, that I authored and worked on for a good many years, in section 203 requires the establishment in HEW of "an appropriate administrative arrangement to provide a centralized focus for planning and coordinating of all departmental activities affecting adoption and foster care."

It further requires the establishment and operation of a national adoption and foster care data gathering and analysis system.

How have these section 203 provisions been implemented up to now?

Ms. MARTINEZ. They have all been implemented, Senator, and in fact we are about ready to receive a report from the advisory panel concerning the model Adoption Act they are developing.

Mr. SAUCIER. The panel has completed its basic work and has made some tentative recommendations, and they should be sent to the Secretary shortly. Their recommendations will be published in the Federal Register for comment. Those comments will be analyzed prior to publishing a final model adoption law. So, there will be a great deal more public exposure to what that independent panel has done and has recommended.

Senator CRANSTON. Thank you. I have one last question. How will the requirement for an inventory of all children in foster care and for the development of statewide information systems on foster care children, which are included in both versions of S. 966, be coordinated with Public Law 95-266, section 203 data gathering requirements?

Ms. MARTINEZ. We have been working with a number of States with respect to child welfare reporting system, and in any of the

work that we are doing with management information systems, we are trying to insure that there is an integration of information and data so that we can do cross-tabulation, for example.

We have just completed work with the State of Colorado on a child and youth information system, which we think has great potential for transfer to other States.

Senator CRANSTON. Thank you. That coordination is very important, and I strongly urge you to do all you can to make it work.

Thank you, Mr. Chairman.

Senator MOYNIHAN. Thank you, sir.

Senator Heinz?

Senator HEINZ. Thank you, Mr. Chairman.

Let me say at the outset, Mr. Chairman, that I, as the chairman knows, am new to this subcommittee, and will apologize in advance for any ignorance that shows up in my questions. I would, however, like, Secretary Martinez, to make a few inquiries to make sure that I understand the administration's position on two areas.

The first is, do I understand correctly that the administration supports Senator Cranston's and Senator Moynihan's proposal to take the foster care payments out of AFDC title IV-A and puts them into a new title IV-E, lumps the adoption subsidies into that title, and then finally caps those foster care payments. Do I understand that is the administration's position?

Ms. MARTINEZ. Yes.

Senator HEINZ. Well, I think the intention behind that proposal is a good intention. Namely, as I understand it, it is to put the pressures on States to get children adopted.

My question is, What proportion of the children now in foster care are adoptable? And if you can't answer that, what statistics do you have as to how the children in foster care are divided among various age groups?

My concern is that there are groups of children, categories of children within the zero to 18-year segment, particularly the older children, particularly minority older children, for whom adoption simply is not a viable or real option.

If indeed that is the case, then in capping foster care, all we will do or succeed in doing is denying needed foster care to children who have no viable alternative, and we will cause problems worse than those we hope to cure.

Could you comment on that?

Ms. MARTINEZ. Well, about one-fifth of the young people in foster care are eligible for adoption.

Senator HEINZ. One-fifth?

Ms. MARTINEZ. That is about 100,000.

Senator HEINZ. So four-fifths would not be eligible for adoption?

Ms. MARTINEZ. That is correct.

Senator HEINZ. I figured that out. You see, I am ignorant, and I am new on the committee, but I figured that out.

Ms. MARTINEZ. Not free for adoption. That is correct, sir.

Senator HEINZ. Now, among the one-fifth who are eligible for adoption, eligibility does not really mean that they are adoptable realistically. Among the one-fifth that are eligible for adoption, what is their distribution by age?

Ms. MARTINEZ. We will get you that information for the record, sir.

Senator HEINZ. Do those statistics in fact exist?

Do we have any reason to believe that they exist?

Ms. MARTINEZ. They do exist; I just do not have them with me.

[The following was subsequently supplied for the record:]

*Question.* Among the one-fifth of children in foster care eligible for adoption, what is their distribution by age?

Answer.

| Age | Percent distribution | Actual numbers |
|---|---|---|
| Under 1 year | 9 | 8,807 |
| 1 to 3 years | 17 | 17,648 |
| 4 to 6 years | 14 | 13,912 |
| 7 to 10 years | 20 | 20,455 |
| 11 to 14 years | 25 | 25,300 |
| 15 to 17 years | 15 | 15,024 |
| Total | ..... | [1] 101,146 |

[1] Computed from rounded numbers.

Source: National Survey, first quarter of 1977.

Senator HEINZ. Well, if we don't have those statistics, and if there were some evidence to suggest, based surely on the laws of statistics, namely chance, that half of the children that are adoptable are over—well, let's do it the easy way, that a third of them that are eligible for adoption are over age 12, and the chances of getting kids over age 12 adopted is pretty nearly zero, and so on, and it gets slightly easier as you go down the ladder, but I would suspect—let me turn it around.

At what age does it become quite difficult to place a child eligible for adoption in a household that would adopt the child?

Ms. MARTINEZ. If I could answer a question that is in the back of my mind before I answer that. In terms of the ceiling, we are not applying the ceiling to the adoption subsidy program.

Senator HEINZ. No; I understand. Just to foster care. I understand that.

Ms. MARTINEZ. Now, with respect to whether the money goes for adoption subsidies or for foster care, you are still spending the same amount of money, almost, depending upon what is determined to be the need of the parents.

Senator HEINZ. Can I ask you a question at this point?

Did I understand you earlier to say that the administration would propose or support a level of funding for foster care of approximately $184 million?

Ms. MARTINEZ. No; that is for the services side.

Senator HEINZ. For the services side?

Ms. MARTINEZ. For 1980, the proposal from the administration is an additional $84 million, for both child welfare services and foster care payments, after 1980.

Senator HEINZ. Could you do me a favor? You are talking about what are now title IV-A and IV-B. Could you give me the aggregate figure for what that will mean for foster care, AFDC, under

IV-A, and the aggregate number for services under IV-B, so that I don't have to divide it up in my head?

[Pause.]

Ms. MARTINEZ. Under our proposal, the new IV-B funds would be allotted according to a formula, with 30 percent of $63 million available during the first year for systems improvements. The remainder would be allotted to expansions in foster care—what is now IV-A.

In the proposed legislation there is a provision which allows transfer of any unused foster care payments funds to child welfare services.

Senator HEINZ. So you can transfer from IV-A to IV-B?

Ms. MARTINEZ. Well, we call the foster care part IV-E.

Senator HEINZ. OK. It is currently IV-B, though.

Ms. MARTINEZ. IV-A. .

Senator HEINZ. Or is there a IV-E program that now exists?

Ms. MARTINEZ. There is no IV-E program now, sir.

Senator HEINZ. I know that the proposal in the House and Senate bills is for a IV-E.

Ms. MARTINEZ. Yes. So there is this provision which allows transfer of unused funds from IV-A or IV-E to IV-B.

Senator HEINZ. I see. That is helpful. I didn't know that. Another demonstration of my ignorance. All right.

Thank you. That is very helpful.

Let me pursue the second area I want to ask about. Namely, in your testimony, I believe you say on page 9 and 10 that you would like to see a cap placed on training costs in title XX at 4 percent. Is that correct?

Ms. MARTINEZ. Yes. We are changing our position, Senator, from 3 to 4 percent.

Senator HEINZ. Now, in the Cranston-Moynihan bill, they have a slightly more complex decision rule than 3 percent. It is 3 percent of title XX allotment or the amount paid to the State in 1978 for training or the percentage of the allotment spent by the State in 1978.

I gather that you would prefer the 4 percent to their particular approach.

Ms. MARTINEZ. Yes; and beyond the 4 percent there is a hold-harmless provision in our proposal.

Senator HEINZ. A two-thirds and a phasing out. Now, that is similar, as I recollect it, to what they propose. Why do you think your approach is preferable? Why did you change or why are you different from Senators Moynihan and Cranston?

Ms. MARTINEZ. The reason we changed was that we were concerned about the need for training for day care, for child care. With the issuance of our regulations for day care, we felt it was important for the States to have additional resources for training. We felt this was the simplest way of addressing that concern, as it is consistent with the existing law.

Senator HEINZ. Is it your feeling that 4 percent will be adequate to fund the training costs that will be associated with implementing the interagency task force report on day care?

Ms. MARTINEZ. Yes. The regulatory analysis that was done by HEW, and I must say was commented upon favorably by OMB, indicated that——

Senator HEINZ. You got a gold star from OMB?

Ms. MARTINEZ. We got a gold star on that one.

Senator HEINZ. Normally HEW gets different kinds of marks from OMB. I am a little suspicious.

Ms. MARTINEZ. Well, it has been kind of nice the last few days, I must say.

Senator HEINZ. It is called the honeymoon. [General laughter.]

Ms. MARTINEZ. I hope so. I hope it lasts awhile.

The regulatory analysis talked about needed funds of from $31 million to $47 million. What we are proposing is an additional $29 million for 1980 to meet that need.

Senator HEINZ. Well, that would be the Federal share matched by 25 percent State, so that it would bring it close to $39 million plus.

Ms. MARTINEZ. And that would occur after we got the supplemental appropriation in 1980, if we were able to secure such a supplemental.

Senator MOYNIHAN. If you had asked for $15 million, do you think you would have gotten even higher marks from OMB?

Ms. MARTINEZ. What can I say, Senator?

Senator HEINZ. I am delighted to yield.

Senator MOYNIHAN. I just couldn't help intruding on your time. Go ahead, Senator.

Senator HEINZ. I have used too much time. I apologize to my chairman. I will just ask one last question.

Senator MOYNIHAN. No. Please go ahead, sir.

Senator HEINZ. I am always intrigued by analyses of the costs of implementing any brilliant new Federal ideas. My State is still trying to recover from another HEW/congressional mandate for individual programs of instruction for certain kinds of children. It is not in your area. It is in another bureaucracy in HEW.

Let me ask you this. How many people has the title XX funds for training trained, in any year or in all the years that we have had it?

Ms. MARTINEZ. I am going to allow Mr. Suzuki to answer that question.

Senator HEINZ. I would love to hear an answer to that question.

Mr. SUZUKI. I would love to be able to give you one, sir. Part of our problem is that in terms of the training, it is broken down into various kinds of training, university support, in-service training, and there are some data that I don't have.

Senator HEINZ. Well, how many people have had 1 or more days of training under the training moneys of title XX for any time period that you care to name?

Mr. SUZUKI. I would not hazard a guess, sir, in terms of the sheer number. It is broken out in terms of those who are——

Senator HEINZ. Is there any quantitative measure?

Mr. SUZUKI. Yes; there is some material that we have been gathering State by State. There was an original requirement that we had in regulation for reporting of training expenditures. There was great concern that there was overreporting in our require-

ments. We kept our basic requirements in terms of the service activities. States have begun to cooperate in giving us voluntarily some data around the training program. We are developing profiles. I do not have with me the figures, but I would like to point out that it gets complicated in title XX in that training dollars go toward support of university training, a portion of it; another portion is for the training of the State and county welfare staff; then another portion goes to the training of those staff members in provider agencies, United Way agencies, private agencies, and to aggregate that figure. There are some tentative calculations, but I would just not want to hazard a guess.

Senator HEINZ. Well, Mr. Chairman, I thank you for so generously allowing me to do this. I am not quite sure what the logical conclusion of this discussion is, except that it is very hard to tell much of anything, notwithstanding your efforts to try and marshall the information.

Ms. MARTINEZ. Mr. Heinz, may I say something about management information system reporting? We are constantly caught up on the dilemma between accountability and burden.

Senator HEINZ. Would you say that again?

Ms. MARTINEZ. Accountability on the one hand, and not putting too much burden on the States in terms of cost and paperwork and reports, and over the numbers of years this conflict has resulted in a system which does not give us the kind of data that we frequently get asked for by the Congress. We are trying, and we have requested that the Appropriations Committee provide funds for a management information system for the social services. We are only requesting $1 million in 1980. But we do not have an open ended appropriation for management information systems in the social and human services. That is not the case with medicaid and with AFDC. So, we are always trying to scrape together little bits of money to improve the system, but it is not easy.

Senator HEINZ. I know that it is not easy, and I know that there are 50 States, and I know that every single one of them accounts for its social services, if and when they do, on a different basis, and none of those social services accounting methods, to the extent they exist, is linked to any other welfare program, so that it is literally impossible to find out in most if not all States—there are a few exceptions, I think—you know, what children are receiving, not only AFDC, but what services, what other services are linked to those services, and the whole situation is a mess.

Ms. MARTINEZ. Sir, one thing that we did do last year was, we did review every single State agency's title XX information system, and as part of our $1 million effort during 1980 we will choose three States to develop model systems. That is about all we can do.

Senator HEINZ. Thank you, Mr. Chairman.

Senator MOYNIHAN. Thank you.

Madam Secretary, let me continue the line of questioning which Senator Heinz has begun, and try to say what evidently is not always easily understood, about the kinds of information we need in this committee, and especially on this subject. For 2 years now, we have been holding hearings, and we have asked the witnesses from the Department and also from the profession and from the

States to tell us what it is you think about this subject in terms of children.

You are Assistant Secretary for Human Development Services, and this involves some notions about how humans develop, and it is a biological and sociological and psychological phenomenon. Obviously, the Department is not comfortable, the profession does not seem to be comfortable with the present arrangements.

You referred in your extemporaneous testimony to children who languish in foster homes, uncared for and forgotten. That is a fine Dickensian sentence, but what do you mean?

Now, I start out by asking you—I mean, I am sure you are right, but you have not told me what it is you are right about, although you may not be right. I don't know that. There are many foster homes which provide a very needed and necessary care.

I have the feeling of a fashion changing, but people not knowing it. Now, I ask you, of the 500,000 people you say are children in foster care—a very suspicious number—how many receive some form of public assistance?

Ms. MARTINEZ. I did not understand the question.

Senator MOYNIHAN. How many of these 500,000 receive some form of assistance? Let's start out by defining our terms. What is foster care?

Ms. MARTINEZ. It is about one-quarter, and the number is in the testimony. It says, "Slightly less than one-fourth of these children are in AFDC foster care."

Senator MOYNIHAN. Where is that, please?

Ms. MARTINEZ. This is on page 2, the first——

Senator MOYNIHAN. I see. Well, if that is the case, let's see, have we got the numbers here? The number for 1978 is 107,000 in AFDC, foster care, and that is certainly less than one-quarter. It would look to me like almost 20 percent. But that is just AFDC. Is there no other form of public assistance, none?

Ms. MARTINEZ. Yes, there is, sir.

Senator MOYNIHAN. Mr. Saucier is indicating none, but all right. Yes?

Ms. MARTINEZ. Some funds are available through title XX. Title XX provides for protective services for children.

Mr. SAUCIER. There is some money in terms of title XX, but I think the basic public funding other than Federal AFDC would be State and county funds.

Senator MOYNIHAN. That is what I am asking. How much State and county funding is there?

Ms. MARTINEZ. It is about $800 million that the States put in.

Senator MOYNIHAN. How many children?

Ms. MARTINEZ. It is for all of these children, the 502,000 foster care children, including the ones not covered by AFDC foster care. The States do have the option with their money to pay for whomever they wish to pay.

Senator MOYNIHAN. I am asking you, how many do they pay for? You say there are around half a million. Now, you know that is not a good number. That means you don't know how many there are.

Ms. MARTINEZ. Well, we don't have a system for knowing the exact number.

Senator MOYNIHAN. That is not your fault. You don't have a system. Maybe you don't need one, but you don't have one. How many receive public assistance? We don't know. We know about AFDC. That is a Federal thing. That is what we know.

Ms. MARTINEZ. That we do know.

Senator MOYNIHAN. All right.

Mr. SAUCIER. We know a large majority of them.

Senator MOYNIHAN. Sir?

Mr. SAUCIER. A large majority, I should think.

Senator MOYNIHAN. A fair amount of foster care, I suppose, but in the main, I should think it is private charitable groups and local groups and so forth that do this, but we don't know.

You say that there are three times as many today as there were in 1961. What proportion is that? Is that a larger or a smaller increase than the number of children in that cohort?

Ms. MARTINEZ. That was the question you asked earlier, and we are going to try to get you that.

[The following was subsequently supplied for the record:]

*Question.* You say that there are three times as many today as there were in 1961 (children in foster care). What proportion is that? Is that a larger or a smaller increase than the number of children in that cohort?

Answer. It is a larger increase, nearly three times the number of children in foster care compared with 1961. It is also a larger percentage of that age cohort (0–18) because the total number of children in that age group declined.

| Year | Number of children— | | Percent |
|---|---|---|---|
| | In foster care | (0–18 years) in total population | |
| 1961 | [1] 177,000 | [2] 65,791,000 | .003 |
| 1977 | [3] 502,000 | [4] 64,253,000 | .008 |

[1] Helen R. Jeter, "Children, Problems and Services in Child Welfare Programs," U.S. Children's Bureau, 1963.
[2] U.S. Department of Commerce, Bureau of Census, Population Estimates, July 1, 1961.
[3] "National Study of Social Services to Children and Their Families," DHEW, 1978.
[4] U.S. Department of Commerce, Bureau of Census, Population Estimates, July 1, 1977.

Senator MOYNIHAN. But you see, you come up here and you don't know that.

Ms. MARTINEZ. We don't know that.

Senator MOYNIHAN. How many people in the room are from HEW? Raise your hands. Come on, raise your hands.

This committee needs to know. Is this less of a problem or more of a problem than it was in 1961? Who knows if it is more of a problem now than in 1961? If so, why? All right. If we don't know elemental things like that, what is the increase with respect to the AFDC population, the number of AFDC foster care recipients as a proportion of the overall AFDC population? Has that proportion risen or fallen in these last years since 1961, and why 1961? Was that a year in which we had some data? [General laughter.]

Ms. MARTINEZ. It probably was the year when we first started collecting data.

Senator MOYNIHAN. Pardon me?

Ms. MARTINEZ. It probably was the first year we started collecting any data.

Mr. SUZUKI. 1961 was when Federal payments for foster care began.

Senator MOYNIHAN. Yes, under the amendments of 1961. I remember Senator Ribicoff was then Secretary of HEW and I was Assistant Secretary of Labor. I had a job like yours, and I used to get harassed like you are being harassed, but for good reason, if I may say. Why is this a problem? Why are foster homes a problem, Madam Secretary? Why do you say children languish in foster homes uncared for and forgotten? Are they all uncared for, or all forgotten?

Ms. MARTINEZ. No; they are not.

Senator MOYNIHAN. What proportion are not forgotten?

Ms. MARTINEZ. I would not ever want to be in the position of saying that there aren't loving and caring foster families out there, and that for some children this is the best thing that ever happened to them, but it is our belief that it is best for the children to be with their own families——

Senator MOYNIHAN. Yes, good. That is not a very adventurous statement, you know.

Ms. MARTINEZ [continuing]. That in fact we do see among children who remain in long-term foster care difficult behavioral psychological problems.

Senator MOYNIHAN. What do you see? Who has done the research?

Ms. MARTINEZ. We have seen——

Senator MOYNIHAN. Who is "we?"

Ms. MARTINEZ. Many of the researchers in this field, many of the social workers who are actually out there.

Senator MOYNIHAN. Can you name one?

Ms. MARTINEZ. Mr. Saucier tells me that the national day care study, which also looked at day care for children in foster care, shows that many of the children who are in foster care have serious emotional problems.

Senator MOYNIHAN. I am not in any doubt that many do, but is that many more than those who live at home, many less than those who live in foster care? I mean, many, is that 2 percent or 12 percent? Is it different from——

Ms. MARTINEZ. Sir, we can't answer you that.

Senator MOYNIHAN. But you see, with the greatest respect, Madam Secretary, we don't know why you want this. We are no doubt going to give it to you, but we don't know why you want it. Senator Heinz asked this very important question in terms of—adoption, obviously, is the direction in which people are going. He asked about who is eligible for adoption. Now, let's see. There are a number of terms. "Eligible" could have a range of meanings. What does the word "eligible" mean—there must be three or four meanings for it—in terms of "eligible for adoption"?

Ms. MARTINEZ. These are children whose families either are no longer willing to care for them, have indicated that. They are children whose families are dead, deceased. They are children whose families can't be found. Eligible means legally free for adoption, that is, parental rights have been legally terminated.

Senator MOYNIHAN. If you have a family who can't be found, you are eligible for adoption?

Ms. MARTINEZ. There are some families who cannot be found. But that does not mean that the children are automatically free for adoption, legally free for adoption. That decision must be made by court.

Senator MOYNIHAN. There are perhaps three categories you can think of. First, children who would obviously not be free for adoption.

Ms. MARTINEZ. That's correct.

Senator MOYNIHAN. Children who might be free if a court so declared, and children about whom a court has declared. All right, let's ask, what would you say? Of these half million children, of whom 100,000 plus are in AFDC, how would you divide that? How would you make an estimate of the proportions for the three categories?

Ms. MARTINEZ. About 100,000 of the children are legally free for adoption.

Senator MOYNIHAN. About 50,000 of our AFDC foster care population?

[Pause.]

Senator MOYNIHAN. Talk up, and please feel free to consult. You have your people here, and you should talk to them. Don't hesitate to do that.

Ms. MARTINEZ. Well, as I said, 100,000 of all of the children, of the 500,000 children are legally free for adoption. About 20,000 of the AFDC foster care children——

Senator MOYNIHAN. About 20,000 or so, so it is about 20 percent of them, almost 10 percent of the whole. Senator Heinz mentioned the questions, and obviously age and region and things like that make a difference. Of our 100,000, let's speak of the question of how many of these children are minority children.

Of the 100,000, or so in 1978, what proportion would you define as minority? First of all, define minority, and then tell me what proportion you mean.

Ms. MARTINEZ. The definition of "minority" is a very difficult thing, as you know, but we would assume that it includes black children, Hispanic children, native American children, children of Asian Americans, the traditional categories is what we would define minority children as.

Senator MOYNIHAN. Right. The Department has fairly consistent categories.

Ms. MARTINEZ. The actual number, I am not sure how many of those 500,000 children total are minority, nor how many of the AFDC foster care families are, but we can get that for you.

[The following was subsequently supplied for the record:]

*Question.* How many of the 500,000 children in foster care are minority?
Answer.

| Ethnicity [1]: | |
|---|---|
| Black | 136,000 |
| Hispanic | 26,000 |
| Asian, Pacific Island | 4,157 |
| American Indian | 5,237 |
| Others | 14,606 |
| Total | 186,000 |
| Percent of total | 37 |

[1] Source: National Survey, 1st quarter 1977 (from rounded numbers).

Senator MOYNIHAN. You don't know that?

Ms. MARTINEZ. No; we don't, sir.

Senator MOYNIHAN. What do you know about this issue? Quite seriously. I mean, what do you feel? What makes you feel this is something we have to do? It is because you know something, or is this just something that came up from the bureaucracy?

Mr. SAUCIER. Mr. Chairman?

Senator MOYNIHAN. Sir?

Mr. SAUCIER. One of the provisions of this legislation is to point out the importance of adequate management information systems and provide the resources to States to begin to develop these systems. We are ready to let contracts to help develop a national system, to gather the kind of information that you are asking for here today. We have some demonstration grants, where most of the States are participating, to identify the States that do have good management information systems in the child welfare field, to evalulate their value, how they work, and for possible transfer to other States.

Until we can assist these States, and this legislation will be a great step forward, to develop adequate management information systems for child welfare services, it would matter not whether we had a national system, so it is something we need to work with the States on, are doing so, and finally see that they are interested in developing these kinds of systems.

Senator MOYNIHAN. Well, Mr. Saucier, I am sure you are right, but my God, if I was in HEW and had a bill like this, I would have sent somebody out on the road to find out, and would have had somebody who feels something about it. It is the only bill you are likely to pass in President Carter's first term, you know. You haven't got much else to show for it.

Why is the proportion of AFDC children in foster care 15 times greater in California than in Hawaii?

Ms. MARTINEZ. Why is it 15 times greater?

Senator MOYNIHAN. Yes. What do you know about it? You don't know anything. I am just saying, we know this is a very good thing to do, but we don't know why. I am just looking at a table. This is what jumped off the page. In Hawaii, 0.07 percent of AFDC children are on foster care, and in California 1.28 percent. That is roughly 15 times. Why?

Mr. SUZUKI. In California, one of the reasons is the Welfare and Institutions Code processes all dependent and neglected children as well as predelinquent and delinquent children through the juvenile court system.

Senator MOYNIHAN. Yes.

Mr. SUZUKI. One of the requirements in AFDC-FC is that there be a judicial determination before AFDC-FC can be paid. California is one of the States that historically has had a relatively high proportion of federally funded AFDC——

Senator MOYNIHAN. Well, there you are. You've got a feel for this. How come New York is twice California?

Mr. SUZUKI. New York has developed—I was going to say a concentrated effort. New York, earlier, did not have the kind of

almost automatic involvement of the court system, but because of the Federal requirements—there are representatives here from New York, but I would characterize it a very careful system that has evolved for meeting the judicial determination requirement.

Senator MOYNIHAN. All right. In Pennsylvania, you can't say that. Well, Pennsylvania is slightly better than California. Is that good? Is that an indication of a good system, that you have a higher proportion of AFDC and foster care, or a bad system?

Mr. SUZUKI. Not necessarily——

Senator MOYNIHAN. Is Hawaii a place that is leaving its children uncared for and forgotten?

Mr. SUZUKI. You cannot make a judgment as to the proportion of children. What you are making is a judgment of how many AFDC cases are called. In other words, it may be that Hawaii may have more. I am not suggesting that. But since they may be outside of the AFDC-FC system, they may be paid directly out of State and county funds and would not be reported as a Federal AFDC case. There is no way of judging just from that figure.

Senator MOYNIHAN. All right, but Madam Secretary, would you grant that the Department cannot give us a very coherent picture of this social question?

Ms. MARTINEZ. That is why in 1977 we asked for this child welfare legislation. We asked for assistance.

Senator MOYNIHAN. Because you didn't know enough——

Ms. MARTINEZ. Yes, sir. In 1977, when we came to the Congress, we laid out the fact that we did not have information, that we did not have a management information system to get the data. And that was our first——

Senator MOYNIHAN. What about your research money? How much research money does the Department of HEW have?

Ms. MARTINEZ. Oh, I can't speak for the Department.

Senator MOYNIHAN. How much do you have?

Ms. MARTINEZ. We have in the 426 authority, which is the child welfare research money, something like—I think it is about $14 million to $15 million.

Senator MOYNIHAN. $14 million? What did you do with it last year?

Ms. MARTINEZ. Some of it was spent on day care studies, some on child welfare research, some on children and families research, and some on youth research. In fact, the national study we mentioned earlier was funded out of 426.

Senator MOYNIHAN. None of it on this?

Ms. MARTINEZ. Well, that is not exactly true. We were assisting in the development of the Colorado information system. We have in fact paid for the development of that system.

Senator MOYNIHAN. All right. Can I just say that I wonder about the day McNamara brought that program, planning, and budget system to town. At least before that when HEW talked about something it talked about children, and there was a Childrens' Bureau that knew something about it. I would be interested in your management system but I am much more interested in what happens to a child under foster care, and you have $14 million worth of research money, and that has been going on and on and on, and obviously no one has tried to find out.

Ms. MARTINEZ. Well, sir, that is not true.

Senator MOYNIHAN. All right, tell me what is true.

Ms. MARTINEZ. Since we have been in office, we have made substantial efforts to try to find out. We do not have the management information systems, but the Inspector General conducted a foster care assessment. In that foster care assessment, we found out that less than 5 percent of the money was being used to keep families together and to reunite families. That is why our proposal says at minimum that none of the new title IV-B child welfare services money can pay for foster care maintenance, and that 40 percent of the money must be used to keep families together, for prevention, and for reuniting families.

We did find out some things.

Senator MOYNIHAN. Tell me some of the things you found out.

Ms. MARTINEZ. I just told you.

Senator MOYNIHAN. No; tell me what you found out. What worked as against what didn't work, what rates of success, what rates of failure.

Ms. MARTINEZ. The second thing we found out is that three——

Senator MOYNIHAN. No; tell me that first thing you found out first.

Ms. MARTINEZ. Well, the first thing we found out was that we were not spending time working with the parents, that we spent less than 5 percent of the time and energy working with the parents.

Senator MOYNIHAN. What do you mean by energy? Five percent of your energy? What is your energy?

Ms. MARTINEZ. For example, did we visit with the parents. The answer was, hardly ever. The second thing we found out was that parents felt, and we were asking parents on this, parents felt that they——

Senator MOYNIHAN. Describe the data. What is the sample, what were the findings, where was it done?

Ms. MARTINEZ. The assessment was conducted nationwide. It was not a scientific sample.

Senator MOYNIHAN. Then why did you do it?

Ms. MARTINEZ. Because frequently, we need a quick overview of a problem and service delivery assessments provide that. By the time an evaluation is completed most of us are gone, those of us who are in appointed positions, so we may start an evaluation, and never know what happens. We wanted to get——

Senator MOYNIHAN. People plant trees. They don't expect to——

Ms. MARTINEZ. That is correct, sir, but we don't have time to plant trees in HEW.

Senator MOYNIHAN. You don't have time to plant trees?

Ms. MARTINEZ. No, sir.

Senator MOYNIHAN. You don't seem to have time to do anything. You haven't got the time for a scientific sample. You have time to come up here and ask the Congress to change a large program that will affect the lives of hundreds of thousands of children, but you don't have time to find out whether it would do any good.

Ms. MARTINEZ. Sir, we believe that our service delivery assessment gave us meaningful firsthand information from parents, from children, from workers. Frequently, evaluations do not do that. We

went down to the local level and to the States, and we got some shocking information. That is part of the reason for our proposal. We found that the parents felt that they had no say in whether their children were going to be placed or not. They thought they had to do it. They thought that they were required to place their children. We found that if there were no provision for visitation, and if the children were placed far away from their families, that frequently there would be no reunification of families.

Now, the service delivery assessment is not a scientific instrument. That is not what it was intended to be, but it did give us a feel for the program and what was going on.

Senator MOYNIHAN. Well, now, you have given us a feel. You have started telling us something. Why didn't you start out that way, saying, we have been looking into what happens to these children, and we didn't feel we had time to do it as a structured study, but we asked the following 55 people the following 10 questions, and we got this answer?

The idea that a management information system was not put into effect in 1977 and therefore you don't know anything about what you are talking about, but we need the bill anyway, is no way to come to this committee.

The Department of HEW has an appalling standard of information and evidence. Not you, Madam. But for 3 years I have been sitting up here saying, what do you mean and how do you know? The answer is, we haven't gotten to that yet, and millions and millions of dollars of research money go into nothing that could be described as a scrap of information. It just breaks your heart, and when you do find out things that are not very agreeable, we never hear about that. That is not an argument with you, but have you talked about this with the—There is an Assistant Secretary for Policy Planning and Research, is there not?

Ms. MARTINEZ. Yes, sir.

Senator MOYNIHAN. Mr. Heineman, is he still there?

Ms. MARTINEZ. He was last week. [General laughter.]

Senator MOYNIHAN. Well, have you talked to him about this stuff?

Ms. MARTINEZ. I haven't talked directly to Mr. Heineman on this subject. I have certainly talked to many of his staff members, Dr. McCorry, who is here with us today, has been actively involved in this effort. We have certainly spent time with the Inspector General, and discussed his report.

I don't disagree with you that we do not have the kind of information we need. We are trying to get that information. We have developed a model system, and we do want to get those model systems financed. One of the first things I did when I came to this agency was to try to find out what information was available and there wasn't much there.

We have for the past 2 years asked for money to develop management information systems. We haven't been terribly successful.

Senator MOYNIHAN. Oh, God, spare me management information systems. That is not what I am talking about. I give up. Senator Heinz.

Senator HEINZ. Don't give up, Mr. Chairman.

Senator MOYNIHAN. Well, I won't if you spur me on, sir.

Senator HEINZ. Mr. Chairman, thank you for yielding, first. I am going to have to leave shortly, because I have another commitment that I have to live up to, but I know this committee is in absolutely stupendous hands, particularly if I leave.

I have one question I would like to direct to you, Madam Secretary, and it has to do with the recommendation that we cap the AFDC-foster care program. I think we all understand the goals and objectives of doing so, and if it were logical to assume that merely capping AFDC-foster care would create the kind of services to prevent the unnecessary use of foster care or would result in the instant creation of the evaluative means, methods, people, systems of finding out which of the 100,000 eligible or 50,000 legally free for adoption or 20,000 of the AFDC-foster care legally free, eligible for adoption kids, which of those in fact could somehow be turned back to their families if the service delivery mechanism were to provide for counseling or adjustments of some kind or rehabilitation treatment for alcoholics, or whatever the support services might be, if those were in place, then I could see the logic for a cap, but I don't see either the services or the means to identify the kids that should be placed in an adoptive home or turned back to their families, and so I wonder if the proposal for a cap on AFDC-foster care comes much too soon.

Mr. SAUCIER. Senator Heinz, the cap on AFDC-foster care payments alone is no solution to revitalizing the system, without all the protections that are so clearly laid out in the bills that you are considering, such as requiring that States offer preventive support services to a family prior to placement without an adequate foster care monitoring system throughout the country, without adequate personnel, well trained to work with parents toward restoring the services, without all the other protections within the bill, the ceiling itself would only impose a burden, but with the other protections, we are confident that it will be——

Senator HEINZ. With the other protections—you just said that without protections, the cap would impose a burden. My point is that with the protections, notwithstanding, the cap will probably impose the same burden.

You should consult, maybe, with the Department of Agriculture. There is a new cap, by a couple of years, on the food stamp program, and let me just say if people like the way the cap on the food stamp program works, they will love the cap on the AFDC foster care program. It should work at least as well. I think I should leave on that note. It seemed to rise to a crescendo.

Senator MOYNIHAN. What do you say we have a round of applause for Senator Heinz? [Applause.]

Senator HEINZ. I had better stick around and hear the end.

Senator MOYNIHAN. Well, the Senator asked a question, and Mr. Saucier speaks of revitalizing the system. Would you describe to me—a revitalized system is a system that once was vital and has lapsed into a certain desuetude, and will become vital again. Will you describe to me the system when it was vital, what it is now, and how it will become?

Ms. MARTINEZ. Well, sir, I cannot tell you that the system was ever vital.

Senator MOYNIHAN. Well, you didn't say it. Your associate did.

Ms. MARTINEZ. But I can tell you that in terms of the requirement of State child welfare services plans, which we do not and have not required for 10 years, the requirements of a case plan for each child, the requirements for a tracking system in terms of the children, the requirements of judicial review, all of those, we believe, will make the system work better.

Senator MOYNIHAN. All right. Let me get to just two—and perhaps Senator Heinz could just stay on long enough to hear this. I think this matters to you as well.

The administration recommends a permanent ceiling of $2.9 billion on title XX, and that is in effect a proposal to reduce the real value by one-third in the next 5 years. Do you wish to cut the value of social services by one-third in the next 5 years?

Ms. MARTINEZ. Sir, I would never say that. I would not say that that cap will stay on forever. Things change from year to year. Our position on the ceiling at this point is simply one of fiscal control.

Senator MOYNIHAN. All right, but the Budget Committee, on which I serve, estimates the next 5 years will see a CPI at roughly 148 percent of what it is in the current fiscal year. So, in that sense, if the cap were imposed and it stayed there, there would be a true reduction of social services money of one-third. Do you agree?

Ms. MARTINEZ. There would be a reduction in services.

Senator MOYNIHAN. Don't say there would be a reduction in services. I didn't ask you that. Do you see a one-third reduction in the real value of the money?

Ms. MARTINEZ. It could be. It could be, and the reason I hedge on that is that a lot of States are now taking serious looks at the management of their program, as is HEW, and it could make a difference.

Senator MOYNIHAN. But do you acknowledge that this administration, as the most forward looking and progressive ever, is proposing to set the ceiling, even if inflation cuts down and down on the level of title XX funds?

Ms. MARTINEZ. This administration is trying to fight inflation with its budget; and, in the meantime, while that is done, there are going to be program cuts.

Senator MOYNIHAN. OK. A fair answer.

Can I ask you this one last thing, and maybe you don't have a position on it, and maybe you have a personal feeling: The title XX distribution formula is a straight population based one; it bears no relation to the number of people who need services. I have proposed a formula to bring the program into some notion of providing a measure of extra for people who have a measure of extra need. Does this seem to you to be a reasonable proposal, or is there an administration view one way or the other?

Ms. MARTINEZ. Well, the administration's position at this point in time is that we are committed to the current formula.

Senator MOYNIHAN. The current formula?

Ms. MARTINEZ. Yes.

Senator MOYNIHAN. Well, you wouldn't want to have 4 years go by and not break a perfect record of never agreeing with me on anything. Not you, Madam Secretary, but the Department of HEW.

In any case we thank you very much for your courtesy in the way you have handled our questions, which haven't always been phrased such as to make them easy to answer, and they obviously weren't always intended to.

And we thank you for bringing Mr. Saucier and Mr. Suzuki with you. We have put to you a number of questions. You will get those answers on rates and incidences, and I expect to have them by Thursday morning, or I will not take this bill before the full committee. I will not do so. The Department of HEW must learn to come up here with elemental data about the subject, at hand, and if it doesn't, well, you will?

Ms. MARTINEZ. Senator Moynihan, we will try in every way to get you the data by Thursday morning. We may not have it. And what I would like to say to you is that we have worked with the Senate and the House staffs to try to develop the kind of questions that are needed in any kind of system. We have come up here. We have consulted with congressional staffs, with the State staff on getting information so that we can answer questions; and we have been doing that and we will continue to do that, and I would welcome your help in this.

I have been begging for 2 years for a better way of getting the data for the Congress; and I would welcome any kind of help that you could give me. I would be delighted to come up here and talk with you at length about it. We are not being reticent.

Senator MOYNIHAN. Fine, but may I say that the data I asked for can be obtained on the telephone in 20 minutes. Assuming it exists. I mean, what proportion of the age group is in foster care now, as against 1961? What proportion of AFDC, and has it changed—are these numbers that have grown or numbers that have diminished? We do observe that the number of persons, the number of AFDC children, in foster care has recently been going down.

Now, does that just look to be important, look to be a decline or, in fact, is there an easy explanation which anybody who knows the data could tell you about right away?

Ms. MARTINEZ. Well, there is also a decline in just AFDC, too.

Senator MOYNIHAN. Is this a change in proportion? Or is this one of those ratios that stays pretty firm year in and year out, such as you have some sense about? Is it like the number of people who have green eyes in a large population, or is it something that fluctuates? Is it something that is different from one State to the other?

I always get interested when I see, for example, California and Hawaii, with a ratio of 1 to 5. You wonder, is there an explanation or is there none? Can it be explained, or is it a mystery? I mean, that is the kind of thing we like to see. We like to think people ask those questions downtown.

Thank you very much.

[The prepared statement of Ms. Martinez follows:]

STATEMENT OF ARABELLA MARTINEZ, ASSISTANT SECRETARY FOR HUMAN DEVELOPMENT SERVICES, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Mr. Chairman, members of the subcommittee, I am Arabella Martinez, Assistant Secretary for Human Development Services in the Department of Health, Education, and Welfare. I am pleased to be here this afternoon to discuss with you legislation aimed at improving two very important programs—the current foster care and child welfare services system, and the title XX social services program. I

am delighted that the Finance Committee has scheduled these hearings so promptly and that full Committee action will take place very soon. We look forward to working with you and other members of the Committee on this critical legislation

Let me turn first to the legislation related to foster care and child welfare services. I am pleased that the Committee is taking the opportunity to focus on this problem for I believe that improvements in this area are critically needed and long overdue. When vulnerable children are taken out of their homes and away from their families for some unspecifed period of time, and often shuffled from one foster home to another, that points up a problem that needs solving. And when states are spending most of their share of federal child welfare services funds and their own state funds on foster care maintenance payments and very little on services designed to keep children together or reunite them with their families, or find them permanent adoptive homes when that is not possible, something needs to be done.

Two years ago this Committee considered legislation designed to remedy many of these problems and change the way the foster care system currently operates. That legislation, as you know, was not enacted into law due to the press of time during the last few days of the 1978 session. This year, we again have problems that exist in the current system of foster care and child welfare services.

During the past two years, the Department completed a study, the National Study of Social Services to Children and their Families, which has given us new information about the national foster care system:

"The number of children in foster care in 1977 was approximately 500,000—nearly three times the number of children in foster care as compared to 1961. Slightly less than one-fourth of these children are in AFDC-foster care.

"About eighty percent of the children in foster care are in foster family care (almost 400,000 children).

"In only one of every five cases does the services plan for these foster children recommend a specific length of placement. In other words, the so-called temporary provision of foster care has no definite target date for ending the placement and for placing the child in a permanent family setting.

"More than half the children in foster care have been away from their families for more than two years—about 100,000 children have spent more than six years of their lives in foster care.

"Nearly one-fourth of the children have been in three or more foster family homes.

"Nearly half of the children who have spent two or more years in foster care have had at least four different caseworkers.

"Even in cases where the agency had developed a plan for returning the child home, in one-third of the cases, there was no plan for visits between the child and the parent or another person who would care for the child if returned home.

"For one-third of the children legally free for adoption, financial assistance to the adoptive family would be needed to meet their special needs.

"No adoptive homes have been found for 50,000 of the children already legally free for adoption."

And we have learned from the findings and recommendations of two prestigious organizations that have recently investigated the foster care system and released comprehensive studies of current problems in foster care. The Children's Defense Fund, in its landmark study entitled "Children Without Homes," found that:

"At every point in the placement process, children and their natural families are isolated from one another by the action or inaction of those with official responsibility.

"Children placed out of their homes are not only likely to be cut off from families, but also abandoned psychologically and sometimes literally by the public systems that assume responsibility for them.

"There is no overall explicit federal policy toward children out of their homes. The implicit policy reflected in federal funding priorities acts as a disincentive to the development of programs ensuring children their own or adoptive families. Federal protections for children at risk of removal or out of their homes are uneven; and weakest in child welfare legislation."

The National Commission on Children in Need of Parents, after holding hearings across the country and talking to scores of people involved in the foster care field, underscored these findings, and recommended in its 1979 Report, "Who Knows? Who Cares? Forgotten Children in Foster Care" that:

"Funds, including federal aid, should be made available for supportive services to prevent family breakup and to assist in reuniting families when children have been removed to substitute care."

It is against this backdrop and with this new and useful information at hand that we in the Administration formulated this year's proposal, and worked with you, Mr.

Chairman, and Senator Cranston in developing your amendment to our original bill. Let me stress that, while there are substantive differences among the three comprehensive bills being considered by your Committee, they are all based on the same principles and designed to meet the same goals. These are:

*"Emphasis on Families.*—These proposals allow families to seek help when problems arise, so that services designed to keep the family together are made available first. In cases where separations occur, they encourage services and planning to ensure that children are restored to their families where possible, or placed in permanent family-like settings when they cannot go home.

*"Protections for children and families.*—The proposals protect legal rights, access to services, and limit the circumstances under which children can be removed from home against their parents' wishes and provide assurances that children will not languish in foster care forgotten and unserved.

*"Use of fiscal incentives to bring about reform.*—In seeking to encourage states to improve their child welfare services systems, they recommend that additional resources be made available to the states to aid them in making these needed systems changes and improvements.

*"Fiscal control over expenditures.*—The proposals provide accountability and fiscal control over state expenditures for maintenance payments and the costs of administering the program.

Let me turn to a few of the specific issues in the bills before you. Federal funds for the current AFDC-foster care program are provided on an open-ended basis while the child welfare services needed to keep children and their families together have been funded much below their already closed-ended authorization level. States are simply reimbursed for their foster care claims, as long as they meet the requirements of current law. We believe that continuation of the present system of financing, as is proposed in H.R. 3434, would simply exacerbate perverse incentives to place children in foster care and continue inappropriate foster care placements, rather than create a program for working with children and families in their own home environments.

S. 966 and the Moynihan-Cranston amendment to that bill propose to change the foster care maintenance payment program in a way which provides funding above current expenditures to accommodate the improvements the bill is designed to produce and provides incentives to the states to reduce inappropriate foster care expenditures by allowing them to transfer all unused maintenance funds to their child welfare services program for use in expanding services.

They propose that this new program be capped for fiscal year 1980 enough above the fiscal year 1978 expenditure level. We recognize that the idea of capping AFDC-foster care is controversial and that many knowledgeable people oppose it. However, we believe that a cap will have positive longrun consequences as long as it is properly designed to respond to current state foster care needs while the states adjust their priorities to emphasize more permanent placements.

To ensure that necessary funds will be available for the program, the Moynihan-Cranston amendment requires us to report to Congress on the impact of the ceiling and the effectiveness of the program. The five-year authorization period is also designed to ensure review of program needs and effectiveness.

One of the greatest injustices of the current AFDC-foster care system is that it provides funds for those who take care of children when they are placed away from their families on a temporary basis but provides no federal funding to those who want to give those children a permanent home and adopt them.

The states have provided the leadership in this area, as forty-six states and the District of Columbia have passed laws providing adoption assistance to families who adopt children with special needs. It is clearly time for the federal government to follow their good example by supporting these efforts and assisting states that have not yet set up programs. Each of the bills before you proposes to set up a federal program of financial assistance to families who adopt these children, but each proposal varies slightly.

Rather than detailing these differences, let me simply outline what we feel should be included in any meaningful adoption assistance program. The adoption assistance program should be part of the new program authority for foster care, so that adoption is considered for each child who cannot return to his or her own family. There should be a simple income test set for an adopting family in order for it to receive an adoption assistance payment. The program should cover children with special needs, that is children who, for example, may be handicapped, who may have debilitating medical conditions, who may be part of a sibling group, who may be minority, and children who may be older and who often have been in foster care for a number of years. The continuation of Medicaid coverage for the special medical needs of these children is of critical importance. The assistance payments

should continue until the child reaches the age of adulthood, or until the family's income exceeds the income limits, whichever comes first. The maximum amount of the assistance payment should not exceed the foster family home maintenance rate for that child.

The proper functioning of the child welfare services system depends heavily upon the availability of services for children and their families—services designed to keep them together, and those designed to enable children to return home. Yet, title IV-B now provides an allotment of few federal dollars for these services. The three comprehensive proposals before you are designed to change that system and improve it by promoting the use of new federal funds for the development of state systems for tracking, case review, due process safeguards, and preventive and restorative services for children at risk of out-of-home placements. Once these systems improvements are in place, the proposals recommend additional funds be made available for services.

The Moynihan-Cranston amendment would authorize the earmarking of new title IV-B funds through the appropriations process for specific services designed to protect children. As you know, we have requested additional funds for the IV-B program, and urged that they be used to meet these purposes. We believe that a mechanism should be developed to aid the states in their planning by assuring, to the greatest extent possible, that funds will be available for this purpose. We believe that new and improved state tracking and information systems, individual case review systems, and ensuring due process procedures for children, biological families, and foster parents are key to improving the lives of children who have for too long been floundering in the foster care system.

To sum up, the proposals before you will provide for:

The more appropriate placement of children by making federal funds available for adoption assistance, urging increases in federal funds available for preventive and restorative services, and encouraging procedural reforms to ensure that the status of children is properly monitored;

Fiscal control over expenditures by imposing limits on the foster care maintenance program, including administrative costs, and assuring that new federal funds will be well spent; and

Continued flexibility for the states in program administration by giving states positive incentives to adopt changes, by allowing improved states systems to allocate the new federal title IV-B funds for services, and by establishing placement procedures to enable them to make sound placement decisions.

Mr. Chairman, you also have asked us to address proposals designed to improve title XX social services. Let me turn to these proposals now. I would like to outline what these are but discuss with you only two areas of concern to us. I have attached to my statement comments about other areas in which we hope the Committee will act.

The Administration proposals include a new permanent ceiling for title XX funding; a separate new allocation for the territories; a permanent restoration of provisions from Public Law 94-401 (the special services for drug and alcohol abusers, and the authority for the states to make grants to child care providers to hire welfare recipients); consultation with local officials in the development of a state's services plan; multi-year planning for title XX; and provision of emergency shelter to adults as a protective service. Our proposal would allow states to claim an amount equal to up to four percent of their program allotment for training expenditures.

Let me discuss briefly the program ceiling and our training proposal. First, in 1978, Congress increased the title XX ceiling for one year from $2.5 billion to $2.9 billion, including $200 million for child day care with 100 percent federal support. Without Congressional action, the ceiling will revert to $2.5 billion on October 1 of this year. We strongly believe that the $2.9 billion available in fiscal year 1979 should be made the new permanent ceiling.

We propose continuing for two years within the ceiling the special $200 million for child day care services at a 100 percent matching rate, which we believe provides a priority incentive matching arrangement for the states. Our proposal is based on our examination of the ways in which the $200 million has been spent. We have learned that many states have used the funds for the provision of child day care services and we want to encourage the continuation of such services.

Let me also explain our proposal to place a ceiling on state and local training provided under title XX. Since fiscal year 1976, the first year title XX was in operation, costs for training have been rising rapidly. Since fiscal year 1976, expenditures for state and local training have increased from $31 million to an estimate of more than $100 million for fiscal year 1980. These funds are currently provided outside the program ceiling, and on an open-ended basis. In some states, training

expenditures have increased dramatically as the state has shifted costs from limited program funds to open-ended training funds.

We propose to place a ceiling on training costs beginning in fiscal year 1980. Under our proposal, the level of training funds available to a state would be limited to an amount outside the program ceiling that would be no more than four percent of the state's allotment under title XX. This limitation would begin in fiscal year 1980, and be phased in over a three year period, allowing time for states to adjust their training allocations. The allocation for states over their limits would be reduced each year by one-third of the amount above four percent.

You will note that I have suggested a cap be placed at four percent of the ceiling, a change in the Administration proposal. This change is based on the following: we are in the process of developing final regulations governing HEW child care programs. The regulatory analysis which was developed to consider the costs implicit in these new requirements states that additional funds would be needed by the states in order for them to provide the kind of training needed in order to comply with the regulations.

We have learned from several studies, including the recent National Day Care Study, that trained staff are extremely important in promoting the development of children, and in working with children in general. In order for the states to provide adequately trained staff to work in their day care facilities, the extra one percent in training funds we are proposing to make extra funds available to the states would be available for training of day care workers. Since we recognize that states vary in their practices of training of day care workers, we simply are proposing to increase their training allotment, so that they can best determine how to meet their increased needs.

We believe that this proposal will encourage greater control, better utilization, and improved management of funds for training as states will make allocation decisions within the context of limited funds. The proposal would more closely and appropriately tie the level of training funds to the level of the title XX program in the state, to which training was intended to be and should be carefully joined.

Placing a cap on training should not be construed to mean that we do not place importance on training. We recognize that managing social services programs efficiently and effectively and providing quality social services responsive to the needs of the consumer requires a well-organized and managed training program under title XX. We support such training and do not believe that capping the funds available for this purpose will result in any lack of trained staff for the program. In fact, our recent decision to increase the ceiling for training underscores our commitment to providing the states with sufficient funds to permit them to meet their training needs.

Mr. Chairman, that concludes my prepared statement. I want to thank you for the strong interest you have expressed in both the title XX and child welfare services programs. We look forward to working with you and other members of the Finance Committee to achieve the prompt enactment of this most needed and long overdue legislation. I will be happy to answer any questions you and other members may have.

ADMINISTRATION RECOMMENDATIONS FOR TITLE XX AMENDMENTS

We are proposing a separate title XX allocation for the territories. Under current law, the territories receive title XX funds only after the states certify to the Secretary that they will not use their entire allotment. The territories then have access to the unused funds—up to a ceiling of $16 million. There have been two problems with this approach: first, because the states have expected to use their full allocations, they have been slow to certify any funds as "excess", second, the territories receive their funds so late in the fiscal year that they cannot adequately plan for their most efficient use. Our proposal for a separate allocation of $16.1 million for Puerto Rico, Guam, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands outside the title XX ceiling guarantees that funds would be available to the territories on a timely basis.

From its inception, title XX has allowed states to provide emergency shelter to children as a protective service. It does not, however, permit the same shelter to be provided to adults. Last year, you agreed with us that this was a serious omission and included language allowing states to use title XX funds to provide up to 30 days of emergency shelter in a six month period for an adult subject to, or in danager of, abuse, neglect, or exploitation. We believe this expansion is important.

We think title XX is an efficient mechansim because it requires no additional administrative expenses at this time in order to provide assistance to those who need it. We believe it will be particularly helpful in conjunction with other Administration efforts already underway, such as:

Establishment of the Office on Domestic Violence;
Creation of an Administration-wide co-ordinating body, the interdepartmental Committee on Domestic Violence; and
Technical assistance to those who provide services to victims of domestic violence.

We want to restore to title XX on a permanent basis two of the provisions authorized under Public Law 94-401. The first is the authority for the states to make grants to child day care providers who employ AFDC recipients. Second is the provision of special services for alcoholics and drug abusers. Under this authority, states may provide initial detoxification for drug and alcohol abusers and follow up with rehabilitative support services under title XX without these services being subject to certain title XX limitations.

Our proposal to enable states to develop a multi-year program plan, instead of an annual plan, has received strong support. States with biennial legislative sessions are especially receptive to this proposal since it would permit them to synchronize their title XX planning with state budgeting. Our proposal would allow states to develop plans of up to three years in duration. States that chose a program period of more than one year would have to publish information about the services plan and make it generally available "at such times as the Secretary may, by regulation, require." We are proposing this language in order to give us the time to thoroughly consider the best way for states with multi-year plans to maintain communication with the public. We are considering several approaches, and so believe it would be premature to put into the law specific lanaguage.

We are also proposing that local officals be consulted in the development of the state services plan in order to encourage the focussing of resources in areas of special need, such as urban areas.

Senator MOYNIHAN. And now we are going to have to go into the more structured part of our evening. It is the practice of the committee, after we have heard from Members of Congress and, of course, from the administration, that we have a 10-minute rule for witnesses and then there will be 5 minutes of questioning. It is agreeable?

If anybody really wants to say something more, there will be time. We are going to stay until everybody has been heard.

And, first, we are happy to hear from Gregory Coler, who is the director of the Illinois Department of Children and Family Services, and also appearing before us in the capacity of chairman of the Social Services Committee of the American Public Welfare Association.

The first thing I have to ask you, Mr. Coler, is: What other committees are there of the American Public Welfare Association except the Social Services Committee?

STATEMENT OF GREGORY L. COLER, DIRECTOR, ILLINOIS DEPARTMENT OF CHILDREN AND FAMILY SERVICES; CHAIRMAN, SOCIAL SERVICES COMMITTEE, AMERICAN PUBLIC WELFARE ASSOCIATION, ACCOMPANIED BY LOU CHRISTIAN, TITLE XX ADMINISTRATOR, STATE OF NORTH CAROLINA

Mr. COLER. The other committees of the council are: Income Maintenance, Health Care, Food Stamps and Federal Reporting.

Senator MOYNIHAN. And you have an associate with you?

Mr. COLER. Yes. This is Mr. Lou Christian, the title XX administrator for the State of North Carolina and the chairman of our Subcommittee on Title XX of our Social Services Committee.

Senator MOYNIHAN. Mr. Christian, good afternoon. We welcome you to this committee.

Mr. Coler, the floor is yours.

Mr. COLER. Thank you. The council appreciates the opportunity to share with the members and staff of the Senate Finance Com-

mittee its views on H.R. 3434, S. 966 as amended, S. 1184 and other proposals related to social services, child welfare, foster care and adoption assistance.

Our positions on this legislation are on record in the published hearings held before this subcommittee in July of 1977, and the hearings of the Subcommittee on Public Assistance, and the Subcommittee on Unemployment Compensation of the House Ways and Means Committee held in May of 1977 and March of 1979.

I will therefore touch only upon the major portions of these positions. Before beginning, however, we would like to applaud the leadership and determination shown by this committee in meeting the difficult challenge of assuring that responsible legislation is enacted to maintain and improve the publicly funded social services, and to seek the very necessary reform of the foster care and adoption programs as they currently are being practiced in the United States.

The following is a summary of our position on H.R. 3434 and S. 966 as amended, S. 1184. I will summarize and I would like to just touch on a few points we feel bear some special attention today.

Senator MOYNIHAN. Please go right ahead.

Mr. COLER. Specifically, the ceiling on title XX should be permanently increased, with consideration given to incorporating an automatic inflation adjustment, so that the program can at least maintain its present value in the near future.

A permanent, all-inclusive funding ceiling should not be placed on title XX training at this time. Any ceiling established should be based on sound data and should allow for a phase down period for States with spending levels that exceed the ceiling. A permanent, all-inclusive ceiling should take into account both the level of title XX service funds and the States' training expenditure patterns.

Title IV-B, Child Welfare Services, should be fully funded to the $266 million authorized levels through conversion to an entitlement program. States must have funding at a level that is sufficient and that could be planned for, in order to implement the needed improvements in adoption and foster care systems across the country.

Federal financial participation in adoption assistance is essential if progress is to be made in finding permanent homes for hard-to-place children.

No foster care funding ceiling should be established without a thorough HEW study of the appropriateness and efficacy of utilizing a fiscal ceiling as a reform device.

In regard now to positions on title XX social services, we support: continued funding on a nonmatching basis for child day care services; allowing States to expend grants for hiring welfare recipients as child care workers; removing restrictions on funds donated by nonprofit organizations; multiyear planning as a State option; continued authority to expend funds for services to alcoholics and drug addicts; emergency shelter for up to 30 days for adults; creation of a separate entitlement for the Territories and Northern Marianas.

In regard to title IV, Child Welfare Services, Foster Care and Adoption Assistance, we support: a two-part phase in of the $266 million IV-B entitlement as a fiscal incentive for States to establish foster care information systems; creation of a title IV-E pro-

gram of Federal assistance to States for foster care and adoption assistance to replace section 408 of title IV-A, and to include new State administrative plan requirements; voluntary placement authority under title IV, including court or administrative review within 6 months to determine appropriateness of placement; income-related criteria related to State median income levels for adoptive parents to participate in the proposed program. Exceptions should be allowable if there is a determination of special circumstances warranting adoption assistance payments; and medicaid coverage for children with special needs.

It is our hope that the committee will give these views advanced by the State administrators of public welfare and social service programs every favorable consideration.

We look forward to working with you and your staff toward improved social services and child welfare systems in the United States.

And if I might just hit a few points we think perhaps might be appropriate for additional consideration before you today, first of all, let me say the State administrators are extremely concerned about the position that has been taken by the administration in regard to the capping of title XX training funds. It appears to us to be a very contradictory policy statement, to, on the one hand, call for mandated training as is proposed under the new Federal day-care requirements, and, on the other hand, be supporting and seeking, as we are, reform of the foster care and adoption system, and at the same time be picking a figure out of the air, of 3 percent as a cap for title XX training funds.

Now, it seems to me there has been an admission by the administration today, and we certainly applaud the beginning of some logic, that there needs to be some analysis of what is being done in the States in regard to training and what amount will be needed to pay for the reforms (represented in this legislation) that we support and are needed.

With this analysis we can come to some conclusion about what an appropriate percentage is. We have not—the State administrators—and we have had a number of HEW officials meet with us in our deliberation here in Washington—we have not heard any explanation of why the 3 percent is an appropriate figure.

Senator MOYNIHAN. Has the administration now proposed 4 percent?

Mr. COLER. It was my understanding, after listening to the Assistant Secretary's testimony, that they are going to 4 percent, using the rationale—and we certainly would agree with it—that they have done some estimating of the costs of implementing the mandated training for day care in the States.

But what about the training that is called for to implement our foster-care reforms that are proposed in the legislation that we hope you will pass this year? How much does that cost? Where did the 3 percent come from in the first place? That is a very serious problem from a State administrator's standpoint.

We hope this committee will give very serious consideration to this title XX training cap; it is one of the most useful of the tools we have to bring reform to the management of our social services system in the States.

Senator MOYNIHAN. What kind of training comes to mind in terms of foster care?

Mr. COLER. Well, let me give you a couple of examples of specific programs, if I might, that I think will illuminate the general point I made.

First of all, let me say that the training expenditures to date have really been divided into two parts, that part that is devoted to undergraduate training and/or development of specific academic programs within universities, and then what is generally referred to as "in-service" training, which is the training of the employees of the Department of Social Service and/or the vendors that provide the services that we purchase through third-party contracts.

Senator MOYNIHAN. What sort of training is this?

Mr. COLER. Well, for instance, the day-care training.

Senator MOYNIHAN. I mean foster care.

Mr. COLER. Let me turn back to foster care for a moment. One specific program that is going on in your own State of New York is the utilization of title XX funds to fund an agency, New York's Spaulding for Children. That acts as a resource for all the foster-care agencies in the city of New York, to train them how to get exceptional or hard-to-place children adopted; in the specific techniques of how one recruits the parents; what one does with parents once they come forward and say they are interested in this type of child; what the appropriate pre- and post-adoptive services are that will cut down on the percentage of adoption disruptions; how one manages the accounting even of getting a handle on what the adoption of these kinds of children actually costs.

Senator MOYNIHAN. Do people do course work in this kind of thing?

Mr. COLER. This is not specific course work, so to speak, but technical assistance in the field around the issue of actual children who need to be placed. I think that is one of the more inventive uses that I know of title XX training money to address one of the service populations that I know this committee is very concerned about.

Senator MOYNIHAN. So what you do is, you take some people who are working in a Department of Social Welfare somewhere and say, "Here——

Mr. COLER. Take people from a private child-care agency who have a child that needs to be adopted, and they say, "We can't find this child an adoptive home." They go to New York's Spaulding for Children and say, "Could you give us some assistance on how we might go about this?" That assistance has been provided in a number of cases and kids have been adopted because there are very specific skills that are necessary.

Senator MOYNIHAN. I guess my question goes to the term "training". Is this training or is this providing a service? Do people know what they are doing and are just engaged to do it, or are you adding to somebody's skills in doing it?

Mr. COLER. I would say under the definition of "training" would come the improvement of someone's skills, yes. I think that is a very important part of what title XX training allows the providers of services to do, to improve their skills in doing the job that they are being paid for. Day care is another example

Senator MOYNIHAN. I mean, do they go off for 2 weeks?

Mr. COLER. In this particular case, they do not, but there are a number of other programs where there is formal instruction and where people do go away from the regular duties of their job to receive the training· that is correct.

If I might move on to just three other areas that we wanted to touch on, certanly we agree with the assistant secretary that one of the glaring omissions in the House bill—well, she didn't say that, but she was supporting the development of systems within the States. In the Senate bill is the mandating of States to develop tracking systems, automated tracking systems for children in foster care.

If those systems could just provide the answers to a few basic questions, I think you would have a lot more success in getting the information that you are requiring; and those question are: How many children are in foster care in a State? Where are they? How long have they been there? Is there a plan made for that child? And has that plan been executed over time?

If we knew the answers to those questions we would, I think, be able to say that we have a great improvement in terms of having a handle on what this foster care system in our country is doing or not doing.

I think the thing that concerns so many of us, and it certainly is documented in studies, at least beginning with the Moss and Englar study in the 1950's, they said kids drift in foster care.

Senator MOYNIHAN. That is a study from the 1950's?

Mr. COLER. That is correct; that was one of the initial studies that came up with the whole notion of drift in foster care, of children being lost in the foster-care system.

We are also very much in favor, the State administrators, of the reform in the fiscal incentives of the foster care financial compensation system, as represented in the new title IV-E, whereby States for the first time could expend moneys not spent on foster care maintenance on preventive service or reunification services. One of the things that has hampered the improvement in child welfare services is the lack of money to do something other than put kids in custodial care outside their homes.

And the last thing we would ask is that serious consideration be given to the level of title IV-B funding as well as the entitlement question, since the reforms that are called for are going to be very expensive. I think it is going to be very difficult for those of us in the States, unless there is some indication from the Federal Government that they are quite serious about at least doing their share of the funding, for us to go to our State legislatures and get the State money necessary to accomplish those ends if there is a very tentative approach to the funding of title IV-B at the Federal level.

Thank you.

Senator MOYNIHAN. And by tentative, you mean you would be in favor of an entitlement program of some sort?

Mr. COLER. That is correct.

Senator MOYNIHAN. First, let me just thank you for your excellent testimony. Your very full and careful statement will be made part of the full record.

On the title XX distribution, my question is whether we ought to make some provision in the allocation that reflects the populations at risk. Do I take it that the APWA would not be in favor of that kind of change?

Mr. Christian, you seem to have information.

Mr. COLER. We do not have a formal position on that point at this point in time.

Senator MOYNIHAN. You don't? Would you like to take one right now and risk your whole jurisdictional status? No?

But you can see the argument that ought to be made. It would be an elemental proposition, that where there are more children there will be more demand?

Mr. COLER. There is certainly no doubt that a number of representatives of States throughout the country would support the provision.

Senator MOYNIHAN. Some would and some would not?

Mr. COLER. And we haven't, you know, debated that out.

Senator MOYNIHAN. That is a hard one for you, because it is a situation where some will get more and others less; and it is not an easy thing to do. Well, we see your view here very carefully. You are in favor of the legislation that is generally before us; you think this is a good move?

Mr. COLER. Absolutely. We think it is long overdue, and we think it would do a tremendous amount to improve what we do for and to children in the States.

Senator MOYNIHAN. Right.

Dr. Finn just pointed out to me that here on page 4 you do state that you do not wish the title XX distribution formula to be changed.

Mr. COLER. Yes, Mr. Chairman, that is correct.

Senator MOYNIHAN. Fine. I would appreciate that; because I would appreciate your changing that position. Obviously, I can't ask you to do so at this time.

Mr. Christian, would you like to add some thoughts on the subject?

Mr. CHRISTIAN. No. I appreciate the privilege of being here today and having the opportunity of the council giving this testimony.

Senator MOYNIHAN. Well, we appreciate your coming, and you know that we have the greatest regard for the American Public Welfare Association, without which there wouldn't be much public welfare in this country, and we are much in your debt.

We thank you both.

[The prepared statement of Mr. Coler follows:]

NATIONAL COUNCIL OF STATE PUBLIC WELFARE ADMINISTRATORS—AMERICAN PUBLIC WELFARE ASSOCIATION

SUMMARY

Testifying on behalf of the National Council of State Public Welfare Administrators is Gregory L. Coler, Director, Illinois Department of Children and Family Services and Chairman of the Social Services Committee of the NCSPWA.

The Council appreciates the opportunity to share with the members and staff of the Senate Finance Committee its views on H.R. 3434 (Social Services and Child Welfare Amendments of 1979) and other proposals related to social services, child welfare, foster care, and adoption assistance. We applaud the leadership and determination shown by this Committee in meeting the difficult challenge of assuring

that responsible legislation is enacted to maintain and improve the publicly funded social services.

The Council has taken positions on several provisions in H.R. 3434 and related proposals. Specifically:

The ceiling on Title XX should be permanently increased, with consideration given to incorporating an automatic inflation adjustment, so that the program can at least maintain its present value in the near future.

A permanent, all-inclusive funding ceiling should not be placed on Title XX training at this time. Any ceiling established should be based on sound data, and should allow for a phase-down period for states with spending levels that exceed the ceiling. A permanent, all-inclusive ceiling should take into account both the level of Title XX service funds and the states' training expenditure patterns.

Title IV-B, Child Welfare Service, should be fully funded to the $266 million authorized levels through conversion to an entitlement program. States must have funding at a level that is sufficient and that could be planned for in order to implement the needed improvements in adoption and foster care systems across the country.

Federal financial participation in adoption assistance is essential if progress is to be made in finding permanent homes for hard-to-place children.

No foster care funding ceiling should be established without a thorough HEW study of the appropriateness and efficacy of utilizing a fiscal ceiling as a reform device.

The Council has also taken positions on other provisions contained in H.R. 3434 and related proposals. We support:

*Title XX Social Services*

Continued funding on a non-matching basis for child day care services.

Allowing states to expend grants for hiring welfare recipients as child care workers.

Removing restrictions on funds donated by nonprofit organizations.

Multi-year planning as a state option.

Continued authority to expend funds for services to alcoholics and drug addicts.

Emergency shelter for up to 30 days for adults.

Creation of a separate entitlement for Territories and Northern Marianas.

In regard to—

*Title IV, Child Welfare Services, Foster Care and Adoption Assistance*

We support:

Two part phase-in of $266 million IV-B entitlement as a fiscal incentive for states to establish foster care information systems;

Creation of a Title IV-E program of federal assistance to states for foster care and adoption assistance, to replace Section 408 of Title IV-A and to include new state administrative plan requirements;

Voluntary placement authority under Title IV including court or administrative review within six months to determine appropriateness of placement;

Income related criteria, related to state median income levels, for adoptive parents to participate in the proposed program. Exceptions should be allowable if there is a determination of special circumstances warranting adoption assistance payments; and

Medicaid coverage for children with special needs.

It is our hope that the Committee will give these views, advanced by the State Administrators of public welfare and social service programs, every favorable consideration. We look forward to working with you and your staff toward improved social services and child welfare systems in the United States.

NATIONAL COUNCIL OF STATE PUBLIC WELFARE ADMINISTRATORS—AMERICAN PUBLIC WELFARE ASSOCIATION

(Testimony of Gregory L. Coler, Director, Illinois Department of Children and Family Services, and Chairman, Social Services Committee, National Council of State Public Welfare Administrators)

Mr. Chairman, members of the Subcommittee and full Committee, thank you for the opportunity to appear before you to present the views of the National Council of State Public Welfare Administrators on H.R. 3434 (Social Services and Child Welfare Amendments of 1979) and other proposals related to social services, child welfare, foster care and adoption assistance. I am Gregory L. Coler, Director of the Illinois Department of Children and Family Services and Chairman of the Social Services Committee of the National Council of State Public Welfare Administrators.

The National Council of State Public Welfare Administrators is composed of the public officials in each state, the three territories, and the District of Columbia charged with the responsibility for administering Social Security Act funded public welfare programs and other human service programs. Since its beginning more than 35 years ago, the Council has been an active force in promoting the development of sound and progressive national social policies and working with the Congress and the Executive branch in assuring that these policies are responsibly and effectively administered.

Publicly funded social services are perhaps among the most difficult and challenging of the human services as they often deal with some of the most intractable and tragic of human failings. The provision of social services entails protecting and caring for those who are helpless or vulnerable and assisting others in coping with problems and conditions that inhibit their ability to function successfully. In addition, social services are often directed at the goal of preventing the conditions that might cause a need for more expensive intervention in the future.

So, we are here tonight to express our sincere appreciation of your leadership and determination to meet the difficult challenge of assuring that responsible legislation is enacted to maintain and improve the publicly funded social services we now have available to assist needy citizens. We know the members and staff of this Committee, as well as other members of Congress such as Senator Cranston, have struggled over the past several years with many of the hard issues involved in providing social services for vulnerable groups and individuals. You have succeeded in keeping these issues alive on the Congressional agenda in competition with the better-publicized yet equally complex and critical problems related to energy, inflation and taxes. As the public officials responsible for administering these programs, we can assure you that our expertise will be available to assist you and we will certainly do our best to help your efforts succeed in 1979.

## TITLE XX AMENDMENTS

The National Council of State Public Welfare Administrators testified in support of the Title XX amendments passed by the House in H.R. 12973 last year. These included permanent increases in the Title XX ceiling, a multi-year planning option for the Title XX Comprehensive Annual Services Program (CASP) plan, extension of the 30-day emergency shelter authority to cover adults in need of protection, and entitlement in Title XX funding for the Territories and Northern Marianas. We were disappointed when these amendments failed to be enacted in the final days of the 95th Congress.

The Council has been closely involved with Chairman Long and the Committee on Finance in the development of Title XX as the key-stone of a Federal-State partnership in providing public social services for needy citizens. We have continuously given support to proposals to strengthen this statute and improve the policies related to it. In February of this year our Social Services Committee developed, and the full Council adopted, a comprehensive set of recommendations for legislative and administrative actions we believe can improve and strengthen Title XX, Title IV-B, foster care and adoption assistance. These recommendations are attached to this statement as Appendix I, and I trust the Committee and its staff will review these recommendations when you move to markup sessions.

My comments tonight will be directed towards some of the specific provisions in the legislative proposals to amend Title XX (H.R. 3434, S. 1184, and S. 1153) which are currently before this Committee.

*Permanent increases in the title XX ceiling*

A fiscal ceiling of $2.5 billion in federal funds for public social services authorized by the Social Security Act was enacted in 1972. In subsequent years no allowance was made for what inflation has done to human services—the ceiling remained at $2.5 billion. Inflation has resulted in an estimated 20 to 30 percent erosion in the buying power of the social services dollar between 1972 and the present, and this funding gap continues to increase. As a result, many states have had to decrease or terminate needed services because funds were simply not sufficient to meet rising costs and growing demands.

We strongly urge that the fiscal ceiling be permanently increased to the $3.1 billion level included in H.R. 3434. Beginning in FY 81 we urge that a permanent funding escalator tied to the Consumer Price Index be incorporated within the Title XX statute in order to offset future ravages of inflation.

*Distribution formula*

We recommend that the grant distribution formula, which provides for allocation of Title XX funds to states based upon their relative share of total population for

the 50 states and the District of Columbia, be retained. We oppose the new formula included in S. 1184.

*Special allocation for child day care services*

We support the temporary continuation of funding on a non-matching basis for child day care services as found in H.R. 3434. The successful implementation of the proposed new HEW day care regulations and the provision of adequate day care is dependent upon continued funding.

*Grants for hiring welfare recipients as child care workers*

We support the provision, in H.R. 3434, allowing states to expend funds from their share of the $200 million earmarked for child day care for grants to employers who hire welfare recipients as child care workers.

*Restrictions on donated funds*

Title XX prohibits reimbursement of expenditures made from donated private funds unless such funds are transferred to the state and are under its administrative control, without restrictions as to use. We recommend that these restrictions be deleted as they apply to funds donated by nonprofit organizations.

*Title XX training funds*

The Council is on record in firm opposition to the imposition of a fiscal ceiling on Title XX training expenditures. It has been our position that financial support for staff training is essential to the development of more efficient and effective social services delivery systems and the improvement of the quality of services delivered. We are aware of the need for greater accountability in the use of Title XX training funds but feel that a training plan submitted by each state to HEW would be a preferred mechanism by which to achieve this accountability rather than arbitrarily limiting the federal funds available. Especially in view of the new Title XX training initiatives, cost containment and effective management of these funds can best be accomplished through utilization of the state plan mechanism.

Given the existence of an appropriated ceiling in the fiscal year 1980 appropriations bill and the increasing concerns voiced throughout Congress about open-ended programs we realize that a ceiling is probably an inevitability. Our concern is that an arbitrary and rigid ceiling with no strong data to support the level of the ceiling will wreak havoc with the states' ability to continue current and proposed training programs, The $75 million ceiling on training costs in the appropriations bill has already resulted in many states having to cancel needed grants and contracts with schools of higher education in an attempt to preserve a sufficient amount of funds for in-service training.

We urge the Senate Finance Committee to examine very carefully this training issue and recommend against setting a permanent cap on all training costs at this time. We suggest that a ceiling, if it is required, be place, at least initially, only on the costs of training other than in-service training for public agency and provider personnel. We urge that any cap established allow for some type of phase-down period through a provision, such as the one contained in H.R. 3434, which allows states now spending over a ceiling level to receive two-thirds of that overage for one year, then one third for the next. Further we would urge the Senate Finance Committee to obtain from HEW accurate information on the current state usage of training funds in order to provide a rational basis for selecting a ceiling level. We feel that any permanent all-inclusive cap should be based upon an equitable formula which takes into account both the level of Title XX service funds and the state's training fund expenditure patterns.

*Multiyear planning*

We strongly support the provision for multi-year planning as is found in both S. 1184 and H.R. 3434. States need the flexibility of developing the required plan on a multi-year basis rather than the current annual basis. This flexibility would allow states to develop plans more efficiently through synchronization with other plan submissions and multi-year planning for Title XX would allow more states to prepare their plans in relation to state budget cycles.

*Services to alcoholics and drug addicts*

We support the provision in H.R. 3434 making permanent the authority to expend Title XX funds for certain services provided to alcoholics and drug addicts.

*Emergency shelter*

Currently Title XX authorizes emergency shelter services, not to exceed 30 days, for the purpose of protective services for children. We support the amendment

offered in both S. 1184 and H.R. 3434 to include emergency shelter up to 30 days for protective services for adults.

*Separate entitlement for territories and Northern Marianas*

The Council supports provision of a separate Title XX entitlement for the Territories and the Northern Marianas. This provision is included in both S. 1184 and H.R. 3434.

*Child welfare services, foster care and adoption assistance*

The members of the National Council of State Public Welfare Administrators approach the child welfare legislative proposals under consideration today with some history, too. The Council was actively involved in 1977 in the development of the proposed child wefare services initiatives and the move to increase funding for Title IV-B. We recommend proposals to improve foster care services systems and to establish a new, federally assisted adoption subsidy program for children with "special needs".

We supported the efforts to get legislation, that had earlier been approved in different versions by both the House and Senate, reconciled in conference between the two before the close of the 95th Congress. Like you, we were deeply disappointed when those efforts failed at the very last moment.

Our positions on this legislation are on record in the published hearings held before this Subcommittee in July of 1977 and the hearings of the Subcommittee on Public Assistance and Unemployment Compensation of the House Ways and Means Committee held in May of 1977. I will therefore touch only upon the major points of thse positions.

AMENDMENTS TO TITLE IV-B: CHILD WELFARE SERVICES

*Conversion of IV-B to an entitlement program*

We strongly support the conversion of Title IV-B from its current status as a child welfare services program subject to the annual appropriations process, making it instead an entitlement program whose funding level could be planned for and relied upon by the states. This has been an important objective of the Council and the American Public Welfare Association over the past six years.

The successful implementation of the various improvements which are included in the legislation before us today is dependent not only on increased federal funding but also on continued funding. Conversion to an entitlement program will provide states the incentive to develop and implement long range plans through the assurance of continued funding.

The Council wholeheartedly supports the intent of the legislation but cautions that Congress must provide increased funding to enable the states to carry out the Congressional intent.

*Two-part phase-in of $266 million IV-B entitlement*

We have supported and we continue to support the Administration's proposals to utilize phased-in increases in Title IV-B funding to reach the full $266 million authorization, as a fiscal incentive for states to establish foster care information systems (including caseload inventory, periodic case reviews and mandatory dispositional hearings) as well as to assure due process protection for children, biological parents and foster parents. We believe this approach—in combination with the proposed state plan requirements under a new Part E of Title IV—is more workable, cost effective and enforceable than the foster care protection amendments to Title IV-B which were passed by the House under H.R. 7200 in 1977.

NEW PART E OF TITLE IV: FOSTER CARE AND ADOPTION ASSISTANCE

*Proposed title IV-E*

We support the provisions in S. 966 which create a new Part E under Title IV of the Social Security Act to authorize a program of federal assistance to states for foster care and adoption assistance, to replace the existing Section 408 of Title IV-A, and to include new state administrative plan requirements to assure effective administration of the program.

*Voluntary or emergency placements in foster care*

We support the provision in H.R. 3434 of voluntary placement authority under Title IV, including a court or independent administrative review of these placements conducted within six months to determine the apprpriateness of the placement, and the actions that should be taken to secure permanency for the child.

*Small public institutions*

We support provisions found in both H.R. 3434 and S. 966 to provide that small public institutions with 25 children or fewer may qualify for reimbursement for foster care maintenance payments so as to make possible more group home and residential treatment center placements.

*"Cap" on foster care under proposed part IV-E*

In 1977 the Council took the position that there should be no "cap" on federal financial participation in the costs of maintaining a child in foster care, within the federally assisted AFDC programs. State administrators believed that the proposed action to close off this federal aid was precipitous, and unsound. They also thought that such proposals should be preceded, in any event, by administrative actions at the federal levels: such as a thorough, documented study by HEW of the appropriateness and efficacy of putting a ceiling on federal contributions to foster care as a device to reform the foster care system; or, a test of whether foster care and child welfare services program amendments would achieve foster care reform through incentives more positive than a fiscal ceiling. There are several cautionary notes we believe should be heeded before placing any fiscal ceiling on foster care. These include:

*Impact on new voluntary placement authority.*—The Administration should determine whether proposals to establish a fiscal ceiling on foster care would leave room to accommodate federal matching for volunatry placements under authority available under a new Part E—or whether the ceiling proposed would actually prevent states from claiming reimbursement under this important change. For example, states whose policy for foster care services require that voluntary placements be utilized wherever appropriate—rather than court adjudication for every foster care case—would not have fiscal year 1978 expenditures for AFDC foster care covering voluntary placements. This could make their base year for the foster care ceiling unrealistically (and possibly unworkably) low. Since under present law AFDC funds may not be utilized for a voluntary placement—even when the child is otherwise eligible for AFDC foster care matching—such states would be spending state and local funds exclusively, or using them in combination with Title IV-B funds. In neither case would these ongoing expenditures be considered in any base year chosen for putting a ceiling on federal financial participation in foster care payments.

*Secretarial authority to adjust a ceiling.*—If a ceiling is placed on federal payments of foster care, and if for the above cause or any other reason states have not claimed proper reimbursement under IV-A Section 408, or if states experience unforeseen and unavoidable increases in foster care costs—Congress should authorize the Secretary to adjust the base year and/or expenditure levels, when specific cause could be shown by a state why this should be done, under criteria developed by the Secretary.

*Capping administrative costs for new part E, title IV.*—The Council has taken the position that it would be particularly counter-productive to cap administrative expenditures, while relying very heavily on the development and implementation of administrative systems to control foster care and keep states within the realm of reasonable expenditures. In this regard, it may be noted that failure to perform specific administrative activities, and failure to have specific administrative systems in place, would put a state "out of compliance" with proposed Part E state plan requirements. Yet there exist no data at HEW to show whether 30 percent of a state's allotment of proposed new Title IV-B funds would fully cover the costs of those mandatory administrative expenditures—or what percentage of those costs would have to be accommodated under "capped" administrative expenditures for a new Part IV-E in some states.

*Saving on costs.*—Adoption assistance for children with special needs, and preventive and restorative services for children who might otherwise enter or remain needlessly long in foster care, are deemed to be socially cost-effective services. They are sound policy. But that does not necessarily mean these services will be themselves translate into a reduction of total outlays for all of child welfare services program expenditures, which are of course affected by numerous other conditions. Therefore, we would be reluctant to recommend that a sound social service policy be promoted on the assumption of total program cost reductions, though savings within one or another specific activity may well be one of the desired outcomes of a policy change.

*Adoption assistance for special needs*

We support proposed legislation to provide adoption assistance from federal funds for AFDC-eligible children who have special needs, such as a physical or mental

handicap, being an "older" child or the member of a sibling group or of a racial minority.

*Eligibility criteria for adoptive parents of children with special needs*

We support income-related criteria for adoptive parents to participate in the proposed program. We think the upper limits should relate to state median income levels, but be generous enough to accommodate necessary special expenditures for special needs children. The amount of the assistance payment should not exceed the foster family home maintenance payment rate, readjustable to reflect changed circumstances in family income. Adoption assistance should include amounts to cover the non-recurring costs associated with adoption.

The administering agency should be able to make exceptions in cases where special circumstances in the family warrant payment of adoption assistance.

*Medicaid coverage for children with special needs*

Medicaid coverage should be mandatory for any medical condition that contributed to the difficulty of placing a child with special needs for adoption, and it should continue as long as the condition persists. States should have the option of providing full Medicaid coverage for such children.

Mr. Chairman, we recognize that there are strongly competing demands, at present, for quite limited public funds available to all levels of government—local, state and federal. We know that not all demands will be met. And, we realize that somehow these not-so-evenly matched teams will have to work it all out together.

Nevertheless, we think that there come certain moments in time when one competing priority should be pushed ahead of others. This seems to us to be the moment—and year—for pushing ahead very hard on child welfare services, foster care, adoption assistance and Title XX improvements.

We hope the concerned Committees and a majority of Congress agree.

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## APPENDIX I

### 1979 LEGISLATIVE AGENDA FOR TITLE XX, TITLE IV-B, FOSTER CARE, AND ADOPTION ASSISTANCE

(Unanimously approved, as amended, by the NCSPWA February 15, 1979)

#### TITLE XX ISSUES (13 ITEMS)

*1. Funding increase for title XX services*

*Recommendations:*

(a) Amend Title XX to make permanent the current temporary ceiling of $2.9 billion.

(b) For fiscal year 1980, increase the ceiling permanently by an additional $300 million (up to $3.2 billion)—an increase of approximately 9.4 percent over the current temporary ceiling.

(c) From the total of new permanent funds provided for fiscal year 1980 and thereafter, set aside 15 percent for state management improvement activities in the areas of comprehensive planning, program monitoring, information systems development or improvement, and program evaluation activities. These set-aside funds shall be available for distribution to states on the same population based formula upon which the basic Title XX grants are presently allocated; provided that, as a pre-condition to receipt of its allotted share, a state shall meet criteria for such management improvement activities as established by the Secretary of HEW in consultation with the states. Once having achieved levels of activity that accord with such criteria, the state's share of the set-aside may revert to the state's general Title XX services allocation.

(d) Beginning in fiscal year 1981, permanently increase the ceiling on Title XX (either in one lump sum or in increments) to recoup the $500 million to $800 million erosion of Title XX funds caused by inflation between 1972 and 1977.

(e) Beginning with fiscal year 1981, incorporate within the Title XX statute a permanent funding escalator tied to the Consumer Price Index to offset inflation losses.

*2. Cap on current open-end title XX training funds*

(a) Oppose an all-inclusive cap. Recommend instead that a cap (based upon data developed by HEW through a survey of current and projected needs) be placed upon Title XX training funds, but only for training other than in-service training for public agency and provider personnel. This proposal would not exclude expenditures for individual employees to obtain higher degrees.

*3. Multiyear planning option for title XX CASP (comprehensive annual services program) plan*

(a) Recommend that Title XX be amended to provide states the option for either a one-year, a two-year, or a three-year planning cycle for Title XX. Recommend that HEW seek amendments to other social services programs (such as Older Americans Act and Rehabilitation Services Act programs) to provide the same one-, two-, and three-year options for the state plan.

*4. Extension of 30-Day Emergency Shelter Provision to Adults*

Currently Title XX authorizes emergency shelter services, not to exceed 30 days, for the purpose of protective services for children.

(a) Recommend that current Title XX 30-day emergency shelter for children be extended by amendment to include adults.

*5. Separate Title XX Entitlement for Territories and Northern Marianas*

While the Committee did not discuss this Administration proposal on February 14, due to oversight, the Council has previously approved recommendations to provide for a separate Title XX entitlement for the Terrirories and the Northern Marianas.

(a) Recommend that the Council reaffirm its previous position on this point.

*6. Authority for reimbursement of salaries of welfare recipients employed by child day care facilities*

Public Law 94-401 authorized tax credits and authority to reimburse day care providers for the salaries of welfare recipients (up to a maximum), utilizing Title XX funds. This authority expired on September 30, 1978. The Chairman of the Senate Finance Committee has introduced a bill to extend the authority retroactive to October 1, 1978.

(a) Recommend that the authority to reimburse welfare recipient's salaries and to authorize tax credits for this purpose be made permanent.

*7. Annual report based on title XX CASP plan*

Prior to enactment of Public Law 93-647, the Title XX statute, House and Senate Conferees agreed to delete a requirement that states publish an annual report based upon the annual CASP plan. The annual report was to have been in integral feature of the public accountability concept built into Title XX.

(a) Contingent upon enactment of the funding set-aside for management improvements suggested in Recommendation No. 1-c above, recommend that the Title XX statute be amended to require an annual report based upon the CASP plan. Format for this report shall be developed by the Secretary of HEW in consultation with the states.

*8. Restrictions on donated funds*

Public Law 93-647 prohibits reimbursement of expenditures made from donated private funds unless such funds are transferred to the State and are under its administrative control, are donated to the State without restrictions as to use (other than restrictions as to the services with respect to which the funds are to be used imposed by a donor who is not a sponsor or operator of a program to provide those services, or the geographic area in which the services are to be provided).

(a). Recommend that these restrictions be deleted as they apply to funds donated by nonprofit organizations.

*9. Title XX grant allocation formula*

In October of 1972, Congress amended the Social Security Act to place a ceiling of $2.5 billion on federal expenditures for social services programs under Titles I, X, IV-A, XIV, and SVI. The ceiling amendment provided for allotments to states based upon their relative share of total population for the 50 states and the District of Columbia. Both the ceiling and the formula were carried into Title XX in 1975. Interest has been expressed in revising the Title XX allotment formula (for example, on the basis of populations "at risk").

(a) Recommend that the current Title XX population-based allocation formula be retained without change.

*10. Synchronizing the title XX CASP plan with the State budget process*

Studies, conferences, and discussions centered on the effectiveness and credibility of the CASP planning and public review process since its inception in 1975 indicate that one of several serious impediments to attaining those objectives has been in incompatibility of the CASP process (as required by the statute and implementing regulations) with the state budget and decisionmaking processes related to services expenditures. One result is that both the CASP and the review process have been

seen as interesting but irrelevant. A multi-year planning option would relieve much of this problem, however additional action should be considered.

(a) Recommend that HEW develop and propose a Title XX amendment to provide that the Secretary may waive CASP procedural requirements (1) upon demonstration by a state that such procedure only replicates or adds to public participation and review procedures currently in effect in the state in connection with the state's budget development and decisionmaking processes. The waiver would remain valid only so long as the requisite procedures remain in effect.

*11. Reducing the number of separate social services-related plans submitted to HEW*

A major federal objective in the development and enactment of Title XX was to encourage comprehensive planning for social services. The existence in federal statutes of separate state plan requirements for each of several major social services programs jointly financed by the states and the federal government constitutes a serious barrier to comprehensive planning. The Joint Funding Simplification Act of 1974 was directed in part toward this problem (however, both the Older Americans and the Rehabilitation Services Acts have been excepted from the JFSA by acts of Congress).

(a) Recommend that HEW develop and propose amendments to the several social services programs which it administers to permit states to apply for waiver of separate state plan requirements for the purpose of integrating such state plan (or plans) into a single state plan of services utilizing title XX as the vehicle. This would cut planning costs and provide a strong assist to the objective of comprehensive planning for social services.

*12. Title XX training policy*

Publication of revision to Title XX training regulations, which contained a number of important changes recommended by state administrators, was anticipated in October 1978. Among specific proposals being addressed in the draft revisions were (1) which agencies/institutions/individuals may be reimbursed for providing training under Title XX, (2) what is the minimum time requirement for "short-term" training, (3) what activities (such as institutes/seminars/conferences) qualify for short-term training, and (4) who may be trained.

On the issues of who may be trained, states have strongly urged that training for management-level provider personnel be eligible for reimbursement under Title XX. This position is consistent with HEW's concern (and equally serious concern of states) to strengthen management in all major social welfare programs to promote effective use of funds and to prevent or reduce fraud, waste, or error. More flexibile training regulations are consistent with evidence that some of the most significant improvements in the quality of child care services now being sought through Federal Interagency Day Care Requirements (FIDCR) must rely heavily upon strong training programs for provider personnel and family day care givers.

Additional expenditures for training related to management improvements affecting all social services are needed now and will continue to be needed until a time in the future which no one presently has the data to forecast; so also will additional expenditures be required to train day care provider personnel (including care-takers and managers).

Nevertheless, controversy within the Administration (HEW/OMB) on budget control issues has delayed publication to date of the needed regulatory changes. In addition, the Administration is proposing a cap on Title XX training that would require reduction of expenditures in at least eleven states in 1979.

(a) Recommend that the Administration be urged to review its training policy for internal contradictions that undermine efforts by the states and by HEW to improve the management and quality of services they administer.

(b) Recommend that new Title XX training regulations assure that states have a choice of training instrumentalities, of short-range training time frames, and of which personnel shall be trained.

(c) Recommend that Title XX training cap issues be resolved in accord with Recommendation No. 2 above.

*13. Title XX financial guide*

A draft Guide for Federal Financial Participation in Title XX was developed within the Administration for Public Services/OHDS and distributed for state comments during November and December 1978. Regional meetings were also held on the subject. Comments, both written and verbal, have raised serious concern on specific issues and with the overall effect of the guidelines as proposed. It is understood that the draft is being substantially revised.

(a) Recommend that a revised draft for Title XX financial guidance be made available to all states, when completed, for a 90-day review and comment period prior to finalization.

RECOMMENDATIONS RE CHILD WELFARE SERVICES: TITLE IV-B, FOSTER CARE AND ADOPTION ASSISTANCE

The Council's Social Services Committee was actively involved in 1977 in the development of a major child welfare services initiative involving increasing funding for Title IV-B and conversion of that program into an entitlement, improvements to the current foster care services system, and a new federally assisted adoption subsidy program. Many of the Council's policy recommendations appeared in the bill introduced in the Summer of 1977 by the Administration under the number S. 1928. Within H.R. 7200, the House passed child welfare services amendments which differed considerably from S. 1298; the Senate Finance Committee reported out child welfare services amendments which, with significant changes, incorporated parts of both S. 1928 and H.R. 7200.

The Council adopted and subsequently reaffirmed positions supporting what were deemed to be the best features of each of the three different bills. These positions are summarized in a one-page fact sheet dated January 1978 entitled "National Council of State Public Welfare Administrators' Social Services Committee Priority Issues in H.R. 7200."

No child welfare services initiatives were enacted prior to the adjournment of Congress in October 1978, due in part to the end-of-session pressures and in part to controversy over a proposed cap on AFDC foster care maintenance payments.

In 1979, child welfare services amendments have been reintroduced in the House under H.R. 1523—which is a replica of the amendments passed by the House in H.R. 7200—and H.R. 1291, also identical in content to H.R. 7200 except that the adoption subsidy provisions follow those approved by the Senate Finance Committee and subsequently passed by the Senate.

(a) Recommend that again in 1979 the NCSPWA affirm the positions it approved in 1977 and 1978, with particular emphasis on its support for the "foster care protections" provided by S. 1928, and firm oppostion to the "foster care protections" passed by the House in H.R. 7200 and replicated in the 1979 bills H.R. 1291 and H.R. 1523.

(b) Recommend that the Social Services Committee review the foster care cap issue in light of the Administration's child welfare services proposal (expected to be unveiled in the near future) for 1979, and, if appropriate, develop alternatives.

LEGISLATIVE PROPOSALS FOR THE PREVENTION AND TREATMENT OF DOMESTIC VIOLENCE

Legislation for such a formula and discretionary grant program very nearly passed Congress in 1978; it failed largely because time ran out. Similar bills are being readied for the 96th Congress. Hearings on the issues in the near future.

(a) Recommend support for a time-limited state grant program to be funded with 100 percent federal funds channelled through a state agency designated by the governor for further distribution to localities, including both public and private nonprofit agencies, under specifications established by the states.

Attachment.

ATTACHMENT

*Discussion re funding increase for title XX services*

Permanent increases in the $2.5 billion Title XX ceiling are needed in order to (1) compensate for inflation-caused losses in program dollar values since 1972; (2) keep pace with ongoing inflation; and, (3) allow for moderate planned program expansion or innovation. Inflation-caused erosion of the $2.5 billion Title XX funding authority between placement of the "cap" in 1972 and calendar year 1977 is estimated by some researchers to be an amount ranging from $500 million to $800 million (that is, between 20 to 32 percent for this period of time).

The temporary increase of $200 million (8 percent over the $2.5 billion permanent ceiling) enacted in September 1978 under Pub. L. 94-401, while earmarked for child day care, could also be viewed as an offset for inflation during the period 1976-77. The one-year addition of another $200 million authorized by Congress in October 1978 (a 7.4 percent increase over the $2.7 billion authorized by Pub. L. 94-401) may compensate for inflation losses in 1978. If an additional $200 million increase in the ceiling—from the current temporary $2.9 billion to $3.1 billion as recommended by the House Ways and Means Public Assistance Subcommittee for inclusion in the Committee's legislative budget proposals for fiscal year 1980—is enacted, such an

increase would amount to a 6.9 percent inflation offset, again permitting no program expansion or innovation.

In summary, since the $2.5 billion ceiling was enacted in 1972, funds that would provide for program expansion or innovation on a nationwide basis have not been made available (though individual states spending at less than ceiling have had that option). Those funds added in 1976 and 1978 (a total of $400 million atop the $2.5 billion ceiling) have served in effect to compensate for inflation in the past two-three years, but have left a gap of $500 million to $800 million between the value of $2.5 billion in 1979 as compared to 1972.

All increases in the $2.5 billion Title XX ceiling should be permanent additions. Through approval of proposed Title XX amendments allowing for two-year planning cycles, both Houses of Congress recognized in 1979 the desirability of multi-year planning. However, ad hoc one-year-at-a-time increases in funding authority negate the concept of multi-year planning.

Congress recognized the need for predictably increases to offset inflation by indexing the Rehabilitation Services Act programs in 1978. A CPI escalator should be incorporated in the Title XX statute to offset annual inflation losses.

There is widespread agreement on the need for improved management of social services programs, particularly in the areas of planning, program monitoring, information systems, and evaluation efforts. Major federal goals for Title XX—such as accountability for how many dollars have been spent on which client groups, for what purposes, and with what effect; comprehensive planning to include needs-based priority setting and rational resource allocation; improved service delivery systems—have not been realized and are not likely to come about without a substantial investment of federal and state funds. Yet, there is little disagreement on the fact that scarce or minishing dollars for social services cannot easily (and perhaps should not) be diverted from services to individuals to secure management improvements however dire may be the need. A statutory set-aside of funds for management improvement activities such as those listed above is needed in order to secure the desired and needed investment. It is not useful to say that states should have done these things already; the fact is, most haven't.

Senator MOYNIHAN. And it is now a special pleasure for the chairman to welcome once again to this committee the distinguished commissioner of the New York State Department of Social Services, Ms. Barbara Blum, who has been characteristically patient and who is now going to clear up all of these questions.

Commissioner, we welcome you, of course, and you have some associates with you whom you might introduce to the committee.

## STATEMENT OF BARBARA B. BLUM, COMMISSIONER, NEW YORK STATE DEPARTMENT OF SOCIAL SERVICES; ACCOMPANIED BY ANNE N. SHKUDA, ASSISTANT, FEDERAL LEGISLATION; AND TIMOTHY SHEEHAN, SERVICES DIVISION

Ms. BLUM. On my left is Anne Shkuda, who serves as my assistant for Federal legislation. On my right, Mr. Timothy Sheehan, from our services division.

I am Barbara Blum, commissioner of the New York State Department of Social Services. I am honored to have this opportunity to participate in the subcommittee's consideration of issues of vital importance to children and families throughout the United States. We have a lengthy statement.

Senator MOYNIHAN. We will make that a part of the record.

Ms. BLUM. It is gratifying that the goals and direction of Congress are in such close harmony with programs that New York has already initiated. New Federal programs can strengthen and support our efforts.

While many problems exist in New York's service and foster care system, the State can now point to a history of accomplishment in the protection and support of children.

Since 1973 New York has committed State funds to support preventive services programs designed to make it possible for children to remain in their homes.

New York has also established a careful system of protections for children who must be placed outside of their homes.

It is our belief that court review requirements in New York State provide effective protections for children in foster care. The State has also moved on its own initiative to create a monitoring capacity necessary to assure that standards will be maintained.

In addition, New York has begun to achieve better management of its foster care resources through the standards of payment system, established by State law in 1973.

This year the department also began implementation of standards of administration which define the minimum tasks and activities that agencies must undertake to assure sound planning for children in foster care.

For 11 years New York has taken the lead in the expansion of adoption opportunities for children. The State has financed an adoption subsidy program with State and local dollars since 1968 to encourage the adoption of handicapped and hard-to-place children.

We now have evidence that our efforts to assure permanency for children are having results. In 1968, the vast majority of the children adopted in New York City were white, and the median age of adopted children was 2 years. In 1976, more than half of all adopted children were black and the median age had risen to 8.2 years.

Most importantly, we have witnessed a stabilization in our foster care caseload and now see some evidence of decline.

Our programs have begun to create a responsive, effective, and accountable foster care system in New York State. We believe that these earlier efforts will be greatly enhanced by the implementation of the new Child Welfare Reform Act of 1979, recently enacted by the State legislature.

The Child Welfare Reform Act, which will be implemented in two stages, requires that the service system emphasize services to prevent or shorten foster care placement. It also establishes funding policies that support these ends.

Standards will be issued which apply to preventive services, foster care and adoption services. These standards will include a detailed child welfare plan from each district, a plan for each child and uniform case recording.

The department of social services will also be required to conduct utilization reviews of children receiving services.

State reimbursement will be denied for all cases not meeting statutory judicial review requirements, for all cases not meeting administrative standards and for a percentage of cases which represent unnecessary or inappropriate placements.

Foster care expenditures will be subject to a ceiling in New York State which takes effect on April 1, 1981.

As your subcommittee considers the legislation that has been developed in both the House and the Senate, it is important that two basic principles be maintained: Federal legislation should emphasize objectives rather than mandate too highly specific procedures upon the States.

In addition, the Federal Government must provide sufficient funds to maintain quality programs and especially to support newly mandated services.

It should be evident from the State programs and legislation that I have described that New York State actively supports the concepts of planning, protection, and prevention that are contained in each bill before the subcommittee. Individual case plan requirements, regular case reviews, and due process for those involved in foster care proceedings, provisions contained in each bill, are essential to an effective foster care system.

If these requirements are written into Federal law, it is important that they be defined with sufficient flexibility to avoid unreasonable administrative burdens and to be feasible within an already heavily burdened service system.

The services necessary to achieve permanency for children and a responsive foster care system are initially expensive. States clearly need increased Federal support in these efforts. It is especially important that additional dollars be available to fund services other than foster care. Guarantees of additional title IV-B funds are needed.

We believe that a ceiling on foster care maintenance payments can be a workable mechanism if funding for alternative services for children is available. New York has already begun to place limits on foster care expenditures.

I would also urge that any legislation enacted by Congress address the issue of Federal participation in voluntary foster care placement.

In addition, I urge that Congress assist in the resolution of a long continuing dispute currently pending between New York State and the Department of Health, Education, and Welfare over funds received for children currently in foster care who did not have court orders ordering removal from their homes within 6 months of their initial placement.

As our foster care system continues to become more effective in New York, more children will have the opportunity to live in permanent homes. Adoption subsidies are of great importance in our efforts to maximize this opportunity. Federal support is obviously appropriate and necessary for these programs, and I urge that Congress adopt a program with the broadest possible eligibility criteria.

With regard to funding, title XX is most critical to our efforts to serve children, families, and adults.

There should be no question that allowing the title XX ceiling to revert to its permanent level of $2.5 billion is an unacceptable alternative. Instead, the ceiling should be permanently increased to at least the proposed level of $3.1 billion.

In addition, the formula by which these funds are allocated must be more sensitive to the needs of the States.

Finally, I urge that the importance of training funded through title XX be more fully acknowledged and supported. A cap on training funds will be a counterproductive action. If the concern of Congress for controlling expenditures must be addressed, a cap must, at least, be structured to protect current programs.

I would like to say, just briefly, I think many of the changes we have been able to obtain in New York State were directly related to our training efforts which we are expanding currently.

Holding States harmless at the greater of their 1979 training levels or the percentage of their title XX allotment expended for training in 1979 would be one such alternative.

I would also suggest that Congress act to assure equal treatment of private and public institutions regarding their contribution to training grants. This will facilitate participation by the private sector and assure a broad range of participants in these important activities.

It is our hope that this subcommittee will act on the issues before it today to create a strengthened title XX program and to support a child care system that is responsive to the needs of children and families.

Senator MOYNIHAN. Well, we thank you.

Now I am beginning to have a sense of a touch of reality here. Commissioner Blum, tell me, because I really have not understood this, is it the case that you put a cap on foster care money because it is the only way to drive the system toward adoption, is that what makes it happen?

Ms. BLUM. I think it is not the only way.

Senator MOYNIHAN. A way?

Ms. BLUM. It is a way.

Senator MOYNIHAN. Is that why you do it?

Ms. BLUM. I think that we in New York State have had the good fortune to have dollars allocated for preventive and adoption services a little in advance of having to move toward the cap. As I was listening to some of the comments earlier, it occurred to me there might be some adjustment here. Now obviously you are proposing more dollars in the legislation before us.

Senator MOYNIHAN. Right.

Ms. BLUM. You are allowing us to go above our current expenditures. If the States recognize that the Congress is firm in its desire to see expenditures contained, then it seems to me that we have a better chance to see a shift toward those preventive and adoptive services that you described.

Senator MOYNIHAN. I know very little about this.

Ms. BLUM. That you mentioned I am sorry.

Senator MOYNIHAN. Adoption is hard, isn't it?

Ms. BLUM. Very difficult. Even with a perfectly normal, healthy infant to find the appropriate parents is difficult.

Senator MOYNIHAN. And somewhere back 50 years ago it got professionalized and it became more difficult I think?

Ms. BLUM. I think we also had some other circumstances changing particularly in New York State of course. We had very large number of black and Hispanic youngsters entering care and it was not thought appropriate to place those youngsters in adoption. That has all changed now, thank goodness.

Senator MOYNIHAN. I think that about 50 years ago a social welfare doctrine began to be applied to what had previously been a much less formal sequence, a legal one but not a professional one.

Ms. BLUM. The children for years had been placed in institutions you will recall. And with the advent of the ideas about foster

homes, the child welfare profession, I think, began to develop more fully.

Senator MOYNIHAN. And the question of matching the family to the child became a very complex thing. In the main social welfare workers tend to say "no" rather than "yes," if I have some sense of how this was 30 or 40 years ago.

Ms. BLUM. I think even 15 or 10 years ago when I was in the city of New York that was quite common. There wasn't the ability to understand the importance of permanence for youngsters. And there was a fear of risk. And risk is always present when we are talking about human relations.

Senator MOYNIHAN. Yes; but the alternative is that in the meantime there is this child who is growing. And it is not just a question of investing capital, but there are people.

But you have generally found that while foster care was available, the system tended to stay in that direction?

Ms. BLUM. Well, public policy has funded foster care. And public policy has not directed our attention appropriately I believe. And I believe your own legislative efforts now will bring that change.

Senator MOYNIHAN. Toward adoption.

Ms. BLUM. Yes.

Senator MOYNIHAN. Or somehow to family.

Ms. BLUM. Or maintaining with family, which I believe we can do.

Senator MOYNIHAN. Yes. We are going through—how many people have you got in foster care in New York?

Ms. BLUM. Currently about 42,000.

Senator MOYNIHAN. You must have one hell of a management information system?

Ms. BLUM. We have a beautiful management information system. We would like very much to have you visit some time and see it.

Senator MOYNIHAN. About 42,000 in foster care. What are the adoptions per year in New York?

Ms. BLUM. The adoptions currently are at 1,000. Just a few years ago they were only 500.

Senator MOYNIHAN. In the State of New York you have 1,000 adoptions per year?

Ms. BLUM. One thousand currently.

Senator MOYNIHAN. That is a trifling number, isn't it?

Ms. BLUM. Those are subsidized adoptions. I apologize.

Senator MOYNIHAN. Well, all right. What would the number of adoptions be?

Ms. BLUM. It is just about doubled Mr. Sheehan says. About 2,000.

Senator MOYNIHAN. Only 2,000? That is a State of almost 17 million people.

Ms. BLUM. Yes. Now those are public adoptions remember. There are occasionally private adoptions in the circuit courts.

Senator MOYNIHAN. In surrogate courts?

Ms. BLUM. Yes.

Senator MOYNIHAN. But that means a couple goes to a welfare service of some kind and says that they would like to adopt a child.

Ms. BLUM. That includes all of that.

Senator MOYNIHAN. And the surrogate court adoptions must be a smaller number?

Ms. BLUM. And stepparents and that kind of thing.

Senator MOYNIHAN. What do we have? How many children are born every year in New York? About half a million?

Ms. BLUM. I had that the other day. That is a figure I had right in front of me the other day. I will have to get it for you. It, of course, is well down now.

Senator MOYNIHAN. It has gone down. Basically we have seen this whole demographic curve drop. So we are getting into a decade where these problems are going to be much more manageable if you define the numbers as the problem. You were overwhelmed in the 1960's and into the 1970's and it dropped off sooner than it should have. But cohorts of child bearing age are now going down and down.

Ms. BLUM. Yes.

Senator MOYNIHAN. There will be a blip in the 1990's when the 1960's cohorts begin to get into reproductive age, too. But you have a downward movement so you have some hope there.

Ms. BLUM. Yes. And that is one of the reasons that we are so concerned that your own legislative proposals pass. Because in a period of stabilization one has a chance to intervene with families. In the late 1960's when we were beginning to have the onslaught of those youngsters who had been born right after the Korean war the system was floundering. It couldn't cope with the volume. We are now at a point where I believe we can intervene appropriately.

Senator MOYNIHAN. How much is this a function of illegitimacy? As illegitimacy ratios go up, does this problem go up or does it tend to be insensitive, one rate to the other?

Ms. BLUM. A large number of our youngsters in foster care have always had one parent.

Senator MOYNIHAN. From the original foundling hospital?

Ms. BLUM. Yes; very large numbers have only one parent.

Senator MOYNIHAN. Well, they all have two parents.

Ms. BLUM. I am sorry, a one parent family.

Senator MOYNIHAN. What is the movement in illegitimacy ratios? Is it still going up?

Ms. BLUM. In New York State it is stabilizing except for very, very young teenagers. We have had a study going on on teenage pregnancy. For the younger teenagers we are showing still increased rates. But with the older teenagers and the older women we are showing stabilization.

Senator MOYNIHAN. We have an illegitimacy ratio altogether of probably around 15 or 16 or 17 percent, don't we?

Ms. BLUM. My recollection is it was 17 percent.

Senator MOYNIHAN. Seventeen percent. So something like one child in five enters the world with a problematic family condition. Two thousand a year are adopted, and that does not take care of that population even remotely.

Ms. BLUM. No; although the entry to foster care now is regulated much better.

Senator MOYNIHAN. You have about how many people come into foster care in a year?

Ms. BLUM. In a year? It is amazing flow in. That was one of the things I was going to mention when we were talking about the numbers of adoptions because of those 42,000 persons that I mentioned approximately one-half, approximately 21,000 are in and out within 2 years.

Senator MOYNIHAN. Oh, they are?

Ms. BLUM. It is an enormous flow in. And the first 3 months also are most active.

Senator MOYNIHAN. Where do they go out to?

Ms. BLUM. They return home. That is one of the reasons again——

Senator MOYNIHAN. They go home?

Ms. BLUM. There are emergencies. A mother is taken to a hospital. There is not a sufficient resource to get homemakers in or other support systems. And that is why the preventive thing is so important to us. It does work.

Senator MOYNIHAN. Yes. Now why in the name of God couldn't I have heard something like that from HEW? I mean this is what we are trying to find out. This population churns.

Ms. BLUM. It churns.

Senator MOYNIHAN. And this is a social service much more than it is a rearranging of lives on some permanent way. Adoption obviously is different.

Ms. BLUM. Yes. When a child has a parental situation, has been abused, cannot return home, then obviously adoption must be the plan.

Senator MOYNIHAN. It is a permanent thing but there is not much of it. I mean if we in New York have 2,000 adoptions a year then the country probably doesn't have 20,000.

Ms. BLUM. It is too many.

Senator MOYNIHAN. But still you want a cap on something that churns like that?

Ms. BLUM. Well, I am a risk-taker. I have seen enough of what we have accomplished over the last 9 years to know that——

Senator MOYNIHAN. You have the Federal system in place.

Ms. BLUM. Yes; we have a large proportion.

Senator MOYNIHAN. Are you satisfied with that? I mean, if I can just be personal, I remember when with great fanfare the Secretary of HEW went to the White House and announced this unprecedented new program of adoption assistance and came down here and testified before us. And I said, "My God, somebody has finally thought up a social service in Washington that we didn't have in New York first." And I sent a note to your predecessor to say what about that. And the note came back, "We have had it since 1968." But, you know, it helped the Secretary.

Ms. BLUM. We feel we can do so much more with——

Senator MOYNIHAN. You basically think that the bills we have before us will tend to put in place in the Nation and give a national imprimatur to a program New York has had for a 15-year period, for a long enough period to warrant saying it works pretty well? You can see results from it?

Ms. BLUM. Essentially we have tested the adoption procedures that would now be funded. Essentially we have developed preventive social services. We don't have enough of them. We want more

and need your help in funding. Essentially we have an information system well developed and far along and we know the value of that. And we fully support the legislation you propose.

Senator MOYNIHAN. Well, now my questions aren't unreasonable. I was just trying to find somebody to tell me. Now I have a hard question for you Commissioner. Steel yourself. Are you aware of the provisions of the fiscal 1980 Labor/HEW appropriation conference report currently pending before the Senate which prohibit Federal reimbursement for State and local expenditures for AFDC, title XX, and medicaid programs which are more than a year old? Answer "yes" or "no."

Ms. BLUM. Yes, sir, I am.

Senator MOYNIHAN. And do you think this is a good idea?

Ms. BLUM. No, sir, it is very detrimental.

Senator MOYNIHAN. That is what I call a standup Commissioner. It is outrageous.

Ms. BLUM. Yes.

Senator MOYNIHAN. We are going to try to amend it but let me ask you seriously—we are thinking of putting in, starting around fiscal year 1982, a 2-year limit so you would know that you have 2 years and you better get it done in 2 years. But right now you are just being given no notice at all.

Ms. BLUM. Essentially we have had no time to prepare administratively. We have been operating in accordance with current law. And as you know with medicaid there are many retroactive adjustments, some in accordance with Federal requirements. So we find this language that was inserted in the appropriation totally unacceptable.

Senator MOYNIHAN. Do you have an idea where it came from, whose notion?

Ms. BLUM. I have been trying to understand that and didn't get very firm leads on it. I heard a rumor it might come from the Midwest.

Senator MOYNIHAN. From the Midwest? Well, I am sorry to hear that. There are a lot of States out there. But it surely is not appropriate procedure.

Ms. BLUM. No.

Senator MOYNIHAN. I mean it is not due process. It is not fair notice of any kind.

Ms. BLUM. And I think it is more serious. I think that governmental administrators have very difficult tasks. And we have to understand the rules. And we have to have notice in order to perform.

Senator MOYNIHAN. You wouldn't mind the rules being changed but you would like notice of the fact?

Ms. BLUM. Of course.

Senator MOYNIHAN. Would I be in the wrong if I thought there may be claims that have been a long time coming in because the State demands evidence that this is a legitimate claim?

Ms. BLUM. That is right.

Senator MOYNIHAN. Rather than anybody who sends you a bill, you send it on to Washington?

Ms. BLUM. Yes. And for instance in New York State we have 58 districts. And we are constantly monitoring and checking to be

certain that we are claiming only legitimately from the Federal Government.

Senator MOYNIHAN. And to the extent that we penalize a delay in these matters, we may be penalizing the effort to cut down on that waste, fraud, and abuse that we hear so much of from HEW. They can't stipulate it, but they know there is a lot of it.

Ms. BLUM. Well, certainly under these circumstances as an administrator I would have to instruct my staff to forward every claim to Washington immediately. And I think indeed that would be damaging to much of the good work that has been done.

Senator MOYNIHAN. I would appreciate very much if you could send a note to this committee to that effect.

[The information to be furnished by Ms. Blum for the record follows:]

STATE OF NEW YORK,
DEPARTMENT OF SOCIAL SERVICES,
40 NORTH PEARL STREET,
*Albany, N.Y., September 26, 1979.*

Hon. DANIEL P. MOYNIHAN,
*Russell Senate Office Building, Washington, D.C.*

DEAR SENATOR MOYNIHAN: I am writing in response to your questions to me during the Subcommittee Hearings on Child Welfare Legislation of September 24 regarding the impact of provisions of FFY 1980 Labor HEW appropriations conference report on program administration in New York State.

The prohibition on Federal reimbursement for State and local expenditures for AFDC, Title XX and Medicaid claims made prior to September 30, 1978 is clearly unacceptable for the following reasons:

The provision gives States completely inadequate notice of a profound change in Federal policy and will require the submittal of large numbers of claims prior to September 30 to avoid substantial loss in reimbursement.

By forcing this response Congress will, in effect, be creating the potential for increased errors in claims for reimbursement. This might occur despite the State's best efforts to assure that claims would be properly reviewed in our subsequent audit process.

By placing claims for rate adjustments is jeopardy, the proposed limitation would greatly undermine the methodology used by the State in establishing Medicaid rates, a methodology which has the approval of the Department of Health, Education, and Welfare.

The limitation would also undermine the goals of our rigorous audit procedures which require that funds flow in both directions between the State and Federal Government as appropriate adjustments are made.

Finally, the fiscal consequences of this limitation could be substantial and result in the loss of an estimated $350 million in Federal funds to New York State.

We greatly appreciate your interest in resolving this issue which could have a negative impact on the delivery of services to the people of New York State.

Sincerely,

BARBARA B. BLUM.

INFORMATION SHEET ON H.R. 4389

Before the current recess, a rider was added to the Labor-HEW appropriation bill for fiscal 1980 that could have major, adverse implications for reimbursement of Medicaid expenditures. This measure was not the subject of detailed hearings, and has progressed to within a stone's throw of final passage without careful scrutiny. This is an urgent matter that requires prompt attention.

FACTUAL BACKGROUND

In acting on H.R. 4389, the Labor-HEW appropriation for fiscal year 1980 (October 1, 1979–September 30, 1980), the Senate Appropriations Committee included a provision designed to prohibit the use of the funds thus appropriated for reimbursement of State local Medicaid expenditures made prior to September 30, 1978. This provision, added to the portion of H.R. 4389 that appropriates approximately $12.6 billion to HCFA for grants to States to administer the Medicaid program, is as follows: "No

payment shall be made from this appropriation to reimburse State or local expenditures made prior to September 30, 1978."

Identical language was approved by the Conference Committee. The House agreed to the Conference Report on August 2. The Senate has not yet voted on that Report, although it must be noted that the Senate Appropriations Committee was the original source of the provision and that the provision limiting retroactive payments has already passed the Senate once. The Senate will act promptly when Congress reconvenes.

The Conference Report explains that the present provision is designed to provide "a one year limitation on the time period available to the States during which they can claim Federal matching funds for State or local expenditures". Thus, by implication, the appropriation for fiscal year 1980 is designed to cover only claims by States for expenditures made during fiscal year 1979.

The intent of the quoted provision has been discussed with cognizant Senate and House Appropriations Committee aides. Mr. James Moran, a staff member of the Senate Appropriations Subcommittee on Labor and Health, Education and Welfare, inspired the Senate provision passed by the Conference Committee. He has stated that the purpose of the provision was to stop the recent wave of State retroactive claims—many of which have no "audit trail". He has apparently been trying to shepherd through a similar measure for three years and this year finally succeeded in getting House agreement. Mr. Michael Stevens, a staff member of the House Appropriations Subcommittee on Labor, Health, Education and Welfare, has generally confirmed this view of the origin of the provision.

Mr. Moran has stated that in his view the provision would bar payment of Medicaid monies to a State where an audit has demonstrated underpayment of Federal monies for expenses incurred prior to September 30, 1978. He agreed that such claims could be covered by a supplemental appropriation. He further stated that HCFA was still free to audit States for periods prior to September 30, 1978 and make reductions in Medicaid grants for current quarters if prior overpayments were found.

A similar limitation on Medicaid expenditures was almost attached to HEW's 1979 appropriation. In passing on that bill, the Senate Appropriations Committee included language: "To require all State claims for (Medicaid) expenditures made prior to September 30, 1977 to be submitted within 90 days after enactment of this bill unless the Secretary (of HEW) determines that the claim is of an exceptional and unavoidable nature."

S. Rep. No. 95-1119, 95th Cong., 2d Sess. 83 (1978). No comparable provision passed the House. In conference, the provision was deleted with the following explanation: "Although the conferees have decided against a fixed time limitation for submitting welfare claims at this time, the Appropriations Committees are concerned about the difficulty of estimating current funding requirements for medicaid, assistance payments and social services programs if States can be reimbursed out of current appropriations for claims that occurred in previous years. While not wishing to penalize States that have legitimate reasons for submittal of late claims, the conferees believe that the Federal, State, and local agencies in the public assistance programs must keep their accounting records up to date and eliminate such retroactive funding practices. When similar language was dropped last year, the conferees requested the Department of Health, Education, and Welfare to present to the Appropriations Committees a full study on the fiscal and administrative impact that a time limitation would have at the Federal, State, and local level. No such study has as yet been received by the Committees. The conferees expect that the Department will submit this report concurrent with submission of the fiscal year 1980 budget."

H.R. Rep. No. 95-1746, 95th Cong., 2d Sess. 17 (1978). The report requested by the conferees in 1978 had not been prepared when the Senate Appropriations Committee held hearings in March, 1979 on the FY 1980 HEW appropriation. Indeed, in questioning Administrator Schaeffer, Senator Chiles indicated that one reason the limitation was dropped in 1979 was that HCFA would prepare the requested report.

The report, submitted to Chairman Natcher by Frederick M. Bohen, Assistant Secretary of HEW for Management and Budget, on June 9, 1979, is attached. The Bohen Report indicates that of $10.4 billion in Medicaid claims paid in the 12 months ending June 30, 1978, only $32 million was due to retroactive claims. The report also transmits HEW's proposed legislation designed to implement a two-year limitation on retroactive claims. HEW's proposal was quite different from the provision we have quoted above.

The Conference Report and legislation for fiscal 1980 have not yet passed the Senate, but floor action may be expected shortly after the Senate reconvenes.

POLICY QUESTIONS

A variety of compelling policy and equity considerations suggest that the quoted language in the appropriation bill should not become law at this time. Some of these are as follows:

1. Providers may be placed in grave jeopardy. States will undoubtedly enact corollary limitations on provider payments in order to fiscally protect themselves. This could expose hospitals and nursing homes to the risk of not receiving reimbursement, particularly where pursuit of other third party payments delays claiming or claims payments.

2. An arbitrary one-year limitation fails to reflect the administrative realities in Medicaid claims preparation, appeals, audits and dispute settlement. The Conferees recognized in 1978 that they did not want to "penalize" States, and that legitimate reasons often exist for retroactive claims. The abortive 1978 legislation specifically recognized this possibility. The present language, however, would bar all Medicaid claims, regardless of the reason for the claim.

3. The limitation is an equitable "one way street". HEW audits could show additional expenditures to have been made by States prior to the September 30, 1978 cut-off date, yet Federal financial participation ("FFP") for these expenditures will not be available. At the same time, if an audit showed State overpayments during this pre-1978 period, HEW would apparently still be free to reduce current grants to recoup such payments. Thus, the Federal government will have cut off payments for valid past claims—while retaining the right to recoup past overpayments—without any advance notice to enable the States to adjust their reimbursement systems.

4. The measure by its very nature fails to include a "grandfather clause" to reflect the fact that States will have made expenditures in good faith reliance on the law as it was without this provision. Under this provision the States would be "caught between a rock and a hard place" because they will have made expenditures in reliance on ultimate HEW reimbursement, but would not in fact recover. Creation of any such statute of limitations on Medicaid claims should not be done retrospectively, but rather should make provision for claims pending on the effective date of the new legislation.

This could wreak havoc in State Medicaid programs since States often receive and pay claims that are submitted some time after a particular fiscal period ends, or which require a certain amount of time to process. States may well be forced to alter their own legislation to protect themselves from the possibility that they will not be able to obtain Federal reimbursement for funds they are required to disburse as a matter of State law.

5. This legislation could encourage Medicaid program participants to over-estimate Medicaid claims in order to protect themselves against the uncertainties inherent in finally determining costs. This is inconsistent with present efforts to constrain increases in medical costs.

6. Denying Federal payment for certain State Medicaid expenditures works an alteration in the percentage of Federal liability for such expenditures. This alteration is at odds with § 1905(b) of the Social Security Act which establishes the minimum FFP percentage. Furthermore, § 1903(d)(2) recognizes adjustments to States for underpayments "for any prior quarter". This provision would also be substantially modified, in effect, by H.R. 4389. It is improper to include substantive provisions in appropriations legislations. See Senate Rule 16(4). If a restriction of the kind here at stake is to be passed, it should be directly addressed to the underlying question whether the claims should be paid, rather than whether this particular appropriation should be applied to a class of claims.

7. The provision unwisely ignores the proposals of the very agency responsible for administering the Medicaid program. The Bohen Report indicates major problems not with Title XIX retroactive claims, but with Title XX retroactive claims. The Conference limitation applies only to Title XIX and thus, solves a non-existent problem. Moreover, the legislation has the effect of imposing a one-year limitation on claims whereas HEW itself suggested a two-year limitation, which could be waived at the discretion of the Secretary of HEW.

8. The Bohen Report was never subjected to scrutiny in a public hearing, and fails to reflect accurately the number and size of claims that would be refused payment under the bill. Freedom of Information Act requests have been addressed to HEW and HCFA in an effort to obtain supporting data from which the accuracy of the Bohen Report may be tested. Even on its face, however, the Bohen Report does not permit a meaningful assessment of the impact of the approach adopted in H.R. 4389. Significantly, Table I ("Prior Period Claims Under Medicaid") apparently shows the scale of claims to HEW for expenditures made prior to July 1, 1976. This does not indicate the scale of pending claims for expenditures made prior to September 30,

1978, nor does it permit an assessment of the amounts expended by States and localities prior to that date which have not yet been the subject of claims to HEW.

9. The language of the provision is vague because, unlike HEW's bill, it makes no effort to define when State or local expenditures are considered to have been made. Since States ordinarily do not expend Medicaid funds before their receipt of grant awards from the Federal government, it is not clear what, if any, prior Medicaid claims will be denied reimbursement out of this appropriation. On balance, therefore, the legislation aims at the wrong target—and misses.

10. This legislation, by restricting Medicaid and not Medicare, is contrary to HEW's thrust toward administering Medicaid and Medicare in a compatible fashion. Medicare often pays final cost settlement long after the period allowed to Medicaid in this legislation. Congress should not single out State and local Medicaid programs for discriminatory treatment.

Senator MOYNIHAN. It is something I want to take to the floor. I think HEW, as you no doubt know, as you know very well, they had a wonderful day in the newspapers when they announced their Inspector General discovered $97 billion—or whatever—worth of waste, fraud, and abuse. And we asked them where was the $97 billion. Well, they didn't know but they knew there was a lot of it. And so certain unsympathetic or perhaps sympathetic persons in the House of Representatives said, well, if you got so much of it, why don't you just cut out some. And they took $500 million or so out of the budget.

And it was very hard for us to explain over here that there is no line item in the HEW budget for waste, fraud, and abuse even if they reduce it by $1 billion. And so those people are not the easiest to get along with but you are very easy to get along with. You have helped us a lot. We thank you very much, Commissioner.

You have been most generous. We will hear from you on this particular question?

Ms. BLUM. Absolutely.

Senator MOYNIHAN. And I tell you New York cannot be alone in having a backlog. I think, and Mr. Coler seems to agree, that this is just no way for a grownup government to conduct itself. Thank you very much.

Now, was that applause in favor of waste and fraud and abuse? No.

[The prepared statement of Ms. Blum follows:]

TESTIMONY OF BARBARA B. BLUM, COMMISSIONER, NEW YORK STATE DEPARTMENT OF SOCIAL SERVICES

SUMMARY

New York State strongly supports the goals of support for children in their homes, quality care for children in need of placement and maximum opportunity for permanency set forth by the legislation before the Subcommittee.

New York State has, on its own initiative, moved toward these goals through:

State funding of preventive services since 1973.

A system of protections for children in foster care including regular judicial and administrative reviews.

An information system to monitor standards of care.

A system of foster care payments related to the differing needs of children.

Standards to assure sound planning for children in foster care.

A state funded adoption subsidy program since 1968.

These efforts have shown results—The foster care caseload has begun to decline; and Adoptions of hard to place children have increased.

New York State efforts will be greatly enhanced through implementation of the new Child Welfare Reform Act of 1979. Under this act, New York will—Establish criteria for the provision of preventive services throughout the state; Issue standards which apply to preventive foster care and adoption services; Conduct utilization

reviews to determine the appropriateness of placement and whether services are being provided; and Provide fiscal incentives and penalties to support these policies.

As Federal legislation is developed two basic principles should be maintained:

Federal legislation should emphasize objectives and also allow states sufficient flexibility to maintain or develop programs suited to their needs.

The federal government must provide sufficient funds to maintain quality programs and especially to support newly mandated services.

*Specifically*

If case plan, review and due process requirements are written into Federal law it is important that they be defined with sufficient flexibility to avoid unreasonable administrative burdens.

Additional IV-B Funds must be guaranteed.

A ceiling on foster care expenditures can be workable only if funding for alternative services for children is available and the ceiling is set at adequate levels.

Federal participation in voluntary foster care placement should be provided.

The broadest possible adoption subsidy program should be enacted.

*Title XX*

The permanent Title XX ceiling should be raised to at least $3.1 billion.

The allocation formula must be more sensitivie to the needs of states.

Training is essential to achieve the goals of permanency for children.

A cap on training funds will be counterproductive.

If a cap must be imposed, it must at least be structured to protect current programs.

I am Barbara B. Blum, Commissioner of the New York State Department of Social Services. I am pleased to have this opportunity to participate in the subcommittee's consideration of issues of vital importance to children and families throughout the United States. It is my hope that the experiences and perceptions of New York State will be of assistance in this effort.

The legislation before the Subcommittee, including H.R. 3434; S. 966; S. 1184 and Amendment Number 392, share basic goals for child welfare, foster care and Title XX services. These goals include support for children in their homes, quality care for children in need for placement and maximum opportunity for children to live in permanent and nurturing environments.

It is gratifying that the goals and direction of Congress are in close harmony with the programs that New York has initiated. New federal programs can strengthen and support these efforts.

While many problems exist in New York's service and foster care system, the state can now point to a history of accomplishment in the protection and support of children. The state's comprehensive Child Protective Services Act of 1973 was a landmark in national efforts against child abuse and neglect and moved the state closer to addressing the needs of children and families in crises. New York has also committed state funds to support preventive service programs designed to make it possible for children to remain in their homes. The program, which began with $500,000 in state funds in 1973, has been expanded to a yearly appropriation of close to $6 million.

While these programs have been limited in scope, we are already aware of their impact. In counties where they exist, placement rates have begun to decline.

New York has also established a careful system of protections for children who must be placed outside of their homes and has increased these protections over time. In 1972, New York's Social Services Law was amended to require that a judicial dispositional hearing be held for each child in foster care for 24 months. (Sec. 392) The next year, state law was modified further to require judicial review within 30 days of all initial placements. In 1975, the 24 month review was increased to an 18 month review. These review proceedings consist of a full examination of the circumstances of the child including the appropriateness of placement and the current situtation in the home. Most recently, administrative reviews every 6 months have been required.

It is our belief that these review requirements provide effective protections for children in foster care. The state has also moved, on its own initiative, to create the monitoring capacity necessary to assure that standards will be maintained. In 1976, the Social Services Law was amended to require the state to design and implement a statewide information system for children cared for away from their homes. This system, the Child Care Review Service, became fully operational in the fall of 1977. CCRS provides the capacity to monitor the status of every child in foster care. We can not begin to measure agency performance from the information that the system will generate.

New York has also begun to achieve better management of its foster care resources through the Standards of Payment System, established by the state law in 1973. The goal of this system is to designate the needs of children in accordance with the severity of their problems and to relate reimbursement to the care required to meet those needs. This system recognizes that some children need more care and supervision than others and that differential rates are essential to insure that this care is provided.

This year, the Department also began implementation of the "Standards of Administration" which define the minimum tasks and activities that agencies must undertake to assure sound planning for children in foster care. These practices include intake procedures which emphasize services to avoid placement, planning for return to the family or other permanent arrangements, maximum contact with parents and periodic review of the service needs and goals for the child. These efforts will help us address the complex issues of measuring the quality of care provided and linking funding to that quality.

For eleven years New York has taken the lead in the expansion of adoption opportunities for children. The state has financed an adoption subsidy program with state and local dollars since 1968 to encourage the adoption of handicapped and hard to place children.

Subsidies are provided to support the medical needs of handicapped children and the general maintenance of children who might otherwise not be adopted. Close to 7,000 children have benefitted from adoption subsidies and 1,000 are added each year.

A photo listing of children available for adoption has facilitiated adoption of hard to place children.

We now have evidence that our efforts to assure permanency for children are having results. In 1968, the vast majority of the children adopted in New York City were white and the median age of adopted children was two years. In 1976, more than half of all adopted children were black and the median age had risen to 8.2 years. This year, the majority of adoptions reported by our information system were to foster parents and most of these received adoption subsidies.

Most importantly, we have witnessed a stabilization in our foster care caseload and the beginnings of evidence of decline.

These programs have begun to create a responsive, effective and accountable foster care system in New York State. We believe that our efforts will be greatly enhanced by the implementation of the new Child Welfare Reform Act of 1979 recently enacted by the state legislature.

The Child Welfare Reform Act—which will be implemented in two stages—requires that the service system emphasize services to prevent or shorten foster care placement. It also establishes funding policies that support these ends.

Preventive services are mandated if it is determined that a "child will be placed or continued in foster care unless such services are provided." Services may be provided to a child who may go into foster care, who is recently discharged from foster care or who is in foster care for whom preventive services may facilitate discharge.

State reimbursement will be increased from 50 percent to 75 percent for mandated preventive services. Non-mandated services will continue to receive 50 percent state funding.

Both mandated and non-mandated preventive service expenditures will be limited to the amount appropriated until April 1, 1981. After this date, mandated services will be funded on an open ended basis.

Standards will be issued which apply to preventive services, foster care and adoption services. These standards will include—A detailed child welfare plan from each district that specifies how compliance with this act will be achieved; a plan for each child receiving preventive, foster care or adoptive services based on an assessment conducted within 30 days of placement and reviewed semi-annually thereafter; and uniform case recording for each child.

The Department of Social Services will also be required to conduct utilization reviews of children receiving services to determine the necessity and appropriateness of foster care placement, whether diligent efforts toward discharge are being made, and whether preventive services have been provided. These assessments will be made on the basis of standards developed by the Department of Social Services in consultation with public and voluntary agencies.

New York has also developed fiscal incentives in support of these requirements.

State reimbursement will be denied for all cases not meeting statutory judicial review requirements, for all cases not meeting administrative standards and for a percentage of cases which represent unnecessary or inappropriate placements.

Districts will be required to pass these penalties on to the child care agencies responsible for such deficiencies.

Foster care expenditures will remain eligible for 50 percent state reimbursement but will be subject to a ceiling which takes effect on April 1, 1981, after open ended funding of mandated preventive services has begun.

Funding above the ceiling may be allowed but may be denied if expenditures are not in substantial compliance with the district's child welfare services plan or if mandates have not been met in a substantial number of cases.

The legislation will encourage adoption activities by increasing State reimbursement for adoption services from 50 percent to 75 percent. In addition, the period after which foster parents are given preference in adoption will be decreased from 24 to 18 months.

As your Subcommittee considers the legislation that has been developed in both the House and the Senate, it is important that two basic principles be maintained:

Federal legislation should emphasize objectives rather than mandate highly specific procedures upon the states. This will allow states sufficient flexibility to maintain or develop programs that are suited to their particular needs. It is my belief that New York's programs illustrate the importance of allowing this latitude.

In addition, the federal government must provide sufficient funds to maintain quality programs and especially to support newly mandated services.

It should be evident from the State programs and legislation that I have described that New York State actively supports the concepts of planning, protection and prevention that are contained in each bill before the subcommittee. Individual case plan requirements, regular case reviews and due process for those involved in foster care proceedings—provisions contained in each bill—are essential to an effective foster care system.

If these requirements are written into federal law, it is also important that they be defined with sufficient flexibility to avoid unreasonable administrative burdens and to be feasible within an already heavily burdened service system.

For example, while individuals must receive prompt information and the opportunity to object to agency decisions, full fair hearing procedures in every instance may prove to be a counterproductive and costly requirement. Similarly, requiring preventive services in every instance without allowing judgment to be exercised about their usefulness, could result in the pro forma delivery of services rather than meaningful efforts to keep children and families together.

We would also suggest that the establishment of numerical goals in state law for the number of children in foster care in excess of a given time period may not be the optimal approach toward reducing the length of stay in foster care. Placing such goals in State law could be a cumbersome and disruptively controversial process.

Instead, standards of the necessity and appropriateness of placements and adequacy of services along with reviews based on these standards should be encouraged.

The services necessary to achieve permanency for children and a responsive foster care system are initially expensive. States clearly need increased federal support in these efforts. It is especially important that additional dollars be available to fund services other than foster care. Guarantees of additional Title IV-B funds are needed.

New York has begun to place limits on foster care expenditures. We believe that a ceiling on foster care maintenance payments can be a workable mechanism if funding for alternative services for children is available. A ceiling must be constructed at sufficient levels above current program cost to protect the quality of foster care services, and allow some growth. It is also important that administrative costs be included in base year expenditures. Finally, a ceiling should be reviewed periodically to assure that it is having the desired impact on programs and expenditures, and that it remains reasonable given economic conditions, population changes and programmatic needs.

I would also urge that any legislation enacted by Congress address the issue of federal participation in voluntary foster care placement. While the requirement that a judicial determination precede such participation has significant fiscal consequences for states, it is an important programmatic concern as well. The heavy burden that this requirement has placed on the court system has, in fact, undermined the effectiveness of judicial review. The interests of all children in the foster care system would be best served by an easing of this requirement.

In addition, I urge that Congress assist in the resolution of a continuing dispute currently pending between New York State and the Department of Health, Education and Welfare over funds received for children currently in foster care who did not have court orders ordering removal from their homes within six months of their initial placement. In every case, however, a court did determine at the time of the

18 month review required by State law that return to the home would be contrary to the welfare of the child.

It is our belief that the State is in substantial compliance with federal regulation and that the proposed disallowance has little relationship to the issue of principle concern—the ongoing validity of foster care placements. In addition, the current State requirement that all placements result in the initiation of a judicial review within 30 days of placement has prevented such disputes for the majority of current placements.

This dispute, which could have damaging fiscal impact on New York's program, must be resolved so that our energies can be directed at assuring quality care for children.

As our foster care system continues to become more effective, more children will have the opportunity to live in permanent homes. Adoption subsidies are of great importance in our efforts to maximize this opportunity. Federal support is obviously appropriate and necessary for these programs.

While any federal contribution to adoption subsidy will be most welcome, I urge that Congress adopt a program with the broadest possible eligibility criteria. The assurance of Medicaid benefits to hard to place and handicapped children is of particular importance.

Finally, New York State's experience in providing subsidies to adoptive parents suggests that frequent income tests and the prospect of abrupt termination of subsidies can be detrimental to program goals. Accountability should be assured without raising unnecessary anxiety on the part of adoptive families.

*Title XX*

I would now like to turn my attention to the Title XX issues before this committee.

Title XX is most critical to our efforts to serve children, families and adults. These funds support protective services to children and to the elderly, child care, counseling and many other programs. Title XX is essential to the goals of independence and stability for a broad section of our population.

It is unfortunate that such vitally important services should be the subject of uncertainty in the current budget process. There should be no question that allowing the Title XX ceiling to revert to its permanent level of $2.5 billion is an unacceptable alternative. Instead, the ceiling should be permanently increased to at least the proposed level of $3.1 billion. This increase is neccessary if programs are to begin to achieve adequacy.

In addition, the formula by which these funds are allocated must be more sensitive to the needs of the states. Distributing additional funds according to a formula that considers a state's public assistance, young, elderly and poverty level population would be an important step in this direction.

Two bills before the Committee would allow states the option of adopting multiyear planning cycles for the use of Title XX funds. New York strongly supports this option which will allow more effective coordination of Title XX and other service programs to be achieved.

Finally, I urge that the importance of training funded through Title XX be more fully acknowledged and supported. Training is essential to achieve the goals of permanency for children. Preventive services can be only as effective as the service workers who provide them. Case plans can only be properly developed by skilled individuals. The basic goals of the legislation before you today will be undermined if training is not adequate.

Training programs have contributed to the economic development of low income individuals. A program in New York which trains persons with little experience to provide family day care services is accomplishing two important goals: Financial independence and effective service delivery.

A cap on training funds will be a counterproductive action. If the concern of Congress for controlling expenditures must be addressed, a cap must, at least, be structured to protect current programs.

Holding states harmless at the greater of their 1979 training levels or the percentage of their Title XX allotment expended for training in 1979 would be one such alternative.

I would also suggest that Congress act to assure equal treatment of private and public institutions regarding their contribution to training grants. This will facilitate participation by the private sector and assure a broad range of participants in these important activities.

It is my hope that this Subcommittee will act on the issues before it today to create a strengthened Title XX program and to support a child care system that is responsive to the needs of children and families.

Senator MOYNIHAN. Now the last of our individual witnesses is Joseph Heffernan, dean, School of Social Work, University of Texas, who appears on behalf of the Council on Social Work Education.

**STATEMENT OF JOSEPH HEFFERNAN, DEAN, COUNCIL OF SOCIAL WORK, UNIVERSITY OF TEXAS (AUSTIN), ON BEHALF OF THE COUNCIL ON SOCIAL WORK EDUCATION, ACCOMPANIED BY JOHN HANKS, FACULTY MEMBER OF THE UNIVERSITY OF WYOMING**

Mr. HEFFERNAN. I have an associate, Mr. John Hanks, a faculty member of the University of Wyoming.

Senator MOYNIHAN. Would you go ahead as you wish.

Mr. HEFFERNAN. Thank you.

We are inserting into the record a formal statement prepared by the Council on Social Work Education. We believe it effectively makes clear that orderly and planned-for growth or for that matter orderly and planned-for retrenchment of social services has to be linked with the training programs that go on. If services go up, training should go up. If services go down, training also should go down.

We also endorse the position taken by the American Public Welfare Association that merely setting a cap on, without looking at the components of the training programs, does not make sense. At this point it seems to me that it may be necessary to establish some range for the various States with regard to how much money should be spent on training in relationship to service. But you have to look at the various forms of training that go on within title XX, which include inservice training, training to provider agencies, training within the universities for both graduate and undergraduate education.

As far as I can see, it seems that the cost/benefit ratio of those various kinds of training expenditures are very, very different. And to simply establish a cap on all training, without looking at the total components of the training composite, if you will, is not a sensible way to make legislation. It is reasonably clear as Martha Derthick and others pointed out that fiscal as well as technical planning is required if the objectives of title XX are to be achieved.

Senator MOYNIHAN. Stop right there. Anything that Martha Derthick says is sure to be true. So tell me what it is she says.

Mr. HEFFERNAN. What she says basically in her book "Uncontrolled Spending for Social Services Grants" is——

Senator MOYNIHAN. Oh, the title XX?

Mr. HEFFERNAN. Well, it actually preceded title XX and, perhaps created title XX for that matter. Essentially the argument, to summarize it in a sentence, is that in social services particularly you have a very fuzzy definitional problem. And without a reasonable definition, if you have a cap on one kind of activity within a single funding agency and the absence of a cap on some other portion of that activity within the agency, there is a greater inevitable tendency to say this is not training. But rather this is administration. This is not administration, this is service.

This gets to the question of Congress having to look at title XX in its entirety and decide which it is in need of revenue sharing or the stimulation of specific funding for specific activities.

Senator MOYNIHAN. Well now, damn it, here, you know, this is a good, clear statement of how to think about a problem. And just for your information, do you know there is one State, which shall be nameless, which has the equivalent of 20.6 percent of its title XX money being used for training? I can imagine they have people building roads in Connecticut on the grounds that they are in social welfare training of some kind or other.

Mr. HEFFERNAN. I am certain, sir, as you look at those percentages, they will in fact reflect the definitional problems within the States as well. The States that I am most familiar with, Wisconsin and Texas, range quite considerably in terms of those percentages, but I am not sure they range merely in terms of actual behavior.

Senator MOYNIHAN. So if we don't put some limit on training as a ratio, we will find training just expands to the point where it gets ridiculous?

Mr. HEFFERNAN. I think that is reasonable to assume.

Senator MOYNIHAN. OK.

Mr. HEFFERNAN. But, however, the training cap that is placed should be done with enough warning so that a reasonable transition can take place.

Generally, and I am speaking for myself and not the council, the notion is that, say, you nit at a number that seems reasonable. Some States may be two and three times that number. I wouldn't give them the same kind of treatment I would give a State that is slightly over this formula that you arrive at. The critical point, however, it seems to me, is to look at the various components of training and decide which of them in fact are providing the kind of objectives vis-a-vis the goals of title XX.

Senator MOYNIHAN. Now you mention that the cost-benefit ratios are different as between different types And that is a reasonable sounding notion. But who is going to know that better: the States, or are we going to know much up here?

Mr. HEFFERNAN. In Texas we can give you fairly precise answers to that question.

Senator MOYNIHAN. But should we try to stipulate here what the cost-benefit ratios are?

Mr. HEFFERNAN. It is very difficult, Senator, because the States do not enter into title XX from the same point in the development of that social service network. A State that did not have extensive spending in social service programs might have to have a very large input of training at the front end in order to be ready to carry out the objectives. Another State, which already had a program in operation for many years, might look much better because they are accomplishing the same kind without flowing money into the universities. The universities are reluctant to set up new programs. Obviously they are required to be pushed into setting up the new programs. States which have not had social work schools need the stimulus of external dollars to go into that area.

Senator MOYNIHAN. Yes. Well, that makes the case for leaving it to the States to tailor their own mix.

Mr. HEFFERNAN. I think the States should be essentially free to tailor their own mix with some reasonable limits set on the Federal level.

Senator MOYNIHAN. Yes.

Mr. HEFFERNAN. In Texas and particularly the University of Texas at Austin we are convinced that training and educational programs are critical to the development, discovery, and implementation of an efficient social services system. Let me tell you about our training programs where we have focused on the delivery system itself, with specific regard to the delivery system in rural areas, the delivery system to ethnic minorities, and the delivery system to the underserved generally.

We are convinced that in social services, as in health, the distribution of trained personnel is as critical as the magnitude of the trained personnel. Getting back to supply, the number of social——

Senator MOYNIHAN. By that you mean——

Mr. HEFFERNAN. The numbers of social workers in a State.

Senator MOYNIHAN. But what if everybody is in Dallas and Fort Worth and nobody in Eagle Pass?

Mr. HEFFERNAN. Social workers, like others, happen to congregate in the better communities. Of course, all communities are attractive in Texas.

Senator MOYNIHAN. Meaning no offense to Eagle Pass.

Mr. HEFFERNAN. Well, all communities are equally attractive in Texas so they are distributed equally in Texas. We have instituted procedures to assure that students trained with title XX funds do in fact enter into jobs in title XX agencies and use those skills, which they acquired to do in their graduate or undergraduate education. We have developed a set of programs that relate the current training efforts to the future manpower needs. It is sort of like a corn-hog cycle. You have to plan ahead and set the training at this time to what you think is going to be the case 2 years down the pike when the person becomes a graduate social worker.

I want to make as clear as I can the link between training and service. And you can look at a number of areas which you have been discussing extensively this evening: Permanency, planning, and child welfare. Other areas are the development of community-based services in mental health, community based services for the aged, the reduction of recidivism, the juvenile justice system, the reduction in the error rate in AFDC and SSI benefit calculations. All of these developments, as the Commissioner mentioned just before me, are in part a consequence of placing a larger proportion of graduate trained social workers into the social welfare system.

I would like to bring your attention, Senator, though to a very specific problem. And that is this last month we have been diverted from our efforts at these long-range goals and have had to deal with the unintended consequences of the expected passage of H.R. 4389 ahead of the authorizing legislation projected either in 3434 or 1184. Though my own university will not lose any instructional positions, the sudden drop in funding is causing massive withdrawals of field and classroom instructors in the middle of a semester. The council staff is currently estimating the exact magnitude of the losses. One Texas school I know of was forced to lay off nearly half of its faculty.

Very many students, 31 in my university and similar numbers across the country, who entered this fall term fully expecting to have their tuitions and fees paid and their living expenses paid by

a title XX stipend or grant are now suddenly told that this support will end effective the 30th of September. I and most of my colleagues endorse the principles and procedures set forth in H.R. 3434 and 1184. Both of these provide for an orderly and planned transition into the current fiscal and political conditions which were not envisioned when title XX was first enacted.

If you do select 1184 over 3434 I hope that you will use fiscal year 1979 rather than fiscal year 1979. You wrote that in originally because fiscal 1978 was all you had available at that point.

It is important I believe that Congress act very, very rapidly with regard to this legislation so that the unintended appropriation of $75 million does not become the level at which we enter fiscal year 1980. If the Department of Health, Education, and Welfare allocates to the State on the basis of $75 million and then later on legislation is passed which makes this more liberal, it won't do a lot of good for the graduate and undergraduate programs because we have to set the programs in place at this time. You can't close a course the 1st of October and reopen it the middle of November when Congress has acted.

My essential plea at this point is to act promptly. And in support of that I would make this comment that a lot of people—I am not one and I don't think you are—believe that there has been a mindless and uncontrolled growth of social service expenditures. Whether one believes that to be the case or not, it is certainly clear that mindless and uncontrolled retrenchment is not a response to even mindless growth. The 40-percent cut in 1 month of what were the anticipated grants to the States for title XX training will produce an untold number of diseconomies. We will find students stranded in midprogram We will find incomplete instructional staff. We will find half finished inservice training programs. The list is almost endless.

Clearly a massive cutback with no planning is not the way to proceed.

The legislation which is before your committee is a reflection I think of a sound and planned effort regarding training and the establishment of a transition program. The council staff stands ready to work with your staff or anyone else in developing a reasonable transition program. I urge you to support rapid passage of either piece of legislation because I think that it will serve as a clear congressional mandate to the administration that we indeed want to keep service and training at their current level.

Senator MOYNIHAN. Well, I thank you very much. You have helped us. I need something more from you, though. I need an actual statement about the 40-percent cut. And would you give me the particulars about Texas. And can you get that——

Mr. HEFFERNAN. Do you want this later? Or——

Senator MOYNIHAN. Please give us that soon. Call it in tomorrow or the next day. Get it to us before the end of business Wednesday. Would you do that?

Mr. HEFFERNAN. I would be glad to do that

[The information to be supplied by Mr. Heffernan for the record follows:]

## Testimony of the Council on Social Work Education

### INTRODUCTION

I am Joseph Heffernan, Jr., Dean of the School of Social Work at the University of Texas in Austin. I am accompanied by John Hanks, a faculty member of the University of Wyoming Undergraduate College of Arts & Sciences, Department of Social Work. We are testifying on behalf of the Council on Social Work Education as well as our own institutions. John Hanks is a member of the Board of Directors of the Council on Social Work Education.

The Council on Social Work Education is an organization which is composed of 83 graduate schools of social work and over 200 undergraduate programs for social work training located in leading colleges and universities across the country. Over 40,000 students are enrolled in these programs, along with 4,000 faculty members. In addition to educational institutions, there are 4,000 members of the Council on Social Work Education comprised of voluntary agencies and related organizations, faculty members, and individuals concerned with social work education.

*1. A Description of the Title XX Training Program*

Under Title XX, the Federal Government matches state expenditures for training costs including in-service training costs and the costs of grants to institutions of higher education and student aid. The Administration budget estimates for FY 1979 showed that $45 million, or 50% of the program, was for in-service training and $31 million, or 33% of the program, for grants to schools supplying social service training and student aid. Schools supplying the training include graduate and undergraduate schools of social work as well as schools of public administration, business and others. Training is devoted to directly improving the social service program in the state. The program currently provides support for training individuals currently employed by the state Title XX agency in any capacity, whether administrative or service delivery, and the training of service delivery personnel for public and private provider agencies. Public and private provider agencies would include those agencies in state government such as the mental health agency which may contract with the state Title XX agency to provide mental health services to Title XX eligibles as well as private agencies such as family service agencies or child welfare agencies which have contracts with the Title XX state agency. In addition, students preparing for employment with the state Title XX agency may be trained in programs supported by grants to the educational institution. Such students may also receive student aid provided that the students have a written contract with the state Title XX agency in which the student agrees to make him- or herself available for employment with the state Title XX agency.

The program has been quite successful in many respects while it obviously does not please everyone. It is a very unique Federal program of professional training since the major agency in the service delivery system is directly involved with the formulation of the education and training programs for social service personnel. In most other areas of Federal support for the training of professionals, there is little or no relationship between the service delivery agencies and the educational institutions. This unique experiment has been quite successful on balance as evidenced by a study performed for HEW by the Florence Heller Graduate School for Advanced Studies in Social Welfare at Brandeis University under the able direction of Charles Schotland. That study, dated September 1976, reviewed Title XX training programs in 6 states. The study essentially supported a Federal role in financing a major program for social service manpower, while recognizing the great diversity among state social service programs and the need for diverse training to relate to such programs.

*2. Need for Qualified Social Services Manpower*

HEW recently submitted a report to the Senate Appropriations Committee dealing with the issue of social services manpower. That study draws heavily on Bureau of Labor Statistics information and a study by the Council on Social Work Education which indicates that through 1985 there will be approximately 35,000 job openings in the social service field. Graduate and undergraduate schools of social work currently produce about 16,000 graduates per year. While some other schools may produce social service manpower, their is and will be a substantial shortfall. A study done by Peat, Marwick & Mitchell and the Child Welfare League dealing with the child welfare services program also documents a substantial need for more training of those providing services to children. This study of 25 state child service programs indicates that one of the greatest shortcomings in the childrens' service programs is the inadequate training of personnel who are performing very difficult

and important jobs such as determining the placement of children and determining whether they are abused or neglected.

It is self-evident that the effectiveness of social services, like the effectiveness of health services, depend upon the abilities of the personnel delivering the services. We are not talking about hardware or mass-produced products, but rather the delivery of services by one human being to another. Many of the shortcomings in our social service programs relate to the inadequate preparation, training and skill of the individuals attempting to perform these personal services. We invest a great deal in our health manpower training system, close to $1 billion, but little in the social service fields such as foster care, adoptions, homemaker services, child care, rehabilitation and job training.

If one assumes that there is a major need for more trained social service manpower and better trained manpower, and we clearly do believe this, it is apparent that the Title XX social service training program is the only major resource to meet this need. There is a small training program authorized under Section 426 of the Social Security Act under which HEW makes direct grants to institutions of higher learning. That program is funded at only $8 million, however, and the Administration was proposing to cut that program to $5 million for fiscal year 1980.

With the many training needs that are not addressed by Title XX at all, it would not seem to be particularly responsive to impose a ceiling on the training program which would prevent growth entirely. There are other arguments against such a ceiling presented later in this testimony.

Funding levels for Title XX training since the first full Federal fiscal year of the program have increased substantially but we do not believe those increases constitute evidence of a nationwide abuse of this program. In fiscal year 1977, when training funds for the first time were clearly designated a Title XX training and not commingled in Federal accounts with income maintenance and Medicaid training, the level of Federal effort was $55 million. In fiscal 1978, that figure rose to approximately $68 million. Estimates for fiscal year 1979 are in the range of $85 to $90 million and estimates for fiscal year 1980 are in the range of $95 to $100 million. The total rate of growth over the 3-year period between fiscal 1977 and fiscal 1980 is about 24% per year. The growth rate from fiscal year 1978 to date is little over 20% and the predicted growth rate for fiscal year 1979 and 1980 is in the neighborhood of 12% to 14% without any ceiling proposed. Thus, the annual rate of growth is 24% and the growth rate has been declining it would seem. We do not believe that these are alarming national figures given the magnitude of the social service program and the great need to training of personnel for the social service system. Recent studies in the child welfare field document the enormous deficiencies in training of personnel for childrens' services. We believe that we are joined in our assessment of the major needs for training programs for personnel in the Title XX program by the American Public Welfare Association, the National Governors Association, the National Governors Association, and associations of provider agencies.

*3. Proposals to Limit Training Expenditures and Their Impact*

*A. FY 1980 Appropriations Bill.* The FY 1980 appropriations bill for HEW places a $75 million expenditure ceiling on Title XX training but provided no distribution formula for the allocation of such funds between states. Also, there are estimated to be about $14 million of FY 1979 fourth quarter claims to be filed in FY 1980 which lowers the funding available for FY 1980 to $61 million unless there is a supplemental appropriation to pay the FY 1979 claims or unless $14 million of FY 1980 claims can be paid in FY 1981. Since the January HEW estimates for FY 1980 expenditures were about $100 million, this means a 40% cut nationally. Some states are informing educational institutions that there will be no FY 1980 program of grants to them or student aid. Other states are requiring 50% cutbacks in programs. A survey done by our organization two weeks ago indicates the following impact of the $61 million ceiling: from limited returns.

*Texas:* 20 training contracts terminated; 7 schools show their program budgets being reduced by an average of 50-60%; one school will dismiss 11 faculty and 45 scholarships are eliminated 42 and 38 scholarships; 4 others average 3 faculty dismissals and 15 terminated scholarships.

*Louisiana:* Southern University will dismiss 12 staff, terminate 17 scholarships, and lose $240,000.

LSU estimates 20 faculty to be dismissed and 58 stipends eliminated.

*Maryland:* Program budgets are to be reduced by 50%.

*Pennsylvania:* One school reported a 23% budget cut for its program.

*B. Administration Proposal for Title XX Training Ceiling.* After a 3 year phase-out period, the Administration proposal will have similar effects to those of the $61 million ceiling because it is based on a 3% of service budget limit. While the total

figure would be about $75 million to $87 million under that 3% ceiling, that amount will be about the same as $61 million in real dollars. The impact would be delayed but no less real. As noted before, FY 1980 estimated spending was $100 million as of January, and May estimates were about $120 million.

The proposals has no provision to hold states harmless at current levels though there is a three year period for a state to phase down to 3%.

*C. H.R. 3434.* This bill adopts a one year, interim ceiling of 3% with a hold harmless for all states at 3% of their FY 1979 service budget plus two-thirds of the difference between 3% and the FY 1979 actual percentage of the services budget devoted to training. After FY 1980, H.R. 3434 applies a Federally-approved state plan requirement as a method of controlling expenditures for training. The state plan would require that the training activity be specified and that its relationship to the Title XX service system be stated as well. The Federal approval authority would enable the Federal Government to control expenditures that were not related to Title XX. These provisions have the advantage of allowing the growth of training programs which show a legitimate relationship to Title XX but controlling those expenditures that do not bear a substantial relationship to the improvement of the Title XX service system.

The interim, FY 1980 ceiling is basically a reasonably one although it does reduce current, FY 1979 effort, by ⅓ of the difference between 3% and the FY 1979 training percentage. It is reasonable, unlike the Administration proposal and the FY 1980 appropriations bill ceiling, because it allows states to roughly maintain existing effort unless state training expenditures are less than 3% of the service budget. The Administration bill and the FY 1980 appropriations bill both could reduce the current effort of at least 25 states: the Administration bill because by 1983 all states would have to have training limited to 3% of the services budget the FY 1980 appropriations bill because a $61 million or $75 million expenditure limit will either cut all states by 25% to 40% on a pro rata basis or reduce more drastically 25 states with training funds over 3% of the services budget.

*D. S. 1184.* Like H.R. 3434, and unlike the other bills, S. 1184 attempts to hold state training programs harmless from major reductions in FY 1980. S. 1184 limits training support in FY 1980 and later years to 3% of the social services budget for a given year, but no state would receive less than either the actual dollar level of training support in FY 1978 or the percentage of the FY 1978 services budget devoted to training, whichever were higher. Clearly, using the FY 1979 dollar level or percentage would more accurately hold a state harmless against program cuts since we are currently in FY 1979.

With respect to years after FY 1980, H.R. 3434 probably would allow more quality program growth than S. 1184 but if an FY 1979 percentage were used as the hold harmless provision in S. 1184, the effects might be similar. On balance, we support the provisions of H.R. 3434 or those of S. 1184 where the hold harmless provisions are based on FY 1979 figures. Either bill would be a significant improvement over the Administration's proposal or that in the FY 980 appropriations bill.

To the extent that using 3% or the FY 1979 percentage of the services budget, whichever is higher, as a permanent ceiling fixes the training budget at too high a level in some states, we would suggest a cap on the hold harmless provision.

*4. State Plan Requirements*

Title XX presently has provisions for both a state social service plan which must be approved by the Secretary (Section 2003(d)) and a state planning process which results in the comprehensive annual services program plan (Section 2004). We would recommend that the state planning process required by Section 2004 include a new provision related to training. That provision should require a description by the state of: (a) needs for personnel training in the state and the categories of individuals needing training (including administrative personnel of provider agencies and individuals preparing for employment with provider agencies); (b) relevance of such training needs to the Title XX program; (c) the training programs intended to meet those needs; (d) where appropriate, criteria for selection of those to be trained and the training institutions; and (e) the source and amounts of resources necessary to carry out the training program. Since this provision would be part of the program planning section, such planning would be subject to public comment and become part of the comprehensive annual services program plan. A new provision should also be added to Section 2002, analogous to the provisions related to services, indicating that no payment would be made by the Federal Government to any state with respect to any training or retraining expenditures unless the Secretary determines that the state's program planning for training is adequate and in accordance with the training planning provisions.

We believe that these provisions would stimulate improved training programs.

The public participation in the process of training needs assessment and program development should be a benefit to the program. Also, HEW would have legal authority to deny Federal payments to match state expenditures where the plan failed to document the need for the training and its relevance to Title XX. Such is not presently the case. Provisions like these should both contain costs as well as stimulate quality training. We would also urge that the Subcommittee require an evaluation and report to Congress by the Secretary on the operation of this training program with these changes by the close of the third year of full implementation.

*5. Other Training Recommendations—Private Donated funds*

We would also like to suggest that the training provisions related to private donated funds be amended as proposed in Sections 3 and 4 of S. 1184. At present, whether for services or training, private donated funds may constitute the state matching share but only where the donation is unrestricted at least as far as donations by program sponsors are concerned. The private sector in education is disadvantaged by this provision because it cannot contribute matching for the restricted purpose of improving or expanding its program. It can only give money to the state on an unrestricted basis and most trustees of such institutions will not do that. Public institutions are not so disadvantaged since the matching share for a public school or service agency is appropriated by the state and may be appropriated on a restricted basis. We would recommend that in the training area, the private donation provision be amended to permit donations which are restricted as to purpose so long as the project to which the restriction applies is identified in the planning of the state agency. We would support that provision in S. 1184.

*6. Services Provisions*

We support H.R. 3434 with respect to the fiscal year 1980 social services ceiling, but we support the concept of progressive, inflation-hedging increases beyond fiscal year 1980, as recommended in S. 1184. We support the concept of an entitlement under Title IV-B of the Social Security Act which is included in H.R. 3434 which places Title IV-B on a par with Title XX. We are also in support of the adoption subsidy program of S. 1184.

CONCLUSION

Professional manpower training for the social services system is critical to the quality of social services; just as critical as health manpower is to the health system. We believe that the provisions which we have recommended would improve the quality of such training control any abuses about which this Subcommittee or others are concerned.

We also believe that liberalizing the private donation provisions will improve the effectiveness of the training program.

Senator MOYNIHAN. And I would like to ask Professor Hanks a question that Senator Wallop wanted to know. He asks what would be the effect of title XX funding losses on the accreditation of social work programs in the United States?

Mr. HANKS. My view would be that there would be a very serious impact. Now I can't give you numbers but when you are looking at some programs that will have a 50-percent cut, off their total budget projected, that inevitably means you lose faculty support services, which bear upon accreditation standards. And I would like to make clear accreditation means quality. And we have seen over the last 15 years in particular in both undergraduate and graduate programs a considerable improvement in quality and that in turn we assume means better services to clients.

We are less concerned in one sense about the impact on faculty, although that is a problem but we are really concerned about service to clients. And accreditation means quality.

Senator MOYNIHAN. I think I would like a statement from you too, sir.

[The statement of Mr. Hanks to be furnished for the record follows:]

SUPPLEMENTAL STATEMENT OF PROF. JOHN W. HANKS, PH. D.

The loss of funds for social work training proposed in S. 1184 threatens the ability of numerous undergraduate social work programs in U.S. universities to retain their accreditation. The Council on Social Work Education, of which I am a board member, is the sole accrediting body for both graduate and undergraduate social work programs in American institutions of higher education. My testimony also is derived from my considerable experience as the chairperson of on-site accreditation teams whose fact-finding reports become the basis for decisions by the Council's National Accreditation Commission on whether a social work program obtains accredited status or retains accreditation after a renewal application.

It is my considered professional judgement, based on my accreditation experiences and a preliminary survey of the Council's current accredited programs, that a sizeable number of the current programs will suffer such a severe cut in faculty and other support from the proposed reduction of Title XX training funds that they will not be able to retain their accredited status.

The preliminary Council survey of 33 schools comprises about 10 percent of the nation's accredited programs. Eight, or one-fourth of the responding schools had already lost between 1-3 faculty members because of the faculty insecurity causing resignations or dismissals in anticipation of the severe budget cuts.

Thirty-two, or nearly 94 percent, of the 33 schools reported a range of 1-15 faculty members' positions which would be eliminated because of the proposed budget cuts. In small programs the loss of even one faculty position can make the difference between being accredited or not being accredited where the program is operating at a very marginal position for its faculty-student ratio.

Eleven, or thirty-three of the reporting schools, reported that 50 percent or more of their annual operating budget would be eliminated because of the threatened Title XX training fund cut. Another seven colleges or universities' social work programs reported their budget losses would range between 25-49 percent. Thus, a total of 18—or nearly 55 pervent—of the reporting schools indicated that 25 percent or more of their annual operating budgets would be eliminated because of the threatened loss of Title XX training funds. Clearly, those severe budget losses cannot be easily made up by universities and colleges which must go through long and burdensome budget procedures to obtain new faculty positions or support funds. The precipitate nature of the fund cuts, threatening dismissals of faculty effective October 1, 1979, not only may precipitate the loss of accreditation, but could immediately disrupt the educational plans of thousands of students and their parents where this very fall's classes may have to be discontinued. Clearly, hold harmless provisions and three-year phase-downs are called for. Thereby, university administrations can have time to substitute state support for federal funds and both students and faculty, and their families can be protected from precipitate, severe reductions of social work education programs.

Senator MOYNIHAN. My associate in this matter says that this has escaped us, that there is going to be a cap on training. That is obviously no way to manage it?

Mr. HANKS. I can give you an example in Wyoming.

Senator MOYNIHAN. Oh, I see. That is why all of those trainees are in the back. They haven't got their grants.

Mr. HANKS. We have planned now to cut off a team of four graduates of the university who were put into Rollings University as an impact team to address the problems of population growth and energy development and a very severe situation in the community. That team has been put on notice they will be through in 2 months, when we had 1 year's commitment to them. Part of the reason for putting them on notice is that the faculty member concern with consultation and directing that team is on title XX funds.

Senator MOYNIHAN. Yes.

Well now just the number of things that I don't know are very considerable, but this is new to me.

Mr. HEFFERNAN. I do have a prepared statement which I prepared for another purpose and which I can leave.

Senator MOYNIHAN. Do that, would you. Your point is there is such a thing as too precipitous an increase and probably there was in this program.

Mr. HEFFERNAN. Senator, you made the comment about the trainees not having received their grants. It is one thing for people to look to Congress to appropriate legislation so they can then apply for a grant. What happened in this case is that many students received a notice that they indeed had a grant and then a week after they were told the grant is gone. It is unconscionable.

Senator MOYNIHAN. This is the way we do things up here but it is not the best way. And we will work that out. And I agree with you that it is unconscionable, as I will agree that letting the title XX program drop to two-thirds or to one-half of its true value in the budget just by freezing it is no solution either.

Mr. HEFFERNAN. Caps are not an answer.

[The following was subsequently supplied for the record:]

COUNCIL ON SOCIAL WORK EDUCATION,
*New York, N.Y., September 25, 1979.*

Hon. DANIEL P. MOYNIHAN,
*Russell Senate Office Building,*
*Washington, D.C.*

DEAR SENATOR MOYNIHAN: Dean Joseph Heffernan, Jr., of the School of Social Work, University of Texas-Austin, appeared before your Subcommittee on September 24, 1979 to present this Council's views on proposed appropriations for Title XX training. He stressed the severe affects the proposed funding level is now having, and will continue to have, for essentially in-service training programs and social work degree programs located in colleges and universities in all 50 States.

I am writing in response to your request to Dean Heffernan that data on the negative impact on training programs be made available to you and the Subcommittee. Because of limited time, not all social work schools and programs were able to report to us. The sample which did report (drawn from 347 accredited undergraduate social work programs and 89 accredited graduate social work programs) indicates that the proposed funding level of $75 million (actually $61 million because of encumbrances) will have an immediate, extremely negative impact on students and faculty. The capacity to develop quality educational programs will be diminished. The long-term consequences will be decreasing the pool of professionally trained personnel for the human services.

Our data from a self-selected sample of 37 graduate schools and 38 baccalaureate programs (N=75) indicates that if the appropriations level of $75 million is used, the following consequences can be expected:

a. Students—in the reporting schools, 41 graduate students and 380 undergraduate students will lose stipends in mid-semester;

b. Faculty—41 faculty have already been dismissed and 258 will be dismissed in mid-semester (180 graduate, 82 undergraduate faculty); and

c. Program Budget—reporting schools indicate that they will lose $15,490,175 of support used for continuing education, student stipends, and faculty and curriculum development ($11,847,175 graduate and $3,643,000 undergraduate).

The states whose programs are most jeopardized by proposed Title XX appropriations levels are Texas, Connecticut, Kentucky, North Carolina, Montana, Louisiana, Colorado, Alabama, Wyoming, California, North Dakota, New Jersey and Nebraska.

We believe that these data reflect abrupt and deep cuts which will be felt throughout the nation to the ultimate detriment of the consumers of the social services. The Council urges you to support both a supplemental appropriations, and orderly transition of planned implementation if a "cap" is to be placed on training funds.

If you desire additional information on the consequences of the Title XX appropriations levels, please call on me.

Sincerely,

GARY A. LLOYD,
*Executive Director.*

UNIVERSITY OF TEXAS AT AUSTIN,
*Austin, Tex., September 26, 1979.*

HON. DANIEL P. MOYNIHAN,
*Russell Senate Office Building,*
*Washington, D.C.*

DEAR SENATOR MOYNIHAN: The schools of social work in this nation face a grave funding crisis which has the potential for a major disruption in the education of social work students and the in-service training of persons already working in public agencies and public and voluntary agencies which serve Title XX clients. The situation arises from the fact that within Congress, the appropriation process ran ahead of the authorization process while the Administration appeared to have some difficulty assessing its own position. At the risk of redundancy, I will try to bring the record forward on the basis of the perspective of our School.

You are aware of the broad purposes and legislative history of Title XX. With this commitment, albeit a reluctant one, to spend $2.5 billion to fund social service efforts, it was recognized that a portion of these funds would need to be used for pre-service and in-service training and educational development. Based on each state's capacity to deliver social services in 1975, the various states have had widely different educational and training needs. Recognizing this, no prudent person could have expected the states to move evenly. As the total training expenditures rose from $55 million in FY 1977 to $68 million in FY 1978, $90 million in FY 1979, and an expected $100 million in FY 1980, the states did in fact behave differently with regard to the share of total dollars invested in training programs (see table attached).

A configuration of events—the real decline in social service dollars because of inflation erosion, the starkly different shares within the states going to training, and the rising national share going to training—triggered a desire for a cap on training expenditures. The original Administration position in January of 1979 was for a 3% cap with a 3 year phase-in. Each state spending above 3% would have to reduce their budget by ⅓ until they were down to 3% over a 3 year period. The magnitude of the cap and the interstate allocation process have been critical to the debate. The essential effort by the Council on Social Work Education has not been to avoid the cap but to put one in place that would cause the minimum disruption. While Congress debated the cap and the general level of service expenditures, it fell behind the budget resolution schedule. In order to comply with that schedule, the Appropriations Committee established a cap of $75 million (a fall out number that is 3% of $2.5 billion; it was not a number that was arrived at by specific consideration). This is contained in the Conference Report on H.R. 4389. The language of H.R. 4389 specifies that encumbered but unspent training funds for FY 1978 and FY 1979 would have to come from FY 1980 funds. It is silent on the interstate disbursement formula. As you know, authorization bills from the House—H.R. 3434—and your own S. 1184, are considerably more generous. Further, both contained transition processes to get down to the 3% cap if that is the cap finally arrived at.

Either H.R. 3434 or S. 1184 as passed would require a supplemental appropriation since virtually everyone believes that the Conference Report will be accepted and sent to the President. The problem is complicated by an HEW interpretation of the impact of encumbered expenses on the $75 million.

The critical problem is the suddeness of the move which hits the schools and universities in the middle of a semester. Most schools have, as we have here in Texas, taken stop gap measures in our educational effort to await the turn of events in Washington. Clearly, the supplemental appropriation over the $75 million cannot pass in time to prevent disruptions certain to occur. These disruptions can, however, be minimized if Secretary Particia Harris can be persuaded to allocate the full $75 million rather than only $61 million. The $61 million figure is the result of paying first an estimated $14 million in encumbered expenses. Since carry over bills will occur in FY 1981, no supplemental appropriation would be required according to my understanding. The persons I have talked in HEW, however, believe that the language of the appropriations bill is such that the Secretary cannot allocate to the States more than $61 million. This interpretation is critical. If the understanding presently held by HEW is not changed, what I fear is this event. States are allocated $61 million. Those programs which require longer planning efforts and continuous commitment all would be reduced to fit into the $61 million mode. If the Texas Department of Human Resources reduces my contract, I would have to make plans for this academic year based on the magnitude of that contract. I could not plan to hire faculty or institute classes on the assumption that further funds would come forth. On the estimate of $61 million, the amount going to the State of Texas

would be approximately $4.8 million. Out of this, the University of Texas is likely to receive a contract for instruction of approximately $136,000. In national terms, that is a trivial number, of course. But when magnified by all the schools involved, it is not an insignificant number. If I do not know by October 1 whether I am receiving $136,000 or some greater amount, I cannot plan forward. If later Congressional or administrative action brings forth additional funds, my fear is they will be spent on educational programs with shorter planning and commitment schedules. These are often less beneficial programs. I urge you to contract Secretary Harris to discuss with her the feasibility of allocating to the states the full $75 million at this time.

If you have any questions on this, please contact me, Dean Mitchell Ginsberg (212-280-5188), or Gary Lloyd (212-697-0467).

I appreciated the opportunity to appear before your Committee and to inform you about this grave matter. I am concernced that a fiscal short-fall in the beginning of FY 1980 will inadvertently introduce unwise expenditures. I hope this can be averted.

Sincerely yours,

W. JOSEPH HEFFERNAN, Jr.,
*Dean, School of Social Work.*

Attachment.

TABLE III

6/8/78

PERCENT OF EXPENDITURES FOR TRAINING (STATE AND LOCAL AGENCIES) IN RELATION TO TOTAL FEDERAL ALLOTMENT FOR SERVICES UNDER TITLE XX, BY RANK

| FY 1976 | | | FY 1977 | | | FY 1978 | | | FY 1979 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| State | % | Rank | State | % | Rank | State | % | Rank | State | % | Rank |
| MONT | 11.1 | 1 | MONT | 17.1 | 1 | MONT | 14.0 | 1 | MONT | 11.1 | 1 |
| AK | 10.4 | 2 | AK | 10.5 | 2 | CONN | 9.4 | 2 | CONN | 10.5 | 2 |
| UTAH | 5.3 | 3 | CONN | 7.8 | 3 | UTAH | 7.9 | 3 | UTAH | 8.4 | 3 |
| ND | 4.2 | 4 | UTAH | 5.4 | 4 | AK | 6.8 | 4 | MA | 7.1 | 4 |
| WY | 4.1 | 5 | KY | 4.7 | 5 | TEX | 6.0 | 5 | ORE | 6.2 | 5 |
| WVA | 3.4 | 6 | WVA | 4.5 | 6 | WY | 6.0 | 6 | TEX | 6.2 | 5 |
| NEV | 3.2 | 7 | TEX | 4.2 | 7 | KY | 5.8 | 7 | WVA | 6.0 | 7 |
| KY | 3.1 | 8 | ND | 4.1 | 8 | WVA | 5.8 | 7 | KY | 5.8 | 8 |
| VT | 2.9 | 9 | NC | 4.1 | 8 | OR | 4.9 | 9 | NC | 5.5 | 9 |
| LA | 2.7 | 10 | OR | 4.0 | 10 | MD | 4.6 | 10 | MD | 5.2 | 10 |
| NMEX | 2.5 | 11 | ME | 3.5 | 11 | NMEX | 4.3 | 11 | AK | 4.7 | 11 |
| DC | 2.4 | 12 | SD | 3.3 | 12 | NC | 4.2 | 12 | NMEX | 4.6 | 12 |
| ALA | 2.0 | 14 | WY | 3.2 | 13 | MS | 4.0 | 13 | VT | 4.6 | 12 |
| CO | 2.0 | 14 | LA | 3.1 | 14 | KS | 3.8 | 14 | WY | 4.3 | 14 |
| NC | 2.0 | 14 | WA | 3.1 | 14 | MA | 3.8 | 14 | KS | 3.9 | 15 |
| CONN | 1.9 | 17 | NEV | 3.0 | 16 | NEV | 3.6 | 16 | ARIZ | 3.8 | 17 |
| ND | 1.9 | 17 | NMEX | 3.0 | 16 | NY | 3.3 | 17 | MS | 3.8 | 17 |
| RI | 1.9 | 17 | CO | 2.8 | 18 | WA | 3.3 | 17 | NY | 3.8 | 17 |
| WA | 1.8 | 19 | RI | 2.7 | 19 | DC | 3.1 | 20 | WA | 3.8 | 17 |
| ID | 1.8 | 19 | KS | 2.4 | 20 | ME | 3.1 | 20 | NEV | 3.6 | 20 |
| SC | 1.7 | 21 | ND | 2.2 | 21 | ND | 3.1 | 20 | LA | 3.4 | 21 |
| TEX | 1.6 | 22 | DEL | 2.0 | 23 | VT | 3.1 | 20 | DC | 3.2 | 23 |
| MINN | 1.4 | 24 | MINN | 2.0 | 23 | SD | 2.8 | 24 | NJ | 3.2 | 23 |
| NY | 1.4 | 24 | VT | 2.0 | 23 | DEL | 2.8 | 24 | RI | 3.2 | 23 |
| OR | 1.4 | 24 | GA | 1.9 | 25 | LA | 2.8 | 24 | SD | 3.2 | 23 |
| GA | 1.3 | 27 | DC | 1.8 | 27 | RI | 2.7 | 26 | DEL | 2.9 | 26 |
| KS | 1.3 | 27 | ID | 1.7 | 29 | TENN | 2.4 | 27 | ND | 2.8 | 27 |
| MO | 1.3 | 27 | NY | 1.7 | 29 | CA | 2.4 | 27 | SC | 2.8 | 27 |
| OK | 1.2 | 29 | ALA | 1.7 | 29 | SC | 2.3 | 29 | GA | 2.6 | 29 |
| NJ | 1.1 | 31 | NJ | 1.5 | 31 | MINN | 2.1 | 30 | PA | 2.5 | 30 |
| WIS | 1.1 | 31 | SC | 1.5 | 31 | PA | 2.1 | 30 | TENN | 2.5 | 30 |
| SD | 1.1 | 31 | MO | 1.4 | 34 | MO | 1.9 | 33 | ME | 2.4 | 32 |
| AR | 1.0 | 33 | PA | 1.4 | 34 | NJ | 1.9 | 33 | MINN | 2.2 | 33 |
| ILL | 0.9 | 34 | TENN | 1.4 | 34 | ID | 1.9 | 33 | ID | 2.1 | 34 |
| IA | 0.9 | 34 | OK | 1.3 | 36 | AL | 1.8 | 35 | MO | 2.0 | 35 |
| PA | 0.8 | 35 | VA | 1.3 | 36 | AZ | 1.8 | 35 | AL | 1.9 | 36 |
| TENN | 0.8 | 36 | IL | 1.0 | 38 | CO | 1.6 | 37 | CO | 1.7 | 37 |
| MI | 0.7 | 38 | IA | 1.0 | 38 | AR | 1.3 | 38 | AR | 1.4 | 38 |
| DE | 0.6 | 41 | NE | 1.0 | 38 | OK | 1.3 | 38 | OK | 1.3 | 39 |
| HI | 0.6 | 41 | OH | 0.9 | 40 | FLA | 1.1 | 40 | FLA | 1.2 | 40 |
| ME | 0.6 | 41 | MI | 0.8 | 41 | HI | 1.1 | 40 | CA | 1.1 | 43 |
| OH | 0.6 | 41 | WI | 0.8 | 41 | CA | 1.0 | 42 | HI | 1.1 | 43 |
| AZ | 0.6 | 41 | MS | 0.7 | 44 | VA | 1.0 | 42 | OH | 1.1 | 43 |
| CA | 0.5 | 44 | AZ | 0.7 | 44 | OH | 0.9 | 44 | VA | 1.1 | 43 |
| IN | 0.5 | 44 | AR | 0.7 | 44 | ILL | 0.8 | 46 | WI | 1.1 | 43 |
| FLA | 0.4 | 47 | CA | 0.7 | 44 | WI | 0.8 | 46 | ILL | 0.8 | 47 |
| MA | 0.4 | 47 | FLA | 0.5 | 47 | IA | 0.8 | 46 | IA | 0.8 | 47 |
| NE | 0.4 | 47 | HI | 0.3 | 49 | NE | 0.7 | 48 | MI | 0.8 | 47 |
| MS | 0.3 | 49 | MA | 0.3 | 49 | MI | 0.5 | 49 | NE | 0.6 | 49 |
| NH | 0.2 | 50 | NH | 0.3 | 49 | NH | 0.2 | 50 | NH | 0.3 | 50 |
| VA | 0.0 | 51 | IN | 0.0 | 51 | IN | 0.0 | 51 | IN | 0.0 | 51 |

Senator MOYNIHAN. Now we have the first of two panels—well, let us have a panel of four and there will be plenty of time for everybody. And we can end up with a more general conversation about some of the things we are interested in.

These are groups that have obviously known each other I don't doubt. And we will look forward to meeting them. We have Mr. Theodore Levine, the executive director of the Center of Governmental Affairs for the Child Welfare League of America. And Mr. Lisle Carter, chairman of the board, Children's Defense Fund. And it is a pleasure to welcome my old friend, Mr. Lisle Carter. We also have Rebecca Grajower, assistant director for public policy, the National Assembly of National Voluntary Health and Social Welfare Organizations, Inc. And we have invited again an old and valued friend, Jack Moskowitz, the vice president, government relations, United Way of America.

Good evening to you all. Now there are some extras.

## STATEMENT OF THEODORE LEVINE, CHILD WELFARE LEAGUE OF AMERICA, ACCOMPANIED BY ELIZABETH COLE, DIRECTOR OF THE CHILD WELFARE LEAGUE OF AMERICA'S NORTH AMERICAN CENTER ON ADOPTION

Mr. LEVINE. Yes, I have here Elizabeth Cole, director of the Child Welfare League of America's North American Center on Adoption.

Senator MOYNIHAN. Mr. Levine, you are first.

Mr. LEVINE. I am pleased to be here. My name is Theodore Levine, I am executive director of Youth Service, Inc., a multiservice child welfare agency in Philadelphia, Pa. Although I am from Philadelphia, I want you to know I have deep New York City roots. I am from Brooklyn. I was born and raised there and educated there. The family is still there.

I am appearing today on behalf of the Child Welfare League of America. We appreciate the opportunity to testify. I have a detailed statement which I would like to submit for the record——

Senator MOYNIHAN. It will be made part of the record and I will note here that it is indeed a detailed statement. It is full of computer printouts and analyses. And it is impressive. We thank you for it. You take this committee seriously. We look for information here. Go right ahead, sir.

Mr. LEVINE. Thank you. I am going to summarize the essence of the written statement. Accompanying me today is Elizabeth Cole, as indicated before, who will also have something to add specifically in the area of adoptions.

Our views on the several bills before you may be summarized by saying: We believe that there are five essential elements needed in a bill in order to achieve the reform of the child welfare system:

1. Adoption assistance for hard to place AFDC and SSI children should be enacted. Federal matching funds for adoption subsidies should be made available regardless of the adoptive parents' income and full medicaid coverage for the child should continue. The Congressional Budget Office has projected no budget increase for 1980, if this program became law.

2. AFDC-foster care should remain as part of title IV-A of the Social Security Act, with the continuation of individual entitlement

for all eligible AFDC children in need of foster care, including those voluntarily placed with a placement agreement.

3. Additional Federal funds for title IV-B, child welfare services, with at least $84 million in fiscal year 1980 under a capped entitlement program, should be made available to the States. Title IV-B should also include a maintenance of State effort requirement.

4. Under title IV-B, States should be required to complete case reviews and plans for children in foster care, and to implement improved preventive and reunification services to help keep children out of inappropriate or unnecessary foster care or to return them to their families, when possible. Additional guaranteed Federal funds are essential to carry out these Federal mandates.

5. The title XX ceiling should be raised to $3.1 billion with $200 million specifically targeted for improved day care services. A title XX training ceiling would be detrimental to the establishment of improved child welfare and day care, as well as other social services programs. Our other concerns about title XX are expressed in the National Assembly testimony.

The Child Welfare League of America urges this subcommittee to report H.R. 3434, as passed by the House, including entitlement funding for title IV-B, for full committee consideration, because, on balance, the five essential provisions are embodied in H.R. 3434, and will provide our Nation's most needy children with supportive services, adequate foster care, and improved adoption programs.

I heard some testimony this afternoon that affected me so that I would like to depart from my oral remarks that I have prepared and just say a few words about a variety of things. You mentioned at one point the declining birth rate and the demography of this issue. This is of great interest to me. The World War II baby boom will have people pushing the sixties by the turn of the century. There is definitely a declining number of young people. The issue of care of the 500,000 children in foster care and of subsequent generations takes on a dimension which is greater than just the issue of, "This is something we ought to do for young people".

Young people are becoming a declining resource within the country. And we can't afford to waste or jeopardize any significant proportion of our youth. I think young people who are touched by the child welfare system are particularly vulnerable, and we have to be careful about what is going to happen to this resource. In terms of those young people, we are going to have to reintroduce some new thinking about them. They are going to inherit some obligations for the Nation's aged both in terms of the social insurances and in terms of some ordinary approaches to young people being needed and carrying a responsibility.

This is on the day-to-day level and on the value level. I think we are going to have to do some reexamination about what we are telling kids about what the world is all about and what their part of it will be.

A second thing is I want to say a few more words about training. You have raised some good questions about what is this training. As the administrator of a voluntary agency, we are a small agency with a spectrum of child care services—is it all right if I proceed?

Senator MOYNIHAN. Please.

Mr. LEVINE. With a spectrum of child care services. Just the sheer nature of the volume of regulations the requirements on us, the nature of the responsibility we now carry, the legal obligations will require training for our staff. Let alone the enormous needs for training for services. Somehow the notion has arisen that anyone is able to care for children, that we are all experts. And to a degree we are. We were all children and we have children and, to a degree, we know a lot about this.

But children in care need people who know what they are doing. They have been severely hurt. They have not had many of the opportunities that many of our children have had. And they are entitled to no less than that which any of our children are entitled to. And I think it fair to say, when it comes to our children, we want them to be in the hands of adequately trained personnel.

Third, you mentioned something about fashions and what is trendy. And there really is something to be leery of. In our agency, we provide foster care services. We have five group homes for adolescents in care and we also provide services to children in their own homes. And let me tell you that it is becoming trendy to talk about a lot of community-based services. They are valid. They are important. We are deeply involved in them. They are not going to solve all of the problems. There are still significant numbers of children who need foster care and who need a variety of care. In fact the issue is for a community to have a spectrum of services and an opportunity to choose what is indicated and not ride with the fashions.

Finally, I want to say just in human terms I felt very badly both for Ms. Martinez and I felt badly for you. I felt at times you were asking essential questions that had to be asked, and I really cringed for her. And yet I felt that perhaps there was a lot of opportunity to provide some answers to the questions which you raised. And without wanting to embarrass anybody, and perhaps it is a little bit like watching Monday night football when you can call the play afterwards, and the folks from HEW were on a hot seat, there really is evidence and there is data. I would like to mention some of the studies that have been done.

"Children in Need of Parents," a 1958 Child Welfare League of America sponsored study, which Mr. Coler referred to, by Mass and Engler.

"A Second Chance for Families" which is a 1976 Child Welfare League of America sponsored study of preventive services and their impact. There is a 1979 update being conducted on that study.

In 1978 the Children's Defense Fund sponsored a study reporting the concerns about foster care. "Children in Foster Care," a longitudinal study completed in 1977, funded by HEW and by some private sources, by David Fanshel is an excellent source of data——

Senator MOYNIHAN. I have heard of that.

Mr. LEVINE. Yes. There have been journal articles on much of the data published in Child Welfare the league journal. My good friends Mike Suzuki and Hershel Saucier are competent and knowledgeable about these things as well as people from the Child Welfare League. Perhaps out of the glare of hearings the people

could sit with you and maybe really take the opportunity to bring some of this information to you.

Senator MOYNIHAN. Thank you, Mr. Levine.

Let me assure you that the earlier discussion was part of the training of an Assistant Secretary. It goes on all the time.

But we did want to know what the Department feels about this. I want to know from you, you are for this legislation?

Mr. LEVINE. Yes.

Senator MOYNIHAN. You said you have five main principles you are concerned with. The bill does have a cap on training. There is a difference between you and Dean Heffernan.

Mr. LEVINE. Well, let me say that it is clear from the variety of proposals that everybody is interested in reform and there is a lot of good stuff being talked about. I think H.R. 3434 most closely represents the positions of the Child Welfare League. I would like to ask Mrs. Cole.

[The prepared statement of Mr. Levine follows:]

TESTIMONY OF CHILD WELFARE LEAGUE OF AMERICA

SUMMARY

The Child Welfare League of America, Inc. testimony is presented by Ted Levine, Executive Director of Youth Services, Inc. of Philadelphia, Pennsylvania, accompanied by Elizabeth Cole, Director of the League's North American Center on Adoption.

We thank the Senate Finance Subcommittee on Public Assistance for holding these hearings to review the concerns of the foster care and adoption programs of the United States. We commend the Administration for the positive steps that it has taken to reform the current child welfare system and to encourage adoption of hard to place children.

We believe that there are five essential elements needed in a child welfare bill in order to achieve the reform of the child welfare system:

1. AFDC-Foster Care should remain under Title IV-A, with the individual entitlement for all eligible AFDC children in need of foster care, including those voluntarily placed with a placement agreement.

2. A Federal stimulus should be provided to the States with an additional $84 million in FY 1980 under a capped entitlement program. Title IV-B of the Social Security Act, along with a maintenance of state effort clause.

3. Under Title IV-B, States will be required to complete case reviews on children in foster care, and to implement improved preventive and reunification services to help keep children out of inappropriate or unnecessary foster care or to return them to their families when possible, with additional, guaranteed Federal funds.

4. Adoption Assistance should be enacted, including both SSI and AFDC children, with no means test on adoptive parents, and the child's Medicaid eligibility should not be limited to pre-existing conditions.

5. The Title XX ceiling should be raised to $3.1 billion with $200 million specifically targeted for improved day care services.

For these reasons, the Child Welfare League of America supports H.R. 3434 as passed by the House with the addition of an entitlement for Title IV-B, child welfare services.

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STATEMENT PRESENTED TO THE SUBCOMMITTEE ON PUBLIC ASSISTANCE FINANCE COMMITTEE BY THEODORE LEVINE, EXECUTIVE DIRECTOR, YOUTH SERVICE, INC.

My name is Theodore Levine, and I am Executive Director of Youth Service, Inc., a multi-service child welfare agency located in Philadelphia, Pennsylvania. Youth Service is a member agency of the Child Welfare League of America, Inc., and I am appearing today on behalf of the Child Welfare League, a voluntary organization with nearly 400 voluntary and public child welfare affiliates in the United States and Canada. My agency is a member of the Pennsylvania Council of Voluntary Child Care Agencies, and through the Council's membership in the Office of Regional, Provincial, and State Child Care Associations (ORPSCCA), a division of the Child

Welfare League, my comments reflect the views of over 1,000 additional agencies which provide services to children and their families.

Youth Service, Inc., is a voluntary child welfare agency in Philadelphia, Pennsylvania. At the core of our program is five community based group homes which service a combined total of 50 teenage young men and women who have been adjudicated either delinquent or neglected. In addition to our group homes, we serve, at any one time, 30 children in short term and long term foster family homes and 25 adolescent unwed mothers and babies in apartments. The agency also provides an intensive service to children in their own homes in an attempt to strengthen the families and avoid the need of placing the child. We are governed by a board of directors composed of citizens from all walks of life in Philadelphia. We are supported by a combination of voluntary and public funds. This includes the receipt of funds from United Way of Southeastern Pennsylvania, our own endowment, the city of Philadelphia, the Commonwealth of Pennsylvania, and, of course, this includes federal funds.

Accompanying me today is Elizabeth Cole, Director of the League's North American Center on Adoption. The Child Welfare League was established in 1920, and is a national voluntary organization for child welfare agencies in North America. It is a privately supported organization devoting its efforts to the improvement of care and services for children. There are nearly 400 child welfare agencies directly affiliated with the League, including representatives from all religious groups as well as nonsectarian public and private non-profit agencies. There are 1,480 agencies represented in ORPSCCA, including 19 member associations, predominately serving children in residential treatment settings.

The League's activities are diverse. They include the activities of the North American Center on Adoption; a specialized foster care training program; a research division; the American Parents Committee which lobbies for children's interest; and the Hecht Institute for State Child Welfare Planning which provides information, analysis, and technical assistance to child welfare agencies on Title XX and other Federal funding sources for children's services.

We are pleased to appear before you today and to offer our comments on the child welfare and social services legislation pending before this Subcommittee. The issues under discussion here today are not new to either this Subcommittee, the Finance Committee, or the Senate, and we realize the urgency of considering the Title XX funding provisions, in particular, as the beginning of the new Fiscal Year is fast approaching. This Subcommittee has conducted two sets of extensive hearings over the past three years on the child welfare and adoption assistance reform proposals, and the Title XX financial and programmatic amendments at which we have presented written and oral testimony. Therefore, we are coming to you today with new information to support our policy positions about the continued need for child welfare reform legislation. We are here before this Subcommittee again to urge you to consider carefully the legislative proposals concerning child welfare services, and to report to the full Finance Committee a comprehensive and adequate set of program amendments that include the financial commitments without which the child welfare reforms cannot occur.

We commend you, Senator Moynihan for your continued concern for the needs of children, families, and individuals who benefit from social services programs. The Administration has taken positive steps to attack the problems of foster care and to encourage the adoption of hard-to-place children. The role of the House—particularly, Chairman Corman, members of his Subcommittee including Mr. Brodhead, and Mr. Miller of California—has also been critical. We are very pleased to see expressed, through sponsorship of S. 1661, the concern and interest of Senators Levin, DeConcini and Hatfield in the importance of providing Federal funds for adoption assistance programs for hard-to-place children.

We want to assure you that, as in the last session of Congress, we will be working to support the legislative efforts which provide adequate resources for much needed reform proposals for child welfare services. H.R. 3434, with entitlement funding for Title IV-B, represents acceptable legislation, which we hope to see enacted.

The legislative ideas proposed in H.R. 3434, S. 966, S. 1661 and S. 1184, have grown out of substantial work by all interested organizations, experts and advocates. A critical solution that is included in the child welfare proposals—the utilization of Title IV-B funds for preventive and restorative services—is a well tested concept. A Second Chance for Families, published by the League in 1976, is an evaluation of a New York project that proved that intensive family services either prevent or shorten foster care placements. An investment of $500,000 resulted in cost-savings of approximately $2 million and shortened an average child's foster home placement by 24 days. Second Chance for Families not only generated much of the enthusiasm for more preventive and restorative services, but also was a key

source for the publication just issued by the Children's Defense Fund, Children Without Homes. In fact, we are planning to update the findings through a follow-up study of the families in 1979.

We also want to reinforce our belief that social programs can and do work. Social workers can and do know how to function. The problem is not that programs and staff can't work but that we have not enabled them to work. That is the message of Second Chance for Families. It is the underlyilng optimistic theme of most of the legislation before this Subcommittee. But we must match our optimism with hard-nosed and rational planning and implementation of programs. And we must ask questions about the practicality of programs before we change what we have or add new programs to replace those we now have.

The Child Welfare League supports the original version of H.R. 3434, the Social Services and Child Welfare Amendments of 1979, as reported by the Ways and Means Committee of the House of Representatives, because, on balance, the five essential provisions will provide our nation's most needy children with supportive services, adequate foster care and improved adoption programs.

1. A Federal stimulus would be provided to the States with an additional $84 million in Fiscal Year 1980 under a capped entitlement program, Title IV-B of the Social Security Act.

2. Under Title IV-B, States will be required to complete case reviews on children in foster care, and to implement improved preventive and reunification services to help keep children out of inappropriate or unnecessary foster care or to return them to their families when possible.

3. The Federal government's commitment to care for children in need of foster care is reinforced with Federal funds to be used for AFDC children placed in foster care voluntarily by their families. Maintaining the AFDC Foster Care program and the Adoption Assistance program as a part of Title IV-A, allows the AFDC program to provide Federal entitlement funding for this nation's most vulnerable children in need of care and services.

4. Through the provision of adoption assistance payments for hard to place children who are in AFDC Foster Care and those who are SSI eligible, permanent homes could be made available.

5. The provision to raise the Title XX ceiling to $3.1 billion with $200 million specifically targeted for improved day care services, would alleviate the negative impact of inflation on the delivery of high quality social services to children, families, the elderly and disabled.

H.R. 3434, as reported by the Ways and Means Committee was actively supported by a broad group of human service and social welfare organizations, experts, advocates, and concerned citizens. The Child Welfare League, through its national Board and its member agencies' lay leaders, actively worked to see this bill passed by the House. However, the bill that passed the House does not include guaranteed Title IV-B funds, but rather returns this decision for additional funds to the Appropriations Committees, which have never been generous to the program.

S. 966 unfortunately contains only one of the necessary provisions, adoption assistance; and even that is limited. 1. Title IV-B remains an appropriation with no maintenance-of-effort requirement. This means the Appropriations Committee will not be inclined to appropriate additional money to the States, because any new funds will simply replace State dollars. 2. The more limited requirements for improved child welfare systems, services and protections are only required when (and if) the States get (or take) additional Title IV-B funds. These "requirements," therefore, only represent statutory handles which give the impression of additional protection for children in need of care and services. 3. The Adoption Assistance program limits Medicaid coverage to pre-existing conditions and imposes a means test of 150% of median income on eligibility for parents. 4. Finally, but not least of all, S. 966 would end an important individual entitlement program for poor children who need foster care. The cap on the AFDC Foster Care program, with incremental increases, does not represent the current or continual increase in the costs of food, housing, heating and transportation due to inflation. The AFDC-Foster care program would also not be changed to include voluntarily placed foster care children. These are very limited provisions which represent a "fiscal savings" approach to reform. S. 966 requires nothing new, costs less money for the Federal government, and eliminates benefits for poor children in need of care—on the negative side—and allows Federal funds to be provided to adoptive parents for hard to place children—on the positive side.

S. 1661, another bill which has been introduced, is a separate adoption assistance bill, which would allow AFDC and SSI children in foster care who are hard to place to be eligible for adoption without a means test imposed on the parents. By introducing this separate bill, which is similar to the adoption provision included in H.R.

3434, Senator Levin and co-sponsors Senator DeConcini and Senator Hatfield, are taking a strong position in support of the importance of adoption assistance.

S. 1184, introduced by Senator Moynihan, would maintain the Title XX ceiling at $2.9 billion for Fiscal Year 1980, with future additional increases of $100 million annually in 1981-1986. $400 million in FY 1980 and the $100 million annual increments thereafter would be allocated to the States on a new formula. This bill, while addressing future year funding, represents a lower ceiling for 1980 than H.R. 3434, and does not continue the $200 million earmarked for day care services and the employment of welfare recipients in day care, which is included in H.R. 3434.

Therefore, on balance, both from a programmatic and fiscal perspective, the Child Welfare League endorses careful consideration and approval of the H.R. 3434, with an entitlement for Title IV-B, by this Subcommittee, rather than S. 966 or S. 1184. These bills are complex and include many important provisions. We therefore would like to address our comments to four major areas of concern; the lack of Title IV-B child welfare funds to important reforms; the ceiling on AFDC Foster Care funds and Voluntary Foster Care Placements; Adoption Subsidy Programs; and Title XX Funds and Amendments.

We are sympathetic to a recent statement made by Senator Russell B. Long, Chairman of the Finance Committee, who was quoted by the New York Times (September 16, 1979), "I could muster the statesmanship to vote for almost anything that saves money, as long as it didn't affect my state." We also could be supportive of careful scrutiny and possible cut-backs in programs which are proving unnecessary or inefficient. However, we represent the children and families in need of supportive care and protective services, and we cannot endorse legislative proposals which limit foster care funds, require reforms without legal or financial force, and provide no additional services for children and their families. That represents budget cutting which affects our "State"—the "State" of the children of this nation and the families.

*The lack of title IV-B child welfare funds to implement reforms*

The Child Welfare League has strongly supported the implementation of improvements in the foster care system proposed in H.R. 3434 throughout the past two sessions of Congressional debate. Over at least the past two decades requiring States to complete periodic six month case reviews and to establish 18 month court reviews of the disposition of children in foster care have been recommended child welfare practices, recommended by the League to its member agencies in both the public and voluntary sector as well as in the field. H.R. 3434 and, in a radically more limited way, S. 966 both recognize a Federally mandated role in imposing these requirements on States as a condition for the receipt of additional Federal funds.

However, neither the House-passed version of H.R. 3434 nor S. 966 guarantees to the States the additional Title IV-B funds as financial incentive or means to implement the improved case review and management systems and the preventive and reunification services. In fact, without the guarantee of limited entitlement funding for child welfare services, these proposed "foster care protections" to Title IV-B carry no more weight than current law and administrative rules.

This is why the Child Welfare League supports the originally drafted bill, H.R. 3434, as reported by the Ways and Means Committee in the House of Representatives, which would provide the States with an additional $84 million in FY 1980 under a capped entitlement program of $266 million for Title IV-B. We have attached to our testimony Appendix I, a chart which we have prepared to show the amount of additional Title IV-B funds each State would receive under our recommendations. HEW should provide information to Congress about the number of States estimated to be capable of reaching compliance in each of the next three fiscal years. We are concerned that given the Administration's budget estimates for FY 1981 and 1982 (outlays of $156.5 million and $181 million respectively), the full $266 million entitlement will not be available for many years. We have requested these estimates on a State by State basis, but HEW officials have said they do not have such data prepared.

We believe that we are both politically and fiscally realistic in making this request for guaranteed child welfare funds. Two years ago, we came before this Subcommittee, supportive of the House-passed version of H.R. 2700, which provided the total $266 million to the States as entitlement funding. We now are requesting considerably less for the same requirements to reform the system. Likewise, we are now supportive of the "carrot approach" of phasing in the total $266 million, as long as the gradual, planned increase in funds is guaranteed in the Federal budget.

Child welfare services, financed by the Federal government on a shared basis with the States, should be a program which is considered a legal entitlement. Children cannot compete with the numerous special interests for the limited piece of the Appropriations pie. For example, the Washington Post (September 20, 1979) reports

the Congress' work on increasing the price of sugar by $180 million a year of the taxpayer's money, at a rate of $2.50 per household. We urge this Subcommittee to provide the same or better "price increase" for children and their families in need of supportive and protective social services. We cannot advocate for Federally mandated reforms of the child welfare system, which are not accompanied by Federally guaranteed funds to implement the reforms.

We strongly support the required maintenance-of-effort of State expenditures for Title IV-B and Title XX child welfare services included in H.R. 3434. We recognize the billion dollar investment of the States in child welfare and believe it is essential that this commitment is maintained. Therefore, we are very concerned that S. 966 does not include this fiscally responsible provision. Both the House and the Senate Appropriations Committees have insisted, in the past, that they will not appropriate additional funds above the current $56.5 million level unless the authorizing Committees, the House Ways and Means and the Senate Finance Committees, ensure that additional funds will result in the expansion of child welfare services rather than a decrease in the amount of State funding of child welfare. This can only be accomplished by including a provision for maintenance of States' efforts in the child welfare program.

The provision in S. 966, which does not allow States to spend additional Title IV-B funds for foster care maintenance payments, does not fulfill the need for a maintenance-of-effort clause in the Title IV-B statute. S. 966 does not provide the impetus for the Appropriations Committee to increase the Title IV-B funds—funds which are needed for child welfare services and used to assist children and reunify families to "prevent" unnecessary foster care.

We are also concerned about the limitations on day care, foster care, and adoption assistance payments at 1979 levels in H.R. 3434. We would suggest that HEW provide state-by-state data for these three categories of service. Once such data are provided, then the Congress can determine which (if any) limitations are appropriate.

We feel that it is important for the Title IV-B program to continue to support non-means-tested services, including the three which would be limited under the section described above.

We agree with the need for better case monitoring and periodic review; however, these activities rely on adequate numbers of case workers as well as adequately trained case workers. Neither of these worker-focused needs is addressed directly by the bills. The bills are silent on case-load size and qualifications of staff.

We agree with the need to provide preventive services, and that services to families frequently can restore children to their own homes. But our agreement on the need for prevention is based on the fiscal necessity for funding to provide these services (and appropriate case workers). A society truly interested in prevention would fund such a program on an open-ended, entitlement basis. At the least, crisis-oriented services, the so-called protective services, would be made available without regard to income of the families and on an open-ended entitlement basis.

Because of our experience in case management information systems, and our current sponsorship and work with the States in the Child and Youth Centered Information Systems (CYCIS), we are generally supportive of the legislative proposals' strong management information systems components. We also, however, are cognizant of the additional financial burden these requirements place on States, therefore making the receipt of additional Title IV-B funds essential, particularly if we are to expect States to qualify for the additional IV-B funding in FY 1981 and after. The Federal government and Congress should also realize that the estimated costs of information systems for only a handful of States would represent the total $84 million figure; therefore, we stress, once again, the "incentive" purpose represented by the modest increases in Title IV-B. Certainly, even the total $266 million entitlement will not totally finance the development and operation of adequate information systems, while necessarily maintaining improved preventive and reunification social services programs, with 40 percent of the entitlement.

While we support giving States the necessary flexibility to spend additional Title IV-B funds, we are opposed to a provision allowing States to carry over these funds into fiscal year 1981. States should actually spend these funds to expand and improve their child programs now.

Likewise, we support reallocation of unused Title IV-B funds from States who cannot spend their total allotments to other States, to ensure full utilization of the Title IV-B funds.

Title IV-B must remain separate from Title XX if States are to comprehensively attack the foster care dilemma. The problem merits the use of a distinct and separate funding source, the $266 million entitlement for Title IV-B. If IV-B were

folded into Title XX, a significant portion of the funds would be diverted from child welfare services.

HEW should be required to issue timely implementing regulations in order for the States to have time to plan for appropriate use of these funds. Therefore, we recommend that HEW be required to publish final regulations not later than 60 days after enactment of legislation.

*Demonstration project to prevent unnecessary placement of children*

We recommend that Title IV-B be amended by adding a new part. The new section would authorize demonstration projects for training and employment of AFDC recipients as homemakers and home health aides. It is estimated that as many as 25 percent of the children, many of whom are emotionally or physically disabled, now in foster care arrangements, do not necessarily have to be there. If proper alternative supportive services were available many children would avoid unnecessary placement and be able to live in familiar surroundings in which they can retain their sense of permanence. At the same time, there are many persons currently on the welfare rolls who, if they receive proper training, could become gainfully and usefully employed members of the social services profession. The amemdment would authorize HEW to enter into agreement with States for the purpose of conducting demonstration projects for the training and employment of welfare recipients as homemakers or home health aides. Priority would be given to those States who have demonstrated active interest and have complied with conditions specified. Full responsibility for the program would be given to the Title IV-B agency.

The program is completely voluntary; an AFDC recipient is under no obligation to enroll and does not risk loss of AFDC funds by refusing to participate. Persons eligible for training and employment would be only those who were continuously on the AFDC rolls for the 90-day period preceding application. Those who enter a training program would be considered to be participating in a work incentive program authorized under part C of Title IV of the Social Security Act. During the first year such an individual is employed under this program, he or she shall continue to retain medicaid eligibility and any eligibility he had prior to entering the training program for social and supportive services provided under part A of Title IV. The individual will be paid at a level comparable to the prevailing wage level in the area for similar work. Federal funding will not be available for the employment of any eligible participant under the project after such a participant has been employed for a 3-year period. Payments could be made only for service programs which meet standards reasonably in accord with or accredited by a national standard-setting organization.

The bill requires a State participating in a demonstration project to establish a formal training program which must be approved by the Secretary as adequate to prepare eligible participants to provide part-time and intermittent homemaker services and home health aide services to families, who would, in their absence, be reasonably anticipated to have one or more members require foster care. The State shall provide for the full-time employment of those who have successfully completed the training program with one or more public agencies or by contract with nonprofit agencies. The numbers of people in a State eligible for training and employment would be limited only by their ability to be trained and employed as well as by the number of those in need of home health and homemaker services.

The bill provides that persons eligible to receive home health and homemaker services are families in need of such services. They must be those for whom such services are not actually available and who would otherwise reasonably be anticipated to require foster care.

The bill specifies that the type of services included as homemaker and home health aide services include part-time or intermittent: personal care, such as bathing, grooming, and toilet care; feeding and diet assistance, home management, housekeeping, and shopping; family planning services; and simple procedures for identifying potential health and social problems. Authorized services include any service performed in a foster family home or institution, that provides for the well-being of individual children living with their own families by helping them overcome difficulties they experience in the process of maturation, in social functioning, or in coping with environmental stresses, and by helping their parents meet the demands and responsibilities of parenthood.

The bill provides 90-percent Federal matching for the reasonable costs (less any related fees collected) of conducting the demonstration projects. Such amounts would be paid under the State's IV-B program. Demonstration projects would be limited to a maximum of 4 years plus an additional period up to 6 months for planning and development and a similar period of final evaluation reporting. The Secretary is required to submit annual evaluation reports to the Congress and a

final report not more than 6 months after he has received the final reports from all the participating States.

*Ceiling on AFDC foster care funds*

The AFDC-Foster Care program was enacted in 1961 to help finance out-of-home care for needy, neglected children. Congress has specified that programs like AFDC-FC, which employ the term "dependent child" to define eligibility, must be available for "all eligible individuals." Section 408(e) reinforces this general rule by requiring States to provide Foster Care benefits to "any" child who satisfies the federal eligibility criteria of Section 408(a) of the Social Security Act. The program was designed to meet the particular needs for all eligible neglected children, and therefore, the program is based upon the principle of individual entitlement. Movement of the AFDC-FC program from Title IV-A to a separate new title, Title IV-E would create a new program which would be available to only a limited portion of the eligible children. The open-ended sharing of costs between federal and state governments was established prior to the AFDC-FC program as a means of assuring equitable treatment to all eligible persons. S. 966 would not afford this treatment to all children.

The Child Welfare League of America supports the position that changes are needed in the delivery of foster care services. However, what is required is more flexibility in funding sources so that, once improved foster care systems are established, States and local communities will have adequate service funds to utilize a broad spectrum of child welfare services to meet the children's needs. This may indeed mean less foster care and more adoptions and increased levels of preventive services and reunification of families. However, there are many other factors which have accounted for change in the nature of foster care and foster care costs.

Expansion of the AFDC-FC program to no-legally responsible relatives caring for children will add to the need for continued entitlement funding. Three of the seven states which were making payment on behalf of foster children only when the children were placed in the homes of those not related to them have very large AFDC foster care populations. It is further estimated that it will take approximately two to three years from the February 22, 1979 decision, for the full effects of *Youakim* v. *Miller,* the Supreme Court decision which mandated benefits to eligible foster children living with relatives, to be felt.[1]

Legal protections for families has also been a traditional concern and involvement of the League and its members. We were among those who fought the prejudiced and threatening approach—all too common in the decades before 1960—of using the prospect of taking away the children to keep welfare recipients "in line." We were among those who supported the "judicial review" requirement for the AFDC-Foster Care program, because the evidence was that it was needed at that time. We were among those who went to the courts on behalf of institutionalized children who were not receiving the services that were their right and which were part of the reason for their being in institutions. We were among those who joined in cases as amici which aimed at ensuring the same foster care payments for relatives as for others who took care of eligible children.

Indeed the materials of the League-its monographs, publications, research studies, testimony-are reflected in the procedural reforms so widely endorsed by members of this Subcommittee and included in most of the child welfare bills.

As states improve protective services, especially with increased awareness of child abuse and its reporting, more children will require foster care in the interim period required prior to permanent placement. Along with abused children, more handicapped and emotionally distrubed children are in temporary care with shift in this country towards deinstitutionalization. These children who would qualify as "special needs" children as defined under the Adoption Assistance provisions of S. 966, will require care prior to permanent placement, and the process of placement for these special children will vary as to length of time.

The larger numbers of handicapped and emotionally disturbed children coming into the foster care system require intensive services and considerably more hours of care incurring far greater costs for foster parents and group caring agencies. At least 26 States have adjusted rates according to the physical and mental needs of the child. These children are usually in care for longer periods of time than non-handicapped children. According to a study on the "Components of Foster Care for Handicapped Children" (Child Welfare, June 1978), handicapped children remained in care an average of 23 months longer than nonhandicapped children. Additionally, handicapped children are far less independent and possess fewer self-care skills,

[1] California estimates there are 17,000 children in foster care who qualify for AFDC-Foster Care, and who are not yet processed, with an additional cost to the state of 47 million dollars if the cap on Title IV-A is instituted.

creating additional responsibilities for foster and group care-givers. Data revealed, also, that extra expenses incurred in caring for a handicapped child averaged $235 more a year. However, foster parents of handicapped children reported receiving reimbursement for only a quarter of all special, yet necessary, expenditures.

A large number of children will be moving into the foster care system due to the changes in the juvenile justice statutes which require deinstitutionalization and placement in the least restrictive alternatives. In New Jersey more than 16,000 children were admitted to detention and shelter facilities. The Association for Children of New Jersey, a League member agency, called for more foster homes and a higher reimbursement rate for foster parents in order to reduce the flow of children into the institutional system. Additionally, adolescents who are coming into the foster care system due to diversion from the Juvenile Justice system, and to temporary placement for status offenders, are older children who have greater overall needs and especially for specific items such as food, clothing, recreation, and transportation. Higher rates have traditionally been paid for older children to help meet their increased needs. According to a study on the cost of foster family care done by the University of Delaware, 38 of the 43 States with State-administered foster care systems determine payments on the basis of age.

Though hailed by some as a foster care program reform, the proposed ceiling on AFDC–FC may be detrimental to children since States will be discouraged from removing children from harmful home situations or increasing foster care rates. Imposition of the ceiling combined with tax cut movements in the States may only reinforce the continuation of insufficient foster care payments and inadequate supportive services. Some States are experiencing decreases in the total number of children in care while at the same time financing increasing costs. For example, in California, while the total number of children in foster care dropped 12% between 1974 and 1977 (the segment of children in group homes and institutions dropped 17%), costs during the same period increased by 58%. Currently, child advocates are working to achieve cost control and uniform safeguards by requiring full State funding for AFDC Foster Care and statewide standards for rate-setting in this post Proposition 13 era in California's history.

Major campaigns to identify child abuse and neglect cases, such as those in Texas and Illinois, are resulting in substantially increased needs for services. In Texas alone, the Legislature is considering a new budget expenditure of $28 million over two years for boarding and medical expenses of victimized children who must be placed outside their homes. Increased casework in protective and preventive services will undoubtedly result in increased placement of children in temporary care while services to the parents and children are provided, hopefully resulting in quick and responsive reunification of families.

An added factor which will affect the foster care system, and which is generally unrecognized, is the disrupted adoption. It is estimated by professionals working in adoption, that the percentage of disrupted adoption is around 14% as a national average, and that these adoptions were disrupted in many cases because of the "special needs" of the child. The possibility of disruption must be taken into account, especially since the Adoption Assistance provisions of both H.R. 3434 and S. 966, purport to alleviate the flow of children into the AFDC Foster Care system. It can be stated that some of the very children who are aided through the adoption assistance will ultimately return the foster care system, and possibly at a level of care which is funded at a higher rate than foster family homes.

We strongly support the inclusion of voluntarily placed children as eligible for Federal matching funds. Study of the limitation to only court placements led us to the conclusion that the court procedure, in certain cases, may not only severely damage child-parent relationships, but may also be a costly and unnecessary procedure, running on the average of $2,000 per case. We support H.R. 3434, which allows for voluntarily placed children to receive funds, provided a placement agreement has been finalized between the parents and the State agency. This feature not only recognizes the "good practice" used by the State in originally undertaking the responsibility to place the child, but also provides an incentive to the States to "track down" these children and carefully review their status and make permanent plans.

*Factors affecting cost*

We are familiar with the closed ended approach to social services policy since Title XX is a closed ended authority for funding social services. While the real purchasing power of these funds continues to shrink, the services provided decrease and the social services system becomes less effective in carrying out its mission. There is a secondary loss—States may divert funds from existing children's programs to other areas of human services, or fund the cheapest rather than most appropriate out of home care services for children.

The States are not now, nor will they be, at a point of full development of the services mandated by both H.R. 3434 and S. 966, to assure large movement of children from AFDC Foster Care to permancy in the next fiscal year. This movement is contingent not only on the service capability, but on the case work load which is running 60 to 1 in a state such as Michigan, and which therefore limits the ability of case workers to move children to permanent placement.

The missing factor in this process is the money services and for further case workers and training of social services personnel. The Title XX ceiling of 2.9 billion in S. 1184, coupled with the ceiling on Training Funds will have direct effect on the hoped for diminishment in the foster care population.

We understand the Administration's concern that States will "shift" administrative expenses from Title IV-A to Title IV-E. However, without data about current administrative costs under IV-A for foster care and adoption purposes, this requirement may be difficult for States to comply with. We have requested this data from HEW, and have been told that a breakdown of States' administrative costs for AFDC-Foster Care is not possible. We question, therefore, the ability of HEW to impose a fair and reasonable cap on foster care costs without reliable data on the base year, 1978, costs to administer the program.

We would point out to the Subcommittee once again, that since there is no entitlement for Child Welfare Services, funding for the very programs which are intended to decrease the numbers of children in the foster care will be dependent on the appropriation process. This process cannot help but be affected by the economic factors which have put such a strain on the federal budget and on the fiscal fabric of our country, and in turn, on foster care.

The foster care service system will be subject to rising costs in the coming months and years. It is estimated that costs increase from 8–10% a year due to the inflation factor alone. The energy crisis will also affect the costs of foster care. 1979 has seen a 40% increase in gas, and a 15% annual increas in food. In a six month period ending April of 1979, the necessities group (food, shelter, energy and medical care) which make up 60% of the total Consumer Price Index, were rising at an annual rate of 14.7%. It is a safe assumption that while the foster care population could decline, costs will remain the same if not higher. Almost all States lag behind the substantial increases in the Consumer Price Index, or only pay a percentage of the Department of Labor's Basic Living Standard. In Michigan alone, the current family foster care home rate is 16% below the actual cost of care according to Bureau of Labor Statistics standards based on the new federal computations of the cost to care for a child. We cannot hope to offer adequate care to children, or even to meet their needs in the time it takes to arrange for permanent placement, when the very program which is funding their care is capped at a time of drastic inflation, and when foster family care is existing in a state of "underpayment."

Some of the major problems raised by the Administration's bill, which also impact the funding levels, have to do with the bill's handling of disputed claims, a provision which allows those States to use their disputed claims as part of their base for the allotment formula.

We are concerned about the discrepancy in language in the bill. Are all disputed claims to be computed in considering the ceiling, or those for FY 1978 only?

How can decisions be made about disputed claims without a careful review of the history of disputed claims by year and by State for the last several years?

HEW needs to clarify its position in respect to the basis for setting a ceiling on AFDC-FD. If one year's disputed claims are included in the base, and it is 1978, some States may have an undue advantage over other States. On the other hand, counting all disputed claims could provide some States with such a large base as to effectively eliminate the effect of a ceiling.

Because of these problems, it is imperative that HEW provide charts showing the amounts of disputed claims, reasons for the disputes, years for which claims are in dispute (with data for each of the States). Without this information, it is not possible for Congress to judge the equity (or lack of equity) in the Administration's proposal.

Substantial amounts of funds have been involved in past problems with disputed claims, as Congress is well aware. Six years of disputed claims were finally settled eight years after the outset in 1969. States had claimed more than $1.5 billion under various titles of the Social Security Act. The final settlement amounted to a third of that amount. Nineteen States shared in the $532 million settlement and one State accounted for $214.4 million.

We have further concerns with the Senate and House bills which are part of the Foster Care Maintenance Payments portions of the legislation. We have a number of specific comments to make about the proposed language governing State plans for foster care and adoption assistance under the proposed Title IV-E. The State should be required to coordinate its palnning for Title IV-E with the well-established

planning process of Title XX, to ensure coordination of services, and to spot program gaps.

While we support individual case planning which is required in Section 472 B(5) of S. 966, we are fearful that the lessons we should have learned from implementing the individualized education programs (IEP) under the Education for All Handicapped Children Act (P.L. 94-142), are not reflected. A reaction is now taking place which threatens implementation of the IEP, based on the nature of this planning mechanism. Caution must be exercised with respect to case planning in this legislation to ensure that the level of detail, the time-frame for compliance, and the funds to ensure implementation are appropriate.

Concerning the definitions in S. 966 and H.R. 3834, we have several problems with the definition of "child-care institution." The size stipulated for public institutions (25) appears to be arbitrary. We would like to know the basis for setting the size at this level, which is neither an appropriate size for a group home, nor necessarily appropriate for congregate care supporting intensive treatment services. The issue of quality of care should be addressed in this definition by reference to "living units," which should be not larger than 14. Size considerations for group care facilities should, in our experience, address themselves to "administrative units." If HEW is to pick an arbitrary size of facility, operated under public auspices and receiving reimbursements under AFDC-FC (or successor legislation), it would be administratively more simple to use sixteen (the figure for SSI).

It is also important that the definition clearly state that all such public facilities be approved as meeting the same requirements as those of nonprofit facilities. In many instances, States have not taken steps to bring public facilities into compliance with the quality guidelines voluntary agencies are meeting. Michigan has required all State child care facilities to meet specific standards since 1973, but the Department of Social Services has not yet applied this law to publicly-operated facilities. Children require the same protections and quality care regardless of auspices. We hold that all programs and facilities, public or private, sectarian or non-sectarian, should meet the same standards for licensing or be approved as meeting such standards.

Because of the controversy about the definition of "detention facility" and other related terms in Guidelines issued by the Office of Juvenile Justice and Delinquency Prevention, we believe appropriate clarifying definitions, based on child welfare practice, should be added for "detention facility training schools" and "any other facility" so as to ensure that child welfare facilities are not inappropriately defined and thus precluded from funding under this part.

We would like to call the Subcommittee's attention to three concerns which we have in respect to allowable "foster care maintenance payments."

First, we believe that, with regard to educational services, payments should be allowed for school supplies and other "educational costs for children" as defined in HEW Action Transmittal SSA-AT-78-21, dated May 19, 1978.

Second, a major inhibiting factor in moving children from larger, obsolete facilities into more appropriate facilities is the absence of funds for construction, rehabilitation, and conversion of facilities. Perhaps the Subcommittee could ask HEW to study the problem of facility construction, etc. and, based on the findings of that study, make limited funds available for such purposes.

Third, public or nonprofit private child placement agencies as well as child-care institutions should receive payments for reasonable costs of administration and operation of their foster family homes.

While we applaud Senator Cranston's intent to provide remedy for institutional abuse, we hasten to point out that more precise definitions are needed for "least restrictive" and "most family-like setting." We have had difficulty with similar wording the Education for All Handicapped Children Act and in the Guidelines of the Office of Juvenile Justice and Delinquency Prevention because of the choice of focus of case workers when using these phrases. "Most appropriate" should be the guiding concern in placement of children in *all* cases. We would urge the Subcommittee to include language making it clear that the protections of S. 966 in no way are to alter the focus from placement which is protective of the child. In *Bartells* v. *Westchester County* the court held that the case workers did have a responsibility for proper placement, especially when there was the possibility of danger to the child. This bill would hold out the promise of reform of the foster care system with a mandate to use the system as a last resort, with the financial assistance limited, and the case worker still having to bear the burden of legal responsibility for safety of the child.

In summary, the concept of a needy child's legal entitlement to foster care services have been upheld as one of our oldest social responsilbiliites. It has been the legal responsibility of the State, in the tradition of "parens patriae," to care for

these children in need of protection. The Federal government would evade its responsibility by allowing the imposition of a funding ceiling for the maintenance needs of those AFDC children placed outside their homes. The AFDC Foster Care program is affected by the same economic elements which are currently causing such rampant inflation. Human services are being forced to do more for less. Such a condition cannot result in reform of a system which is not being afforded the necessary financial assistance needed. (See Appendix II for a comparison of estimated costs for AFDC-Foster Care in 1980 to the proposed cap for F.Y. 1980)

*Adoption assistance program*

For nearly 20 years, the League has had experience with and supported the utilization of subsidized adoptions. Our experience and that of many local and State agencies has been that subsidized adoption is an effective and efficient means of providing permanence to children who would otherwise not be able to experience the security of family living. We would also like to recognize and commend Senator Cranston who has provided the Federal leadership role for adoption in Congress, and who has introduced or co-sponsored: The Opportunity for Adoption Act in 1975, 1976 and 1977; The Child Welfare Amendments of 1977; and The Child Abuse Prevention and Treatment and Adoption Reform Act of 1978, and now S. 966. Senator Cranston has devoted his time, skill and the resources of his office to assist us in various battles for adoption legislation. As adoption advocates, we are fortunate that a man with Senator Cranston's perseverance and determination has identified childrens' interests as one of his primary causes. Last year, he was instrumental in getting enacted into law P.L. 95-266, The Adoption Opportunities Act. This act, developing a Federally funded Adoption Exchange system, along with necessary training programs and model law studies, received important support from both Senator Cranston and Senator Heinz who advocated for an authorization of $5 million to implement the Adoption Opportunities law.

In a study conducted by the League, Children in Need of Parents, and published in 1959, we noted ". . . subsidy . . . of families who cannot afford to adopt children . . ." should be tried. Twenty years later, the Children's Defense Fund report, Children Without Homes, makes essentially the same point. The course of time has seen these concepts move from cautious approval by leadership of the child welfare field to broad support throughout the country (47 States and the District of Columbia provide for subsidized adoption).

In effect, there is no controversy over the idea even though there is a great deal of difficulty in enacting this modest and cost-effective idea in specific Federal legislation.

Despite inaction at the Federal level, the experience of States has led them to gradually move in the direction of helpful but fiscally inadequate programs. Currently, States confronted with tax reform measures, are cutting back the appropriations for adoption subsidy programs. Federal matching funds would help alleviate these fiscal pressures. As of September, 1979, only three States did not have some sort of subsidized adoption legislation on the books. Only Mississippi, Hawaii, and Wyoming have yet to join their sister States.

While the Congress has debated comprehensive legislation and the country has waited another session for the subsidized adoption provisions to be enacted, six States added adoption subsidy statutes. New Hampshire and Oklahoma enacted laws in 1977; Louisiana and West Virginia adopted the provisions in 1978; Alabama and Delaware enacted legislation in 1979.

The reason for the sweeping endorsement of subsidized adoption is two-fold: it is humane and it saves taxpayers money. In human terms, this legislation achieves something everyone agrees is important—a permanent home is made available for thousands of children. Some have medical problems. Some are sibling groups. Some are emotionally troubled and require additional supportive resources. Many are older and members of minority groups.

The human side of the story is not limited to those children who are currently AFDC-eligible. Subsidized adoption should (and is, in most States) available for all children who are legally free for adoption because these children are, in effect, "wards of the State" and potentially indigent. Only about one-third of the children who are free for adoption are not on AFDC, in AFDC-Foster Care, or from poor families. We ask the Subcommittee to direct that any legislation assure that each and every child who is free for adoption be qualified specifically under the bill for full benefits, including all children who are SSI-eligible.

There is an important cost-saving side to the subsidized adoption program. For example, data from States prove that the program works.

*Illinois:* of 1,868 totally active subsidies, an average total savings of $853,260 is anticipated annually;

*Michigan:* of 750 children receiving medical and/or support subsidies, the State estimates a savings of $650,000 in Fiscal Year 1977;

*Minnesota:* in a study carried out in connection with a new subsidized adoption law, and estimated annual savings of $2,228,000 for children in foster care who could be placed with a subsidy was projected;

*New York:* in Fiscal Year 1978, 700 children were adopted with a subsidy at an estimated savings of nearly $1,400,000.

Forty-seven states have enacted some form of adoption subsidy legislation to date. However, few States have put into place the fullest possible subsidy program. Presently when the subsidy goes into place, the local government's costs are increased. The local government pays only 50% of the cost of the AFDC-Foster Care eligible child's maintenance and medical care and pays 25% of the cost of social services. When a child is placed in subsidized adoption, the local cost of maintenance and medical care increases to 100%. Therefore, it is to the local authorities' benefit to allow a child to remain in foster care who could and should have the opportunity to experience a permanent home.

Part A of Title IV of the Social Security Act should be made available for adoption subsidies. This would allow the government to spend less money on a group of children who are otherwise likely to remain in foster homes or institutions until their majority. In fact, it is estimated that cost savings equal approximately 50% of total foster care costs. Of special note is the fact that analysis of special programs reveals that in excess of 85% of all older and handicapped adopted children remain in the original adoptive family.

Our primary reason for supporting adoption subsidy is that it is a good way to insure that thousands more children will have permanent legal families of their own. At present the Federal government is paying, through Title XX, 75% of the service and administrative costs for many thousands more children in substitute care. Therefore, there is a secondary benefit, and this is that adoption, even with subsidy, costs less than maintaining that same child in a foster home or institution.

We want subsidized adoption legislation, we want it enacted as soon as possible, and we cannot understand Congress allowing any additional delays to take place. Children are suffering and money is being wasted. If we cannot act to reduce human tragedy, can't we act out of fiscal motives? The Congressional Budget Office has determined that Adoption Assistance legislation would result in no budget increase this year. It is clearly action that should be taken even in these times of budgetary concerns. It is a fiscally conservative program.

See appendix III for detailed adoption subsidy program information for: Louisiana, Oklahoma, New York, Pennsylvania, Delaware and other selected States.

*Means test*

S. 966 contains a means test for adoptive parents of 150% of the State's median income for a family of four, adjusted for family size including the adoptive child(ren). We want to point out that the actual income of most such parents is much lower, and the imposition of a means test is contrary to HEW's own Model Adoption Subsidy Act. Subsidies are the child's benefit, regardless of the adoptive parent's income.

A study conducted by the Commonwealth of Virginia Department of Welfare on Subsidized Adoption found that of the 119 families who entered into some type of subsidy plan on behalf of 161 children: "90 families, or 75% of these adoptive parents, had incomes of less than $15,000 a year while only 29 families, or less than one-fourth of them, had over $15,000 a year income. Actually, *very few wealthy people are interested in adopting children with special needs—most of the families who want to help these children are lower, middle-income people.*" (Emphasis added)

An Illinois study of foster parent applicants for adoption subsidy found the median income to be less than $10,000 a year. The average age was 53, an indication that this level may represent peak income.

Ninety percent of subsidized adoptions are by foster parents. Foster parents' incomes tend to be lower than many other categories of adoptive parents. We believe these characteristics of modest income and middle age hold true for foster parents in the rest of the country. If we wish to encourage appropriate, permanent homes for children in foster care, then we must avoid any arbitrary cut off line. We cannot expect moderate income families to give up goals of higher education and other benefits for their children. They too need permanent subsidy for routine living costs for the adopted child in order to avoid undue hardship. It is important to note that sibling groups are a part of the "hard to place" category. Placing two or more children at one time places a great demand on any family's income, especially in respect to housing costs. Current double digit inflation impacts harder on moderate and low income families while the situation is exacerbated for these families be-

cause the costs of basic necessities, (food, and shelter, including utilities) are rising at an even faster rate.

Eliminating the means test would simplify administration of the program and avoid costly eligibility determination processes. We strongly support the adoption subsidy provisions contained in H.R. 3434 and S. 1661 which have no means test.

*Medicaid eligibility*

We strongly urge the Subcommittee to recommend full Medicaid coverage as a mandatory benefit for all children receiving adoption subsidies. We believe that vesting the child's Medicaid coverage would be the most efficient way of administering the health coverage. While in S. 966, medical subsidies only cover specific pre-existing conditions up to age 18, we ask that consideration be given to extending general medical coverage for healthy children, especially in the case of their adoption by poor or low-income parents who cannot afford health insurance. We do not think it wise to limit coverage to pre-existing conditions. Such limitation will necessarily narrow the opportunity for families to provide permanent homes for children with medical or mental or emotional difficulties. Often a condition identified or unidentified at one point in time (say at the time of adoptive placement) will feed into the rise of other conditions later.

The provisions in H.R. 3434 vest full medicaid coverage for all AFDC and SSI eligible children in an adoption subsidy program up to age 18, with state option to extend coverage up to age 21, which we support.

*Title XX funds and amendments*

In respect to Title XX legislation, we support the testimony provided before this subcommittee by Rebecca Grajower on behalf of the National Assembly of National Voluntary Health and Social Welfare Organizations, Inc., of which the Child Welfare League of America is a member agency. We support the National Assembly's fourteen recommendations. However, we want to take this opportunity to make additional comments on these issues.

We recognize that S. 1184, introduced by Senator Moynihan, recommends the establishment of a new distribution formula for Title XX funds which is conceptually sound. The formula for allocating Title XX funds would more accurately reflect the needs of the States serving the poor, young and old. We urge the Subcommittee to respond to the current demands for services by increasing Title XX to $3.1 billion for 1980, as included in H.R. 3434, and to consider continued cost of living increase factors which take into account the establishment of a more targeted distribution formula.

We enthusiastically endorse maintaining the $200 million earmarked funds for day care as a permanent provision with no Federal matching requirement, for the purpose for encouraging States to continue to expand and upgrade their day care service under Title XX. The Federal government must be the leader in promoting decent day care and in requiring compliance with appropriate standards. States have been responsive to the Congressional intent and have increased spending to improve day care services. Funds for day care services are directly related to the Title XX goal of self-sufficiency for parents and future self-sufficiency for the children in care. Therefore, the $200 million for day care services should remain a distinct and permanent category of 100% Federal funding under the Title XX program. Additionally, we support a maintenance of effort clause in this provision. H.R. 3434 would continue the earmarked funds for two additional years; S. 1184 does not continue this earmark.

We support the adult emergency shelter provision. However, we question whether it will be possible to implement this provision without additional Title XX funds. $3.1 billion is needed just to maintain existing levels of service. As Congress adds new categories or new recipients to Title XX, we believe correspondingly adequate funding should also be added, based on estimates from HEW, service providers and the Congressional Budget Office.

The League is very supportive of maintaining Title XX training as an open-ended program with funding outside the Title XX ceiling at a 75% Federal matching rate. This is a basic component of quality services at all levels. We support expansion of this provision to include training for all levels of personnel, including volunteers, and allowing non-profit agencies to contract for training programs. For example, child welfare workers adequately trained through both short and long term, formal and in-service, conceptual and practical training programs are essential to an improved and enhanced child welfare program in the States' public and private child welfare agencies. As HEW's study National Study of Social Services for Children and their Families concludes: "When education and experience are taken together, the typical case workers emerges as a person with a bachelor degree in a field other than social work and a little more than three years of experience in social service to

children and families. Thus, the adequacy of the caseworker to meet the service needs and goals of the cases for which he or she is responsible is dependent upon the agencies providing in-service training and supervision of remarkable quality." (Page 26)

We are pleased to see the provision allowing private donors of training funds to restrict the use of their donations for certain training programs in specific geographic areas, included in Senator Moynihan's bill, and strongly urge this Subcommittee to expand this approach to private donations for services and administration costs as well. We believe that the current purchase of services programs in the States could be better managed if, when private donations are necessary, non-profit social service agencies could directly donate the funds or private in-kind contribution for the State's share of matching funds. Currently, the restrictions on donated funds are not being enforced, according to HEW officials; and more appropriate, legally enforceable agreements between private donors and the State agencies should be implemented.

We thank you for the opportunity to testify today and urge this Subcommittee to report out H.R. 3434 legislation for child welfare and Title XX that will assure improvements in services for needy children and their families.

## APPENDIX I

### TITLE IV-B.—FEDERAL ALLOTMENTS FOR SELECTED STATES

| | Fiscal year— | | | |
|---|---|---|---|---|
| | 1979 | 1980 | 1980 [2] | 1980 |
| States: Total (in millions) | [1] $56.5 | [1] $56.5 | [3] $84.5 | [4] $141 |
| Alabama | ..... | ..... | ..... | ..... |
| Alaska | 144,756 | 140,369 | 215,212 | 355,581 |
| Arizona | ..... | ..... | ..... | ..... |
| Arkansas | ..... | ..... | ..... | ..... |
| California | 452,862 | 4,437,530 | 6,689,264 | 11,126,794 |
| Colorado | ..... | ..... | ..... | ..... |
| Connecticut | 633,961 | 635,492 | 942,526 | 1,578,018 |
| Delaware | 188,989 | 190,486 | 280,975 | 471,461 |
| District of Columbia | ..... | ..... | ..... | ..... |
| Florida | ..... | ..... | ..... | ..... |
| Georgia | 1,493,098 | 1,512,822 | 2,219,827 | 3,732,649 |
| Hawaii | 265,295 | 264,042 | 394,421 | 658,462 |
| Idaho | ..... | ..... | ..... | ..... |
| Illinois | ..... | ..... | ..... | ..... |
| Indiana | ..... | ..... | ..... | ..... |
| Iowa | ..... | ..... | ..... | ..... |
| Kansas | 586,198 | 582,788 | 871,516 | 1,454,304 |
| Kentucky | ..... | ..... | ..... | ..... |
| Louisiana | 1,300,614 | 1,292,118 | 1,933,656 | 3,225,774 |
| Maine | ..... | ..... | ..... | ..... |
| Maryland | ..... | ..... | ..... | ..... |
| Massachusetts | ..... | ..... | ..... | ..... |
| Michigan | ..... | ..... | ..... | ..... |
| Minnesota | 1,037,826 | 1,019,050 | 1,542,963 | 2,562,012 |
| Mississippi | ..... | ..... | ..... | ..... |
| Missouri | 1,242,933 | 1,230,412 | 1,847,900 | 3,078,312 |
| Montana | 271,095 | 282,915 | 403,044 | 685,959 |
| Nebraska | ..... | ..... | ..... | ..... |
| Nevada | ..... | ..... | ..... | ..... |
| New Hampshire | ..... | ..... | ..... | ..... |
| New Jersey | 1,487,404 | 1,460,550 | 2,211,362 | 3,671,912 |
| New Mexico | ..... | ..... | ..... | ..... |
| New York | 3,585,058 | 3,593,790 | 5,329,998 | 8,923,787 |
| North Carolina | ..... | ..... | ..... | ..... |
| North Dakota | ..... | ..... | ..... | ..... |

APPENDIX I—Continued

| | Fiscal year— | | | |
|---|---|---|---|---|
| | 1979 | 1980 | 1980 [a] | 1980 |
| Ohio | ..... | ..... | ..... | ..... |
| Oklahoma | 800,933 | 798,900 | 1,190,768 | 1,989,668 |
| Oregon | 628,364 | 628,375 | 934,205 | 1,562,580 |
| Pennsylvania | 2,670,341 | 2,601,209 | 3,970,065 | 6,571,273 |
| Rhode Island | 282,623 | 278,039 | 420,183 | 698,222 |
| South Carolina | ..... | ..... | ..... | ..... |
| South Dakota | ..... | ..... | ..... | ..... |
| Tennessee | ..... | ..... | ..... | ..... |
| Texas | 3,496,219 | 3,449,473 | 5,197,918 | 8,647,391 |
| Utah | ..... | ..... | ..... | ..... |
| Vermont | ..... | ..... | ..... | ..... |
| Virginia | 1,294,705 | 1,262,983 | 1,924,871 | 3,187,854 |
| Washington | ..... | ..... | ..... | ..... |
| West Virginia | ..... | ..... | ..... | ..... |
| Wisconsin | 1,238,350 | 1,200,411 | 1,841,087 | 3,041,498 |
| Wyoming | 170,551 | 170,385 | 253,563 | 423,947 |

[a] Source: HEW Action Transmittal 79-02, ACYF-CB-11/8/78.
[b] Source: Calculated by applying proportion of 1980 $56 5 allotment to $84 5 million.
[c] Additional under H.R. 3434.
[d] Total under H.R. 3434.

## APPENDIX II

## PROJECTED IMPACT OF AFDC-FOSTER CARE CAP ON SELECTED STATES IN FISCAL YEAR 1980

| States | Federal share for AFDC-foster care with ceiling of 120 percent | Estimated State expenditures for 1980 | Difference between allotment and estimated expenditures for 1980 |
|---|---|---|---|
| Alabama | ..... | ..... | ..... |
| Alaska | 832,309 | 260,000 | 572,309 |
| Arizona | ..... | ..... | ..... |
| Arkansas | ..... | ..... | ..... |
| California | 35,154,905 | 47,395,000 | —12,240,095 |
| Colorado | ..... | ..... | ..... |
| Connecticut | 1,878,204 | NA | ..... |
| Delaware | 521,478 | 556,000 | —34,522 |
| District of Columbia | ..... | ..... | ..... |
| Florida | ..... | ..... | ..... |
| Georgia | 2,626,636 | 2,333,000 | 293,636 |
| Hawaii | ..... | ..... | ..... |
| Idaho | 26,772 | 26,000 | 772 |
| Illinois | ..... | ..... | ..... |
| Indiana | ..... | ..... | ..... |
| Iowa | ..... | ..... | ..... |
| Kansas | 2,919,206 | 2,947,000 | —27,794 |
| Kentucky | ..... | ..... | ..... |
| Louisiana | ..... | ..... | ..... |
| Maine | ..... | ..... | ..... |
| Maryland | ..... | ..... | ..... |
| Massachusetts | ..... | ..... | ..... |
| Michigan | 12,294,028 | 15,035,000 | —2,740,972 |
| Minnesota | 3,803,504 | 7,850,000 | —4,046,497 |
| Mississippi | ..... | ..... | ..... |
| Missouri | 1,780,816 | 2,285,000 | —504,184 |

APPENDIX II—Continued

| States | Federal share for AFDC-foster care with ceiling of 120 percent | Estimated State expenditures for 1980 | Difference between allotment and estimated expenditures for 1980 |
|---|---|---|---|
| Montana | 653,021 | 697,000 | —43,979 |
| Nebraska | ..... | ..... | ..... |
| Nevada | ..... | ..... | ..... |
| New Hampshire | ..... | ..... | ..... |
| New Jersey | 363,125 | 1,130,000 | —766,875 |
| Mew Mexico | ..... | ..... | ..... |
| New York | 131,091,530 | 163,125,000 | —32,033,470 |
| North Carolina | ..... | ..... | ..... |
| North Dakota | ..... | ..... | ..... |
| Ohio | ..... | ..... | ..... |
| Oklahoma | 737,102 | 897,000 | —159,898 |
| Oregon | 4,412,446 | 5,387,000 | —974,554 |
| Pennsylvania | 8,114,897 | 9,843,000 | —1,728,103 |
| Rhode Island | ..... | 223,000 | —223,000 |
| South Carolina | ..... | ..... | ..... |
| South Dakota | ..... | ..... | ..... |
| Tennessee | ..... | ..... | ..... |
| Texas | 1,226,758 | 2,833,000 | —1,606,242 |
| Utah | ..... | ..... | ..... |
| Vermont | ..... | ..... | ..... |
| Virginia | 3,157,945 | 3,042,000 | 115,945 |
| Washington | ..... | ..... | ..... |
| West Virginia | ..... | ..... | ..... |
| Wisconsin | 3,498,844 | 5,133,000 | —1,634,156 |
| Wyoming | 79,099 | 83,000 | —3,901 |
| Totals | 218,319,660 | 271,080,000 | —52,760,340 |

*Computed from actual 1978 AFDC-FC Federal share. Disputed claims and administrative costs not included.

Source: Office of Financial Management, HEW, "Statement of Maintenance Assistance Expenditures Data—AFDC-Foster Care", fiscal year 1978, valid as of June 15, 1979.

Fiscal year of 1980 estimated expenditures were arrived at by the Federal Financial Participation Allocation under the 120 percent ceiling to the amount below fiscal year 1980 budgetary needs, from "Projected First Year Impact of two proposals to Cap the amount of Federal Financial Participation (FFP) available to States for AFDC-FC", National Governor's Association, 1979.

From these selected States, it is estimated that the total FFP (Federal Financial Participation) for AFDC-Foster Care is 20 percent below the estimated 1978 expenditures.

## APPENDIX III

### ADOPTION SUBSIDY INFORMATION FOR SELECTED STATES

#### CALIFORNIA

*Types of subsidy available:* Maintenance (no more than 5 years), medical needs (may be extended beyond 5 year period for special services).

*Means test:* Local county agencies determine.

*Subsidy rate:* Equal to 100% of foster care rate—maximum.

*Eligibility requirement:* State determines financial need of family.

#### DELAWARE

(Law enacted: July 1, 1979, expected to be implemented shortly)

*Types of subsidy available:* Medical and psychological, boarding-maintenance, and legal.

*Means test:*

115% of State's median income for family of four, including adopted child(ren).

For maintenance and legal subsidy.

*Subsidy rate:*

Maintenance subsidy cannot exceed foster care payments.

All subsidy expenses come from foster care budget.

*Number of children on adoption subsidy:*

12 children are currently receiving maintenance subsidy based on the old subsidy legislation.

The Delaware Division of Social Services anticipates 40 additional children will receive maintenance subsidy and 12 medical subsidy when the legislation is implemented.

#### FLORIDA

(Law implemented: Subsidy law passed 3 years ago became fully operative 2 years ago)

*Types of subsidy available:* Medical, maintenance.

*Means test:*

No means test requirement for families receiving subsidies.

Average income of families receiving types of subsidy: Medical subsidy, $17,223; maintenance subsidy, $12,614; combination, $10,973; and overall average income, $13,025.

*Subsidy rate:*

For funding subsidy, the child's State foster care maintenance payments go with him or her into subsidized adoption.

There is a small allocation specifically for medical subsidy.

*Number of children on adoption subsidy:* As of December 31, 1978, 132 children were receiving subsidy on an ongoing basis.

#### GEORGIA

(Law implemented: Subsidy legislation passed in 1973)

*Types of subsidy available:* Maintenance, special needs.

*Means test:* Income scale for families to receive subsidy for 1977-78:

Number in family (including adopted child):

2 less than $9,417.
3 less than $11,582.
4 less than $14,830.
5 less than $17,484.
6 less than $19,602.
7 or more $24,054 (no further increase).

*Subsidy rate:*

Special needs subsidy related to income level (as is maintenance subsidy), but there is some discretion in case of medical needs.

Maintenance subsidy is limited to 3/4 of regular foster care rates; no limits on medical subsidy.

*Number of children on adoption subsidy:* As of April 1978, at least 71 children were receiving subsidies:

63 receiving maintenance subsidy.
3 special needs subsidy.
5 both.

ILLINOIS

*Subsidy rate:* At least $1.00 less than foster care rate.

*Number of children in foster care:* 11,695.

*Number of children available for adoption:* 1,539.

*Projected cost savings of adoption subsidy:*

$853,260 total through age 18, at $2,973 per child.
$2,000,545 total through age 21 at $6,971 per child.

These could be considered conservative savings estimates for Illinois, given that administrative overhead, medical expenses beyond that directly related to child's being labeled hard-to-place, any educational or vocational expenses the State would be covering were the child to remain in care—are not included in the cost effectiveness savings.

LOUISIANA

(Law implemented: early 1979)

*Types of subsidy available:* Maintenance, medical, special services.

*Means test:*

115% of State median income for family of 4 for maintenance and special services.

Means test may be waived for medical subsidy if all other resources have been exhausted. (Medicaid coverage does not continue after foster care.)

*Subsidy rate:*

Not to exceed 80 percent of foster care maintenance costs.

No special moneys appropriated for subsidy; foster care moneys are to be used.

*Eligibility requirements:*

Children in custody of the public agency.

Families who are residents of Louisiana (subsidy will go out of State only for those families who were living in Louisiana at the time of the adoption).

*Number of children on adoption subsidy:* 8 children—all adopted by their foster families.

*Number of children free for adoption if Federal subsidy were available:* 270 children available for adoption—initial subsidized adoptions expected to involve foster families.

MICHIGAN

*Types of subsidy available:* Medical, maintenance.

*Means test: No means test.*

*Subsidy rate:* Not to exceed 100 percent of the foster care rate.

*Number of children on adoption subsidy:*

757 total.
416 maintenance only.
122 medical only.
219 maintenance and medical.

*Cost of adoption subsidy:* (1977 data)

$1,718,087 total foster care costs.

$1,070,283 total adoption subsidy cost.
$647,804 savings for 1977.

MINNESOTA

(New Adoption Subsidy Legislation Pending)

*Means test:* None.

*Eligibility requirements:*

Allows subsidy to travel with the child out-of-state.
Allows for placement of child in subsidized adoptive home which was formerly the foster home of child, without search for non-subsidized adoptive family.

*Number of children in foster care:* 11,990 (total annual cost is $47.5 million).

*Number of children available for adoption if Federal subsidy were available:* 2,278.

*Projected cost savings of adoption subsidy:*

| | |
|---|---|
| Savings from discontinuation of social services | $1,623,000 |
| *Plus* savings from discontinuation of difficulty of care rates | 1,205,000 |
| *Minus* costs of adoptive parent recruitment and placement services | 600,000 |
| Total projected annual savings | 2,228,000 |
| Projected total savings [1] through age 18 [2] | 18,500,000 |

[1] Based on 1978 foster care and adoption subsidy rates.
[2] The average age in the pool of candidates is 9.7 years

MISSOURI

*Type of subsidy available:* Medical subsidy, main subsidy.

*Means test:* Required for medical and maintenance subsidy.

*Number of children on adoption assistance:* 42 currently (program is being revised to clarify that subsidy will not terminate at any time. It is expected clarification on subsidy program will increase prospective families).

*Number of children eligible for adoption if Federal subsidy were available:* 10 to 20 currently.

NEW JERSEY

(Law implemented: July 1973)

*Types of subsidy available:*

Legal fees in relation to adoption—up to $130.
Medical and surgical cost for physical or emotional problems (pre-existing conditions only).
Maintenance.
Other special services: speech therapy, other therapy, day care.

*Means test:* Means test to receive any types of subsidy with a procedure for exception.

*Subsidy rate:*

Not to exceed 80 percent of the foster care maintenance rate.
Medicaid does not extend after adoption.

*Eligibility requirements:* Children in the care of the Division of Youth and Family Services.

*Number of children in foster care:* As of December 1978 there were 8,244 in foster care with the Department of Youth and Family Services.

*Number of children on adoption subsidy:*

Since the program began in July 1973, 1,329 children have benefited from subsidy; of these, 1,090 have been adopted by foster parents, and 239 were placed in selected homes.
As of June 30, 1979, 1,202 children were receiving subsidy.

*Means test:* Income level requirements are:

Number in family (including adopted child):
2—$13,290.
3—15,882.

4—19,135.
5—22,771.
6—26,598.
For each child in family over family size of 6: +$1,500 to maximum gross income ($26,598) on above schedule.
If single parent head, $2000 more added to maximum gross income on above schedule.
No income level requirements for handicapped children.

*Subsidy rate:* 100 percent of foster care rate.

*Cost savings:* For the current fiscal year, 1978-79, State estimates an average $1,700 per year per child savings due to moving child from foster care to subsidized adoptive home (this average includes maintenance and time limited subsidies).

OKLAHOMA

(Law enacted: October 1977)

*Type of subsidy available:* Medical—pre-existing conditions only.

*Means test:*
None in law.
Department of Welfare imposed 80 percent of state median income for family of four.

*Eligibility requirement:* Children in custody of Department of Welfare currently receiving foster care maintenance.

*Special requirements:* Request use of Children's Memorial Hospital, if possible.

*Number of children in foster care:* 3,500.

*Number of children on adoption subsidy:* 20—medical only.

*Number of children free for adoption if Federal subsidy were available:* 216.

OREGON

*Source of subsidy funds:* Legislature appropriates number of subsidies (current is 134 children for 2 years) and amount of subsidy payment.

*Means test:* None (unless there are more prospective adoptive families than adoptable children).

*Subsidy rate:* Not to exceed 100 percent of foster care rate.
*Number of children on adoption subsidy:* 53.

*Average age of child at time of adoption:* 11 years old.

*Average length of stay in foster care before adoption:* 7 years—usually because no money is available for subsidy.

*Cost of adoption subsidy:*
$287,432 for adoption subsidy program.
$396,588 for foster care program.
$109,156 saved over a 2 year period.
(Figures are for 134 children over a 2 year period.)

PENNSYLVANIA

(Law implemented: 1975)

*Types of subsidy available:* Maintenance, medical (physical and mental health care), special payment up to $600.00.

*Means test:* No family income requirements for maintenance or medical.

*Subsidy rate:*
Cannot exceed 100 percent of the foster care rate.
The State reimburses the county 80 percent of the subsidy rate.
The State reimburses the county 75 percent of the foster care maintenance rate.

*Eligibility requirements:*
Children in public and private agency care.
Maintenance subsidy goes out of state.

Medical subsidy does not go out of state—subsidy comes through medicaid.
Medical subsidy includes the recognition of a high risk of certain medical needs.

*1978 statistics:*

148 children adopted with subsidy of those 127 receiving maintenance subsidy.
76 physical and mental health subsidy.
122 special payment.
These figures are not exclusive.
As of December 31, 1978, a total of 353 children had been adopted with subsidy since 1975.

VIRGINIA

(Law implemented: 1975)

*Type of subsidy available:* Maintenance, special service, conditional (for children with a known risk of future disability).

*Means test:* Qualification determined by the local board of Department of Welfare.

*Subsidy rate:* Not to exceed 100% of foster care rate.

*Eligibility requirements:*

Child must be in the custody of the Department of Welfare.
Child with special needs.

*Number of Children in Adoption Subsidy:*

150 on some type of subsidy plan.
135 currently receiving subsidy payments.
15 are on conditional agreements for subsidy and do not now need payments.

*Characteristics of families and children on subsidy:*

119 families in all have entered into some type of subsidy plan on behalf of a child or children to be adopted.
90 families, or 75 percent of these adoptive parents, had incomes of less than $15,000 a year while only 29 families, or less than one-fourth of them, had over $15,000 a year income. Actually very few wealthy people are interested in adopting children with special needs—most of the families who want to help these children are lower middle-income people.
120 children in all were subsidized for adoption by their current foster parents, 75 percent of the total number of children involved.
71 children, or 44 percent of the total number, were subsidized with one or more of their siblings. Thus far, four sets of twins and one set of triplets have had subsidy plans initiated for them!
113 children, or 70 percent, were between 6 and 17 years of age when the plan for subsidized adoption was initiated. In fact, 14 of these children were over 14 years of age!
68 children, or 44 percent, were of Black or biracial heritage.
74 children, or 46 percent of all who have received subsidies thus far, have had some form of mental, emotional or physical handicap, but only 24 of these children have received Special Service Subsidies to assist with the cost of treatment.

*Cost of subsidized adoption:*

$131 was the average subsidy payment in January, 1979 per child. $345 was the average foster care payment in December, 1978 per child. Foster care costs $214 more per month per child than does adoption subsidy.
The foster care figure includes an average payment of $143.00 per child for room and board plus administrative costs of $202.00 per child.
As is readily apparent, the majority of cost savings for subsidized adoptions are in the area of administrative costs, which are not involved for children who have been legally adopted. When a child can gain so much in terms of emotional security and personal identity from adoption, how can the agency lose by subsidy?

Senator MOYNIHAN. Mrs. Cole.

## STATEMENT OF MRS. ELIZABETH COLE, DIRECTOR OF THE CHILD WELFARE LEAGUE OF AMERICA'S NORTH AMERICAN CENTER ON ADOPTION

Mrs. COLE. Senator, I think it has been about 2 years since I was last here. At that time I said I wasn't going to open up by saying it was a pleasure to be here because it wasn't. It isn't a pleasure to come I guess, year after year and to do something extraordinary—which is to ask Congress's permission to spend less money to do something better for kids, which is what I think the adoption assistance provisions of H.R. 3434 do.

Senator MOYNIHAN. But you do think it is better?

Mrs. COLE. Yes, I do. So I came just to say it again. We really do think, we know now subsidized adoption is the one single most important tool in the placement of the hard to place child in the United States.

I came also prepared to share some statistics that we do know about adoption, if you are interested.

Senator MOYNIHAN. Yes.

Mrs. COLE. Well, first on the number of States for subsidized adoptions, it is not 44 but rather 47 plus the District of Columbia. And the only three that don't have it are Mississippi, Hawaii, and Wyoming. We understand legislation is being readied in all three of those States to be introduced.

We do know subsidized adoption is cost effective as well as providing a youngster with a permanent family. In your State of New York I believe the figure is about $1,700 a year is saved per child on subsidy. And the States we have been able to poll—and it has just been a poll. We have called them and asked them if they have it—how many youngsters have they placed, and what do they think the importance of the law is. They have told us the cost savings to them range from about 19 percent to as much as 51 percent depending on the handicap of the youngster and the amount of money they were paying for a youngster in foster care.

So there is data on the cost effectiveness of it.

Senator Heinz asked some questions earlier this evening about the total number of youngsters who are available for adoption. I believe Secretary Martinez quoted from their study, which was done by the way by Dr. Ann Shyne and Mrs. Shroeder. Dr. Shyne used to be the director of research for the Child Welfare League. There is data in that study on the characteristics of the youngsters available for adoption. The study shows there are 102,000 youngsters who are legally free for adoption. And they had material on 97,000 of those youngsters. And that material shows that of those kids, I think that Senator Heinz was interested in knowing the race; 62 percent of the youngsters are white, 28 percent of the youngsters are black, 3 percent are Hispanic and 7 percent belong to other ethnic groups.

There is also information on the age of the youngsters. The median age of the children waiting in that study is about 7 years; 9 percent of the youngsters are under 1 year; 31 percent of the youngsters are between 1 and 6; and fully 40 percent are over the age of 11.

You asked a question as to whether or not one can predict of the total number of foster care, how many ought to be placed for

adoption. I think the Federal Government's recent study said about 20 percent. There were about four or five other research studies that concluded between 20 and 25 percent is about the average.

You can conclude from that——

Senator MOYNIHAN. That is very good. Would you put together a couple of pages for us?

Mrs. COLE. I wrote it——

SENATOR MOYNIHAN. You brought it with you?

Mrs. COLE. I wrote an editorial this summer on what we can learn from adoption statistics.

Senator MOYNIHAN. Can we put it in the record? We would be happy to do that.

[The editorial by Mrs. Cole for the record follows:]

WHAT WE CAN LEARN FROM STATISTICS

"I am looking for current information about the picture for adoptable children. Various figures are bandied about, and it is difficult to know what's valid. I realize that any figures are estimates at best, but it would be helpful to my work to find responsible estimates."

"I'm working on a magazine article about adoption Could you tell me how many adoptions took place in the United States last year? No one, including the federal government, seems to know."

Although these queries are typical of many from people who simply want to know how many children have been placed for adoption and how many still need adoptive families, providing answers is far from simple. States are not required to report to the federal government on adoption characteristics. HEW does not annually publish whatever data it does have. Historical comparisons are impossible to make because the same states do not report every year.

The fact the United States has more sophisticated data collection systems for its agricultural products than for the nation's children was not lost on adoption advocates. Public Law 95-266, passed in 1978, provides for a nationwide collection of information on adoption and foster care in the United States. This system has not yet been put into operation. Its first reports are a few years away.

What facts and figures are we using in the meantime? I'd like to share with you what is known. With all their statistical limitations, the current reports seems to support what we hear from the field.

The most recent figures gathered from 42 states and jurisdictions are reported in Adoption in 1975 [DHEW Publication No. (SRS) 77-03259]. Alaska, Arizona, Colorado, Guam, Idaho, Illinois, Mississippi, Montana, North Carolina, Oregon, Rhode Island and the Virgin Islands did not report. Figures for Nebraska and South Carolina were incomplete and considered not usable. With these limitations, the report goes on to show:

In 1975, adoption petitions were granted for 104,188 children;

62 percent (or 64,000) of the children were related to the petitioner. (Stepparent adoptions therefore account for the largest single group of adoptions in the U.S.);

36 percent (or 37,000) of the children were unrelated to their adopters;

In 2 percent of the cases the relationship was unknown;

77 percent of all nonrelative adoptions were arranged by agencies. (This contradicts the notion that the majority of nonrelated adoptions are arranged by private intermediaries);

63 percent of all nonrelative adoptions involved children under 1 year old; 25 percent of the youngsters were between 1 and 6, 10 percent between 6-12, 2 percent were 12 and over (adoption still is a service for babies and very young children);

72 percent of all nonrelative adoptions involved white children, 11 percent were of black children, 17 percent of other races;

Only 563 handicapped children are reported to have been placed in nonrelative adoptions.

Although we know a good deal about the children who were placed in 1975, we have no usable information about the larger population of children for whom families were needed at the time, and therefore cannot judge with what success we were able to meet that challenge. Such information does exist for 1978, enabling us to better assess the current situation. In an unpublished background paper prepared for the Model Adoption Legislation and Procedures Advisory Panel, Dr. William Meezan comments:

Projections from the National Survey of Public Social Services for Children and Their Families estimate that there are currently 102,000 children legally free for adoption services. Of the 97,000 on whom data is available, 62 percent are white, 28 percent are black, 3 percent are Hispanic and 7 percent belong to other ethnic groups including Native American and Asian. The median age of these children is over 7 years. Nine percent are under 1 year old, while 31 percent are between 1 and 6 years old. Fully 40 percent are over the age of 11.

Both reports point to areas where much more work needs to be done! Twenty-eight percent of all children needing adoptive families are black. In 1975, only 11 percent of the children placed by agencies were black. Strides may have been made in the intervening 3 years, but I believe the gap between what black children need and what they receive is still large. We need more recruitment efforts . . . more black staff to run special projects. We need to encourage suitable applicants.

Over 40 percent of all children needing families are over 11. Only 2 percent of all children placed in 1975 in unrelated families were over 12. Special efforts must be undertaken to find families for this group of youngsters.

It is also revealing that we know the least about the handicapped child, whether placed or needing placement. The tracking of disabled children seems to be one of our weakest statistical efforts.

Although it is often said that statistics can be interpreted in a variety of ways, and one may quibble about the nuances of these reports, I think all of us practitioners realize that they ring true on some important issues. They do point the way to work that is yet to be done.

Senator MOYNIHAN. No, this is what we are trying to find out. And I can fully follow the argument. And we have the experience.

Mrs. COLE. I think the other point I want to make, Senator, is there is a question raised about our capacity to be able to place youngsters. Somebody earlier said an infant is difficult to place. That is not true. An infant of any race is not difficult, providing that infant does not have a severe handicapping condition. The field, I think, possesses the ability to be able to place youngsters with most kinds of severe handicaps. So there is a potential to place these youngsters. And subsidized adoption is really a tool——

Senator MOYNIHAN. And you support the legislation?

Mrs. COLE. Absolutely. The league supports the provisions of H.R. 3434 over the administration's bill S. 966. We think it is a much better statement and a more generous provision.

Senator MOYNIHAN. You do. Thank you very much. We are going to move along because we have others to hear from. I am particularly happy to hear from Dr. Carter. We welcome you, sir.

## STATEMENT OF LISLE CARTER, CHAIRMAN OF THE BOARD, CHILDREN'S DEFENSE FUND; ACCOMPANIED BY MARY LEE ALLEN, STAFFER

Mr. CARTER. Thank you very much, Mr. Chairman, it is very good to be here. As I was sitting here earlier I am reminded again why I am happy to be through my assistant secretary training.

The children's defense fund appreciates the opportunity to present our views on the important legislation under consideration. We are here particularly to thank the subcommittee for scheduling this hearing so soon after the House action on H.R. 3434. We also want to work with you as you place children on the top of the agenda for this session of the Congress.

Although we are deeply concerned about social service issues more broadly, I want to focus my brief comments tonight on the need for child welfare reform. We did submit a statement which I think——

Senator MOYNIHAN. Which will be a part of the record.

Mr. CARTER. Yes, thank you very much.

The need for child welfare reform, the effectiveness of a balanced and systematic approach to the needs of hundreds of thousands of children out of their homes, and the merits of many of the specific proposals before the committee have already been established by the support which they have received in the 95th Congress and by the House action recently.

These findings have been buttressed by a report released last March by the Fund of its 3-year study of State and Federal responsibility toward children in out-of-home care, "Children Without Homes." And as Mr. Levine and others have pointed out, there have been other studies which have similarly supported the need for action.

In essence these studies found that the States have failed to insure that children in care have permanent homes, their own or adoptive homes. And not only are they cut off from permanent families, but they are also likely to be neglected in foster care.

While there is no overall explicit Federal policy on behalf of children without homes, there is a strong implicit policy which is a disincentive to the development of strong programs insuring children their own or adoptive homes.

Current Federal funding patterns actually encourage the removal of children from their families and discourage their return home or adoption.

Knowing the limitations of time, I would like to set out two propositions which we hope you will find useful in your consideration of the legislation:

The first is that any meaningful child welfare reform legislation should include certain components. I will list three: Be comprehensive and address the needs of children at all points in the system. This includes provisions for developing preventive and reunification services, insuring quality care to those children who need placement, and moving children into permanent adoptive families when return to home is not possible.

These should include fiscal incentives to insure such services and include procedural reforms tied to increased funds to insure children do not enter care unnecessarily and that they receive quality, time-limited placement.

CDF believes that the most effective way to accomplish these legislative goals would be to enact the child welfare provisions of H.R. 3434 as passed by the House, together with an entitlement that would assure the funding essential to implementation of the needed services and reform.

In supporting the entitlement, we emphasize that the provision adopted by the House Ways and Means Committee and included in the administration's April version of S. 966 is a capped, phased in funding measure, and that total funding would only flow to States that have instituted reforms to insure that children are well cared for and dollars are well spent.

The second proposition is that we are particularly concerned about the harmful impact on thousands of children of the foster care cap on AFDC-foster care proposed in both versions of S. 966. There is no evidence that AFDC-FC is a runaway program. The institution of the improved services and reforms in the bills before

you would be a more humane and cost-effective way to limit future Federal spending. Imposing a cap could prevent grave danger to troubled children caught with no support for placement and none available to prevent placement or facilitate adoption.

I am particularly concerned on this point, Senator, in the sense that I am wary about putting a cap on one program before we have had the strong demonstration in practice, not the individual demonstrations in particular States, that these programs will accomplish the effect that we have in mind.

I am very pleased to know that the markup is going to occur on Thursday, because we feel that final passage of this legislation is necessary. Thank you.

Senator MOYNIHAN. Now, thank you very much.

Now let me hear you a little more. What are we supposed to do? We have had eminent people before us, of which you are scarcely the least eminent. You have been an Assistant Secretary of HEW, years ago, before you had gray hair. They say put a cap on it and you say don't.

The House does not have a cap, as you know.

Mr. Levine, where would you come out on that?

Mr. LEVINE. Well, it seems to me that one of the issues is whether you want to use carrots and incentives to turn this needy system around some, which I think H.R. 3434 basically does. It offers some incentives, some of the wherewithal to implement some of these changes; or whether or not you just want to use and be guided fundamentally by a reduction in expenditure.

Senator MOYNIHAN. Well, sir, we are going to have to think hard about that. We are being asked to think about it. Stick around, all right? Don't be out of sight while we try to work this out in the next few weeks.

We want to do what is right, and we are not ourselves sure. You advise not to cap the program until you have seen the whole system in place. Don't be sure about imposing a limit on only one part of it.

All right, you have been kind enough to give us what the Children's Defense Fund says is important to this committee, and what you say is important to this subcommittee chairman. Thanks for making it complicated. That is your job.

[The prepared statement of Mr. Carter follows:]

TESTIMONY OF THE
CHILDREN'S DEFENSE FUND
ON H.R. 3434 AND RELATED PROPOSALS

SUMMARY OF PRINCIPAL POINTS

The need for child welfare reform legislation has been thoroughly documented. Findings from CDF's national study of children without homes set a framework for the need for specific reforms.

- Public systems charged with responsibility for children in out-of-home care fail to ensure that children have permanent families, their own or adoptive ones.
- Children without homes are not only cut off from their families but they are also often neglected by the public systems and officials charged with responsibility for them.
- The anti-family bias and public neglect is exacerbated and sometimes literally encouraged by current federal policies and programs. Current federal funding patterns encourage the removal of children from their families and discourage their return home or adoption.

Any federal legislation which attempts to reform existing federal foster care programs and improve the plight of the half a million children in out-of-home care in this country must:

- Be comprehensive and address the needs of children at all points in the placement process from preventive services through quality foster care and return home or adoption.
- Include fiscal incentives to the states to develop preventive and reunification services, ensure quality care to those who need placement, and move children into permanent adoptive families when return home is not possible. These incentives include:
  - Conversion of the IV-B program to an entitlement program.
  - Continued operation of the AFDC-FC program without a ceiling.
  - Federal reimbursement for adoption subsidies.
  - Extension of Medicaid coverage after adoption for children with special medical needs.
- Include procedural reforms, tied to increased funds, to ensure that children do not enter care unnecessarily and receive appropriate time-limited care when placed, and to ensure federal funds are in fact benefiting children.
- Be enacted at once and implemented immediately.

Improvements in the Title XX Social Services and Training Programs are essential if states are to improve and expand services to children and families. These include:

- An increase in the permanent ceiling to $3.1 billion with mandated increases in subsequent years.
- Retention of the earmark and 100 percent match on P.L. 94-401 funds for child care.
- Elimination of the proposed ceiling on Title XX training funds.
- Institution of a state plan requirement for Title XX training funds which will allow oversight of spending and monitoring of the effectiveness of training.

Chairman Moynihan and Members of the Subcommittee.

The Children's Defense Fund appreciates the opportunity to express our views on proposed legislation related to social services, child welfare services, foster care and adoption assistance. We are pleased that the Subcommittee has scheduled this hearing so soon after House action on H.R. 3434, and we hope that you will move expeditiously to assure enactment of this important legislation.

As you and other Committee members who worked on child welfare reform legislation in the 95th Congress recognize, reforms on behalf of the half a million children in out-of-home care in this country are long overdue. Despite a tremendous demonstration of public, press and Congressional concern about the plight of these children, legislation that would have addressed many of their problems died in the last few hours of Congress last year. During that year, hundreds and perhaps thousands of youngsters, many of them in inappropriate placements, have lingered in a twilight area, neither returned home nor provided a new permanent family through adoption.

The need for this legislation, the effectiveness of a balanced, systematic approach to the needs of children out of their homes, and the merits of many of the specific proposals before the Committee have been established many times--by both Houses of the 95th Congress and by the House of Representatives this year by a vote of 401 to 2.

We are here today both to thank you for your interest and to work with you to place children on the top of the agenda for this session of Congress.

The Children's Defense Fund (CDF) is a national public charity created to provide a systematic voice to improve the lives of children and place their needs higher on the nation's public policy agenda. Since 1973, CDF has conducted thorough research on major problems affecting millions of American children in the areas of child welfare, juvenile justice, child health, education, and child care. This research has formed the basis for a series of CDF reports, each of which contains specific recommendations for change at the federal, state, and local levels and in the public and private sectors. These reports also form the basis for CDF's action program which includes correcting the problems uncovered through federal and state policy changes, monitoring, litigation, public information and support to parents and local community groups representing children's interests.

CDF in March of this year released a report of its three year study of public policies affecting children who are at risk of or in placement, Children Without Homes: An Examination of Public Responsibility to Children in Out-of-Home Care, a copy of which has been shared with each of you. In our research we studied policies and practices in seven states, Arizona, California, Massachusetts, New Jersey, Ohio, South Carolina and South Dakota, and also conducted an in-depth examination of over 34 federal programs which have either a direct or indirect impact on children in out-of-home care and their families.

What we found is a national disgrace. The states' neglect of homeless children is reinforced by the federal government's failure to provide leadership. There is no overall explicit federal policy on behalf of children without homes. But the implicit policy reflected in federal funding priorities acts as a disincentive to the development of strong programs ensuring children their own or adoptive families. Current federal funding patterns encourage the removal of children from their families and discourage their return home or adoption. Once in care, children are lost; faceless; and forgotten.

It is on the basis of these findings that we worked with the last Congress and again this year for legislative reforms that would shift current federal fiscal incentives away from the costly maintenance of children in foster care, offer protections for those children who do need to be removed from their homes, and ensure children in care permanent families either through return home or adoption. The child welfare proposals before you, H.R. 3434, S. 966, in its original and amended forms, and S. 1661, each provides in part for such reforms.

However, we hope that any child welfare reform bill reported by the Committee will address all of what we consider to be the essential components of meaningful child welfare legislation. We urge you to report a bill which systematically addresses the needs of children at all points in the placement process--our children deserve more than piecemeal reforms.

Let me begin my testimony by laying out for you these essential components. I will then describe briefly our study findings which form the framework for such reforms, and discuss the various proposals before you in the context of how they address these essential components of child welfare reform. Finally, I would like to highlight our views on the social services proposals before you.

Essential Components of Meaningful Child Welfare Legislation

Any federal legislation which attempts to reform existing federal foster care programs and improve the plight of the hundreds of thousands of children in out-of-home care in this country must:

- o Be comprehensive and address the needs of children at all points in the placement process.
- o Include fiscal incentives to the states to develop preventive and reunification services, ensure quality care to those children who need placement, and move children into permanent adoptive families when return home is not possible.

  These include:

  - Assurance from year to year of increased targeted funds for preventive and reunification services.
  - Strong maintenance of effort provisions to prevent states from reducing their own contributions to child welfare services.
  - Continued operation of the AFDC-FC Program without a ceiling on expenditures to allow states to meet the increasing costs of specialized care for children whose placement cannot be prevented.
  - Federal reimbursement for adoption subsidies for children with special needs who otherwise would not be adopted.
  - Extension of Medicaid coverage to enable children with special needs to retain their Medicaid eligibility after adoption.

- o Include procedural reforms, tied to increased funds, to ensure that children do not enter care unnecessarily and receive appropriate time-limited care while in placement. These include requirements for basic data on the children in care, and for protections such as individualized case plans, independent periodic reviews of the status of children, required placement in the least restrictive setting appropriate to a child's needs and within reasonable proximity to his or her community, and a fair hearing mechanism.

- o Be enacted at once and implemented immediately.

Findings from CDF National Study

The three most basic findings from our national study, reported in Children Without Homes, set a framework for the components of child welfare reform just outlined. Our findings are not unique. They parallel findings from research done on the foster care system in a number of individual states, including Connecticut, Delaware, Louisiana, Minnesota, New Jersey, New York, Oregon, Pennsylvania, Virginia, and Wisconsin. The problems identified are national in scope.

Our first finding is that the public systems charged with responsiblity for children in out-of-home care, and particularly the child welfare system, fail to ensure that children have permanent families, their own, or adoptive ones.

We found that on a shockingly widespread basis, despite the pro family rhetoric so prevalent today, an anti-family bias is reflected at all points in the placement process. Children are unnecessarily removed from their families because there are no alternative services, such as homemakers, day treatment facilities, or other family support services to reduce stress on families and prevent the need for placement.

In the counties we visited we found that recent fiscal pressures had sharply diminished even the few services that had been available to prevent out-of-home placement. Yet where such service programs had been in operation, the evidence was clear that they can and do make a difference. Placements decreased by 25 percent in 13 South Carolina counties when services were targeted at preventing removal. A New York City project which targets its services to reduce pressures on families that lead to family break up, placed children from only 11 of the over 400 families it served in 1976.

Services to prevent placement pay off not only for the children and families involved, but fiscally as well. A preventive services project in three social services districts in New York State in 1976 estimated that over $285,000 in foster care expenditures was saved during the project period because the group receiving intensive services spent half as many days in foster care as a group receiving routine services; and additional savings were cited when project costs were contrasted with the costs required had the children remained in care through majority.

We found that once a child is placed neither customary practice nor formal policy stresses the importance of encouraging parent-child visits for children in care. In our mail survey of 140 counties, one half of the reporting counties admitted having no written policies about parent-child visiting. Nor did most counties provide funds to help parents defray transportation or related costs of visiting.

And some counties literally discouraged visiting -- permitting it, for example, only in courtrooms, or on special occasions. Yet several studies have shown patterns of parental visiting to be the best predictor of whether children return home. We also found that few services were offered to parents to help them with the problems that resulted in the removal of the child, and to facilitate reunification. Programs specifically targeted at parents of children in foster care were rare. Instead we found that 20 percent of the children in the counties we surveyed had been in foster care for over six years. And a recent HEW study states that nationally 25 percent of the children in care have been there seven years or longer.

The anti-family bias continues too, even after a child loses contact with his or her own family as a result of the systematic failures just described or abandonment by parents. Little effort is made to ensure that the child is adopted or ensured another permanent family. Efforts to provide children permanence are hampered by fiscal barriers, by the failure to identify children as ready for adoption and by outdated assumptions that certain children, those with handicaps, or those who are members of minority groups or are above a certain age, are "unadoptable."

Yet, again projects which have focused on providing permanent homes for children in foster care have been successful, in fiscal as well as humane terms. For example, a project in Oregon focused

on permanency resulted in 72 percent of the children being removed from foster care and the cumulative savings from decreased foster care payments overtook the cumulative expenses of running the project within its first two years of operation. An "Aggressive Adoption" program instituted in a Pennsylvania county resulted in the total number of children in foster care being cut in half in a five year period, with an estimated savings to the county of over $600,000, when contrasted with direct expenditures for maintaining those children in care.

Our second major finding flows from our first. Children without homes are in double jeopardy. They are not only likely to be cut off from their families, but we found that they are also often neglected by the public systems and officials charged with responsibility for them. Caseworkers are frequently overburdened and not familiar with the children or their families, or the facilities in which they place children. Substantive training by the counties and states we visited was virtually nonexistent. Yet the National Study of Social Services to Families and Their Children recently released by the Department of Health, Education and Welfare reported that 3 out of 4 of the over 500,000 children in out-of-home care has a caseworker whose education and experience makes him or her dependent on in-service training.

Overall we found the placement of children was often a haphazard process and as a result many children ended up in inappropriate facilities, often at great distances from their families and sometimes out of the reach of those systems having responsibility for them. Not only were children in institutions when foster homes might have been more appropriate, but there were children with special needs in foster homes with no specialized services, some for whom a good residential treatment center was needed. We did hear of cases where children were receiving high quality care, often as a result of advocacy efforts by individual foster parents or other caretakers, but we also heard of far too many children being subjected to various forms of subtle and not so subtle abuses.

Most shocking was the fact that the states and localities often knew little about the children in out-of-home care, either as individuals or as a group. The 140 county child welfare offices in our survey could not report race for 54% of the children in their care, age for 49%, or length of time in care for 53%. Only two of the study states had information systems in place at the time of our visit by which to track the progress of children in care. And the federal government knew virtually nothing about the tens of thousands of children allegedly benefiting from its programs.

Nor were mechanisms in place to monitor the quality of care to the children. Case planning too was often haphazard and reviews of individual cases within the agency were often pro forma.

In one Massachusetts county we were told that the cases of the children were reviewed only as a training device for new caseworkers.

At the time we visited our study states only one of the seven required by statute that the cases of the children in care be reviewed periodically, independently of the public agency. We are encouraged by the fact that since our visits three additional study states have passed such legislation. However, over half of the states in the country still do not require such reviews.

As a result, for large numbers of children there is the risk that no one is making timely decisions about what should happen to them, and seeing that such decisions get carried out. The sad reality is that, apart from recent innovative efforts in specific states, public systems charged with responsibility for these vulnerable children are themselves often neglectful, and sometimes even abusive parents.

Our third major finding is that both the anti-family bias and the public neglect of the children that we identified is exacerbated and sometimes literally encouraged by current federal policies and programs. This is particularly true of the major federal foster care programs, the AFDC-Foster Care Program (AFDC-FC) funded under Title IV-A of the Social Security Act and the Child Welfare Services Program funded under Title IV-B. The AFDC-FC Program encourages

the removal of children from their families, and discourages their eventual return home or adoption, where appropriate. There is no requirement in the program to ensure that federal dollars are purchasing cost-effective quality care. In fact, audits of the program have revealed that there is less of an incentive to move the federally reimbursed children out of care, than those for whom the state or county is fully responsible. For example, statistics gathered in Philadelphia County showed that in a one year period only 6.7 percent of the 2,181 children in the AFDC-FC Program returned home, and that almost 40 percent of the participants in the program had been in care seven years or more. A report of the Virginia audit concluded that three out of every four children in the program could be expected to remain in care until they reached age 18. Unlimited federal funds are available under the AFDC-Foster Care program for the maintenance of children in foster care, with no good faith efforts required to move children out of care. States can claim reimbursement to maintain a child in the limbo of foster care, but not to maintain him in an adoptive home when return home is not possible.

The AFDC-FC Program does not provide reimbursement for services to prevent placement or to reunify children with their families, nor are targeted funds for such purposes available under the Title IV-B Child Welfare Services Program. In fact, the IV-B program has been grossly under-funded. No more than $56.5 million has ever been appropriated for the service program, although it has an authorization

level of $266 million. And over 70 percent of the funds available have been used for out-of-home care.

We found too that federal requirements for the Medicaid program create a disincentive for providing permanence for children in foster care who have special medical needs such as physical, mental or emotional handicaps. While children in publicly supported foster care are usually eligible for Medicaid, they automatically lose that eligibility when adopted, unless the adoptive family meets the income eligibility requirements for Medicaid. Yet there are many families, not qualifying for Medicaid, who wish to adopt children with special needs, but do not have the financial resources to cover necessary medical expenses, particularly since they may not be able to get insurance coverage for children with pre-existing disabilities.

The Need for a Comprehensive Bill

First and foremost, our findings and those from other state studies clearly document the need for comprehensive reforms for these children. By a "comprehensive bill," we mean legislation that provides for increased preventive and reunification services, assurances for quality placements, and increased adoption services and subsidies. None of the proposals before the Committee address all of these components.

S. 1661 is the least comprehensive in that it addresses only problems concerning adoption. We ask that you not report a bill that focuses only on one end of the system. While we strongly support the substance of S. 1661, which is identical to the adoption provisions in H.R. 3434, we believe that its passage would further fragment attention to problems in the foster care system. In fact such attention on adoption only might be an incentive for states to move toward termination of parental rights and adoption prematurely. Increased targeted services and foster care protections are crucial to effective and sensitive implementation of adoption subsidies. Children now linger indefinitely in foster care in part because states do not have in place systems for periodically reviewing the status of children in care, and determining when they cannot be returned home and should be referred for adoption. Similarly, decisions concerning the likelihood of reunification are directly related to the availability of targeted services for this purpose.

The Assurance of Increased Targeted Funds for Preventive and Reunification Services

Although H.R. 3434, S. 966, and S. 966 as amended, all contain a prohibition against using additional IV-B child welfare services funds for foster care maintenance payments, and thereby target the funds for badly needed services, only S. 966 as originally proposed by the Administration would convert the IV-B program to an entitlement

program. The entitlement would ensure states of a specified amount of targeted funding for preventive and reunification services, and make available increased funds once states had in place certain procedures to ensure the funds would be well spent.

Conversion of the IV-B program to a capped entitlement is crucial if the reforms intended by the child welfare legislation are to occur. By converting the program from one dependent on the annual appropriation process to an entitlement, the legislation ensures that Congress will provide a specified level of targeted funding for alternatives to out-of-home care, just as it ensures funding for the maintenance of children in out-of-home care through the AFDC-FC Program. The entitlement is necessary so state officials and others planning such preventive and reunification programs can know that programs they put in place will be able to continue for more than one year. It is very difficult for states to coordinate with their legislatures or to contract with agencies for the development of such services without such assurances.

The question of conversion of the IV-B program to an entitlement program has been embroiled in the broader controversy over the fact that entitlement programs presently constitute over 75 percent of uncontrollable outlays, and that any additional entitlement programs mean less discretion over federal expenditures. Little attention has been directed at the fact that the IV-B entitlement would include built-in fiscal controls, and in several ways is significantly different from the majority of entitlement programs.

First, it would be capped at $266 million, the current authorization for the IV-B program, and the funding would be phased in. States would only be eligible for a portion of the total $266 million in Fiscal Year '80, and could not claim the remainder of their allotment until they had given assurances that they had instituted procedural reforms to ensure that the dollars were being well spent. Second, distribution of the entitlement funds would follow a uniform allocation formula and be allocated among the states, as funds under the IV-B program are now, on the relative number of children and per capita income in each state.

One of the most frequent arguments put forth in opposition to an entitlement is the fact that the Congress needs to evaluate the program annually through the appropriations process in order to ensure that dollars are being well spent and the program is free of fraud and abuse. The fact is that H.R. 3434 includes numerous provisions to help insure that the increased dollars in the IV-B program will be used to provide increased quality services for children at risk of placement or in care. These accountability provisions include a prohibition against using any of the increased funds for foster care maintenance (room and board), a requirement that 40% of the funds received be used for services to prevent unnecessary placements and reunify children with their families, and a requirement that, as a condition of full funding, states must implement certain foster care protections designed to ensure that children enter care only when it cannot be prevented, have their progress reviewed periodically and are moved out of care as quickly as is appropriate, either to their own families or adoptive families.

If an entitlement provision were to be incorporated into S. 966 as amended, the report envisioned by Sec. 3 of that bill could easily be expanded to assess its effectiveness. Data could be required on the extent to which the services being provided with IV-B funds and the protections mandated by the program are having an impact on the number of children entering the foster care system, and a reduction in duration of foster care.

Continued Operation of the AFDC-FC Program Without a Ceiling on Expenditures

In arguing for increased targeted funds for preventive and reunification services, and strong protections including periodic reviews and dispositional hearings, we reiterate our belief that there is no substitute for these provisions if the goal of child welfare reform legislation is to eliminate inappropriate placements. Those who support the imposition of a cap on the AFDC-FC program, including the Administration, argue that the fiscal limitation will discourage inappropriate foster care placements. We strongly believe that a cap is not an appropriate device to address the problem of inappropriate placements and that it endangers the well-being of children.

First, we have grave reservations about imposing a cap on the number of children in foster care before states have in operation mechanisms to ensure that only children who need care are placed and that they move on through the system, back home or to adoptive homes. Yet both versions of S. 966 would impose a cap on AFDC-FC based on 1978 funding levels, without regard to the progress states have made in implementing services and protections. A cap ensures

a decrease in placements, but does not ensure that the right children--those who don't need it--will be kept out of care. The children who are placed in care unnecessarily are for the most part children for whom there are presently no alternatives. It is dangerous therefore to impose a ceiling on funding without ensuring that alternative service programs to keep children out of care are in place. Similarly, the cap is imposed before states benefit from the effects of expanded federal reimbursement for adoption subsidies, a provision which will reduce caseloads by helping to move children who have been lingering in foster care into adoptive homes.

Second, the imposition of a cap does not take into account the realities of increased caseloads and inflation, or new demands on the system. For example, in our study we heard repeatedly about the increasing numbers of adolescent status offenders who, as a result of deinstitutionalization efforts, are becoming the responsibility of the child welfare system. There are states too where improved reporting procedures for abuse and neglect have resulted in legitimate increases in caseloads. Similarly, a cap does not allow for increased caseloads in states recently required to include eligible relatives in the AFDC-FC Program. Nor would a ceiling be responsive to the provision in H.R. 3434 which would extend ADFC-FC eligibility to voluntarily placed children.

Our third point is that after states have implemented the kind of services and protections envisioned in H.R. 3434 and S. 966, a ceiling will be dysfunctional. Under a redirected system, only those children who truly need foster care should be coming into the

system. To place an arbitrary limit on the numbers of these children who can be served in foster care would mean subjecting the left-over children to serious risk that violates the most fundamental principles of public responsibility for children.

And fourth, the cap has a potential adverse effect on the quality of care that children who indeed need out-of-home placement receive. The cap is a limitation on expenditures, not on caseloads. So even states that have successfully undertaken efforts to reduce their caseloads and focus their efforts and expenditures on especially troubled children are penalized. Numerous studies have documented the fact that more and more of the children entering foster care are children with physical, mental or emotional problems, which are too infrequently addressed by caregivers. Quality foster care for these children should consist of a variety of support services which may be costly and must often be delivered on a one to one basis.

Federal Reimbursement for Adoption Subsidies and the Extension of Medicaid for Special Needs Children After Adoption

An additional crucial component of child welfare reform is the inclusion of a strong federal adoption subsidy program and a provision which allows the continuation of Medicaid coverage after adoption for children with special medical needs, such as physical, mental, or emotional handicaps. We are pleased that the four child welfare proposals before you all address these two components.

In each of the seven states we visited we heard reports of specific cases where children were denied permanent homes with adoptive families, often because continued fiscal help for the care of the child would have ceased had the child been adopted. More directly, we identified specific federal policies which provided disincentives for the adoption of children with special needs. For example, because adoption subsidies require a 100 percent commitment of state or local funds, it is of fiscal benefit to the states to keep children in the federally reimbursed foster care program where they only pay a share of the cost. Placement of the child in an adoptive home with a subsidy would usually cost substantially less than foster care--but the state's share (it will be picking up the whole tab) will likely be more.

We believe that all of the bills contain sound adoption assistance provisions. Those in H.R. 3434, however, most fully address the needs of children awaiting adoption and those families wishing to adopt. Characteristics of the House bill which make it the most comprehensive include:

- It provides federal reimbursement for adoption subsidies for AFDC and SSI-eligible children in out-of-home care, as well as for AFDC-FC children.
- Payment of the subsidy may continue until the child is 18, or until 21 in cases where a mental or physical handicap warrants continuation, rather than an arbitrary cut off at age 18.
- Parents who adopt a child with special needs who qualifies for a subsidy are eligible for the adoption assistance regardless of their income.

- Children who are recipients of subsidies are eligible for Medicaid, without limiting the extent of coverage to care relating to medical conditions in existence at the time of adoption.

- It requires states to establish an adoption subsidy program, rather than leaving it to the discretion of the states.

The Need for Increased Protections and Accountability Provisions

One of the tragedies of the current child welfare system is that parents and children who come up against it have few protections against its capricious functioning. Protections for children and families are vital to begin to address the widespread public neglect described earlier. But statutorily defined protections alone are only a necessary first step. As I have been describing, there must also be sufficient fiscal resources to ensure that states can institute the protections. And there must be ongoing efforts by the states and the federal government to ensure compliance with mandated protections. Up to now there has been no attempt to ensure that federal dollars are in fact being spent to benefit the children they are intended to serve or to hold states accountable for what happens to children.

By protections we are talking about reform mechanisms to ensure that children enter care only when necessary and do not linger in care indefinitely. Specific protections include a requirement for preventive and reunification services; development of individualized case plans; placement of children in the least restrictive setting appropriate to their needs and within reasonable proximity to their family; periodic agency reviews at least every six months; a dispositional hearing by a court or court-appointed or approved body within 18 months of placement; due process safeguards to ensure

parents, foster parents and children receive the services and protections to which they are entitled; and establishment of tracking systems from which the status, characteristics, location and goals for placement of every child in foster care can be determined. In the last several years there has been significant activity at the state level to begin to implement protections such as those described, but without reinforcement at the federal level states can only go so far.

It is important to note that protections such as these are not only humane, but are cost effective as well in that they will result in long range cost savings. Eliminating unnecessary placements and reducing the length of time children remain in care will not only benefit the children and their families, but the taxpayers who indirectly bear the burden of a system that now keeps children in care, at public expense, too long; often in overly restrictive, costly settings.

As was mentioned earlier, compliance is a crucial piece of effective child welfare reform. Provisions for targeted funds and foster care protections obviously are only meaningful to the extent to which they are implemented. In this connection we support the provision in the substitute for S. 966 which requires that states arrange for a periodic and independently conducted audit of the child welfare services, AFDC-FC and adoption assistance programs at least every three years. Such an audit must be grounded in on-site case audits of the children as well as in agency reports to state and federal governments. Models for such audits already exist in the work of both the HEW Audit Agency and the General Accounting

Office.

The requirement in the substitute for S. 966 that the Secretary must submit a report to Congress by FY 1983 on the effectiveness of the adoption assistance program, as well as on the extent of reduction that has occurred in the duration of foster care, also is a significant step in helping to assure accountability.

Immediate Enactment and Implementation

Our final point and the message with which we would like to leave you is that these child welfare reforms must be enacted immediately. Over two years have passed since this Subcommittee first concerned itself with the problems in the foster care system. Two years is a long time in the life of a child of any age.

We ask you to report a bill which includes provisions for increased targeted funds for preventive and reunification services, foster care protections as a condition of funding, federal reimbursement for adoption subsidies and the extension of Medicaid coverage for special needs children who are adopted, and which will provide for immediate implementation. The momentum for foster care reforms has been building over the last several years, and a delayed response at the federal level would be detrimental to children.

Let me turn my attention briefly to the proposals for reforms in the Title XX Social Services Program, a program with significant impact on families and children.

Increase in Title XX Ceiling and Retention of Day Care Earmark

CDF strongly supports an increase in the Title XX ceiling to $3.1 billion as is included in H.R. 3434, with subsequent annual increases as proposed in S. 1184. Current funding for the program has severely limited the ability of states to improve and expand services to families and children.

We also strongly support the provision in H.R. 3434 to retain the earmark and 100 percent match on the P.L. 94-401 funds for child care for at least two years, and are pleased that the Administration has reversed its previous position and endorsed the earmark. Although we are aware that not all funds provided under P.L. 94-401 have been spent on child care, we believe that a phase out of the earmark and 100 percent match at this time would impose a real hardship on existing programs providing much needed services for children around the country. These programs could not suddenly come up with state or local funds to supply a 25 percent match in the coming year. At a time when increasing numbers of mothers with young children are entering the work force, it does not represent sound policy to cut back on limited federal support for day care. And further, such a cutback would be inconsistent with efforts currently being undertaken at the federal level to ensure quality child care for children.

Removal of Ceiling on Title XX Training Funds

CDF is opposed to provisions in both H.R. 3434 and S. 1184 which would impose a ceiling on training funds available under Title XX. With a major new initiative pending in the area of child welfare and with revised HEW Day Care Requirements to be released soon that mandate increased training for providers and Title XX administrators, both the importance of and the demand for training will legitimately increase.

As mentioned earlier in our testimony the lack of substantive training is a major problem in the child welfare system today. A strong training program is a critical component of any plan to benefit children currently in care, and states are utilizing Title XX training funds for their foster care and adoption workers. For example, CDF staff heard just last week about a child welfare training project just underway in Delaware that is threatened by the proposed cap on Title XX training funds. If the increased services and improved procedural reforms described at length earlier are to have a real impact on the hundreds of thousands of children in care, they must be accompanied by significant specialized training for those workers who daily make decisions having life-long significance for children. Well-trained workers at all points in the placement process are essential to a reformed system. They must be trained in the specialized techniques involved in the permanent placement of special needs children, as well as those involved in diverting children from foster care and providing alternative services. Foster parents too, working with agencies, must be better trained to care for the needs of the troubled youngsters they are increasingly being asked to care for.

We believe that the institution of a state plan requirement is preferable to a ceiling on expenditures as a mechanism for controlling spending and improving the effectiveness of training. States should be required to plan their training efforts to best meet the demands of service deliverers most in need of support. Such a plan also represents a crucial link between training and service delivery.

In conclusion, Mr. Chairman, we thank you and your colleagues for your commitment to developing the best possible child welfare and social services legislation, and we reiterate our commitment to assist you and the rest of the Committee in any way that would be helpful.

**STATEMENT OF REBECCA GRAJOWER, ASSISTANT DIRECTOR FOR PUBLIC POLICY, THE NATIONAL ASSEMBLY OF NATIONAL VOLUNTARY HEALTH AND SOCIAL WELFARE ORGANIZATIONS, INC.**

Senator MOYNIHAN. Let's hear then, if we can, from Miss Grajower. And why don't you take up your position, and then tell us what you think on this final sticky question.

Ms. GRAJOWER. Thank you, Mr. Chairman.

I am very happy to be able to come here tonight to testify on behalf of my agency with an unpronounceable acronym. I would just like to explain, of our 38 member agencies, some 25 have loosely formed a title XX task force. All 25 are either engaged in the provision of services under title XX through purchase of service contracts or are engaged in advocacy.

We developed under the able chairmanship of Candace Mueller—and Pat Barrett is also a member of our task force—we have developed a legislative agenda composed of some 14 points which we would certainly very much like to see enacted by Congress.

However, I would like to submit my prepared statement for the record and just highlight a very few of the points we consider most salient.

I would also like to point out, of the 25 agencies, 13 have subscribed to the full legislative agenda. They are the American Council for Nationalities Service, Boys' Clubs of America, Child Welfare League of America, Council of Jewish Federations, Family Service Association of America, Girl Scouts of the U.S.A., Girls Clubs of America, National Council for Homemaker-Home Health Aide Services, National Council of Jewish Women, the Salvation Army (National Headquarters), United Neighborhood Centers of America, Volunteers of America, the YWCA of the U.S.A. (National Board); and two agencies subscribe to only some portions of the agenda, and they are: the Association of Junior Leagues and the United Way of America, which is represented here tonight.

The three salient points I would like to address to you—you have pointed out yourself—the tragic erosion of the value of the $2.5 billion funding for title XX services, and in fact since 1972, the ceiling.

Some calculations show that maybe on a current dollar value of $2.5 billion, the ceiling is more like $1.5 billion to $1.8 billion.

We are very much concerned about the erosion by inflation and the whole funding for the title XX picture in general, because we are very much concerned about the imbalance in Government funding for preventive services versus services rendered and care rendered after problems have reached a more acute state.

Preventive services or the services that our agencies render would take children out of the juvenile justice system. Preventive services would allow inhome care for people aged and infirm. Preventive services would give pregnancy counseling and general sexuality counseling before more severe problems occur.

It is interesting everybody is in favor—it is almost a truism—that preventive services are cost effective, and yet the funding is not forthcoming. There is open-ended funding for programs such as medicaid, or massive funding for the criminal justice system, for example.

We are also concerned about it because, while as voluntary agencies, as charitable organizations, we have provided care and services to destitute and needy individuals since the very beginning, before the mass of Federal funding was available, charitable donations—and United Way is the leader in showing this, there are simply not enough to providing funding for the service and, therefore, we are using Government funds through contracts.

More often, title XX as a program, even before enactment of the title XX statutes, since the 1967 amendments, has been a partnership between public and private agencies. The median of title XX expenditures in the States in 1977 that went to private agencies and contracts was 32 percent. In fact, in 14 States such funding spent through private agencies represented 40 percent or more of the State's funds.

Therefore, we are concerned with questions of accountability in the program. We are concerned that the restrictions on donations by private agencies, the donations of the 25 percent non-Federal match, in effect don't work, that they are being obviated through arrangements which are demoralizing to both the State agencies and voluntary agencies; and in the very rapid survey that was made of State plans of comprehensive annual social services plans, in one State they even openly pointed out certain services were provided by donation by a voluntary agency, without in any way pretending such a decision was made independently.

I don't want to go in this brief period into all of the nuances of the clause that we are referring to.

We are therefore very delighted that in your bill, Senator, at least there would be up front and inkind donations made possible for training funds, but we hope that this provision could be expanded to program funds as well.

Another matter I would like to draw to your attention is that we have come to be very sensitive through discussions with other agencies not part of the National Assembly that represent more

minority groups and smaller agencies, that not only is there a problem of accountability in this question of donated funds, but also a problem of access by agencies to funds altogether, and this is something that you might want to look into as to how the States apportion or arrange for contracts to be let.

Now we also would like to ask for a redress of the imbalance that got written into the regulations in the treatment of public and private agencies with respect to access to training and the granting of training contracts.

Currently, the State agencies can have all types of personnel trained under title XX and can also even have volunteers trained, while voluntary agencies can only have people who actually deliver services trained under title XX. We should like to——

Senator MOYNIHAN. When did that originate?

Ms. GRAJOWER. It is a provision in the regulations. I am not aware of the precise——

Senator MOYNIHAN. It is not statutory?

Ms. GRAJOWER. 1975.

Senator MOYNIHAN. It is a regulation and not a statutory provision?

Ms. GRAJOWER. Statutory. I am sorry, sir; I wasn't aware of that.

Senator MOYNIHAN. Don't be sorry. I didn't even know about it at all.

Ms. GRAJOWER. Well, considering your shock earlier this evening about individuals who were not quite well prepared—the problem is that, for instance, volunteers of our member agencies provide very necessary service. I would like to give you one example: Boards of directors which must sign the contracts and must oversee the carrying out of the contracts, they have fiduciary responsibility; they need training as well. An example of the nature of what would happen if volunteers received training, if boards of directors received training, and on top of that, if provider agencies were permitted training contracts, for example, in the Boys Clubs of New Jersey, where in five inner-city ghetto areas they have set up an after school day care program, that program has mushroomed. In Jersey City, for instance they brought in as big brothers businessmen from that area who in this after school day-care program provide career enhancement training, provide individual after school tutoring, give them tours, take them on tours of IBM plants, et cetera, to show the youngsters what kind of careers they can pursue.

Out of enthusiasm for the success of such programs, the boards of directors of boys clubs have opened such programs to other groups.

Senator MOYNIHAN. And this is training, too?

Ms. GRAJOWER. And they, in turn, can train other people. They have made use of CETA funds for staff. In Pittsfield, Mass., the girls club has a day care program for working parents available on Saturdays and school holidays. It is open at all times; it is open around the clock, 9 in the morning to 10 o'clock at night, and furthermore has involved the members of the club, the teenagers of the girls club in staffing the day care services and in programing those services; and they are earning a little bit of money.

Senator MOYNIHAN. Well, all right.

Ms. GRAJOWER. I don't wish to belabor the point.

Senator MOYNIHAN. I just wanted to ask, what is wrong with the Junior League?

Ms. GRAJOWER. Nothing wrong with them. In fact, they asked me to make a few brief points from their written testimony.

Senator MOYNIHAN. We will put that in the record.

Ms. GRAJOWER. Well, I wanted to point out, with respect to the problem of getting information, it isn't just the bird's eye view of the overall statistics for this country; it is also at the street-level perception.

The junior league, at the request of their local judges, have initiated a program——

Senator MOYNIHAN. All right. Now you are going to put that in the record. The NANBHSWO has been heard from, but not sufficiently on this point about training.

Would you have the goodness to send to this committee a note, a letter, pointing out this regulation? And we would like to know, we would like to hear, what the committee thinks, obviously, but I would also like to hear why HEW has done this, if they have done this as a regulation. If they want to reconsider it, which they can do, if it is a regulatory matter, then we want to know. And if not, we should ask them about legislative direction.

[The information follows:]

THE NATIONAL ASSEMBLY

of National Voluntary Health and Social Welfare Organizations, Inc.

291 Broadway / New York, New York 10007 / (212) 267-1700

September 25, 1979

Senator Daniel Patrick Moynihan
Chairman
Subcommittee on Public Assistance
Committee on Finance
United States Senate
Room 2227
Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Moynihan:

In response to your request during hearings on Social Services and Child Welfare legislation on September 24th, permit me to set forth certain points regarding limited availability of training under Title XX to non-profit agency staff.

It is our conclusion that the Administration for Public Services of the Department of Health, Education and Welfare has been overly restrictive in interpreting premissible use of the Title XX training funds described in Section 2002 (a)(1) and (2) (A) of the Social Security Act.

Such questions as the definition of "part-time" or "short-term" training, the allowable reimbursable costs for such training, allowable reimbursable indirect costs, the definition of the word "expert," etc., are addressed in numerous Policy Interpretation Questions.

According to current HEW regulations and further interpretations of those regulations, Title XX training funds are available as follows:

Educational institutions may receive grants for curriculum development, classroom and field instruction; salaries, fringe benefits and travel of instructors; clerical assistance; teaching materials and equipment.

The State Title XX agency and provider agencies may receive salaries, fringe benefits, travel and per diem of staff development personnel.

The State Title XX agency is reimbursed for support staff, cost of space, postage, teaching supplies, and purchase or development of training materials and equipment of training activities directly related to the Title XX program.

Provider agencies are reimbursed for cost of teaching supplies and purchase or development of teaching materials and equipment only, for training activities directly related to the Title XX program.

Costs allowed for trainees are shown in the following chart.

ALLOWABLE COSTS UNDER TITLE XX

| COSTS ALLOWED FOR TRAINEES | FULL-TIME TRAINING PROGRAMS - 8 WEEKS OR LONGER | FULL-TIME TRAINING PROGRAMS OF LESS THAN 8 WEEKS | PART-TIME TRAINING |
|---|---|---|---|
| State Title XX Agency (all classes of staff) | salaries, fringe benefits, dependency allowances, travel, education costs | per diem, travel, education costs | education costs |
| Provider Agency (direct service and eligibility workers) | travel, education costs | per diem, travel, education costs | education costs |
| Individual Providers (foster family care givers) | | | travel, education costs |
| Persons Preparing for State Agency Employment | stipends, travel and education costs | | |

The new draft regulations prepared by HEW yielded on some of the reimbursable cost restrictions placed on provider agency personnel. Training for volunteers not serving State Title XX agencies was still not approved. However, the draft has still not been published as proposed regulations. House Report No. 96-136, accompanying H.R. 3434 requested "that HEW review current regulations which restrict the use of Federal training funds on the basis of whether the organization providing the training is public or private, and those regulations which restrict the use of Federal Title XX training funds to the training of specific persons employed by a private provider agency. The purpose of this review is to determine the conditions under which private agencies could be used to provide necessary training programs and the conditions under which training of other private agency personnel might be reimbursed. The results of this review should be forwarded to the Committee as soon as possible."

Consequently there are many evident inequities and gaps in the existing system.

The current regulations do not allow grants to non-profit organizations and professional associations. Individuals with these organizations may qualify as "experts" but again the importance of indirect costs becomes an issue.

The current regulations do not allow Federal reimbursement of the indirect costs (use of space, postage, support staff) associated with training activities sponsored by provider agencies or "experts." This places providers and experienced individuals at a distinct disadvantage in being able to provide quality in-service training programs.

The current regulations do not allow Federal reimbursement for travel and per diem incurred by individuals attending short-term training held at conferences or seminars or even educational institutions if they are less than one week. Only education costs are allowed--possibly the registration fee.

In view of these restrictions in current HEW regulations, but not in law, we feel it is very important for the Title XX statute to contain language permitting reimbursement for training of volunteers and non-direct service staff of non-profit provider agencies and to assure equitable federal reimbursement policies for appropriate training costs regardless of type of agency.

Moreover, we request that the statute list not only educational, but non-profit organizations and qualified individuals as providers of training. Thus, in section 2002 (a) (1) of Title XX of the Social Security Act, after "those services," parenthetical phrase could be amended to read:

"(including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions, or at conferences or seminars through grants to non-profit organizations or individuals with social services expertise or by direct financial assistance to participants enrolled in such conferences or seminars)."

Thank you very much for this opportunity to describe our concerns regarding the current Title XX regulations.

Yours sincerely,

Rebecca Grajower

Rebecca Grajower
Assistant Director for Public Policy

RG:lm

Ms. GRAJOWER. Yes, sir. I omitted in my very brief remarks that HEW has been working on draft regulations, redoing the training regulations. They unfortunately have not been issued; and some of the points we have made have been attended to, but not all of the requests.

Senator MOYNIHAN. But they seem open?

Ms. GRAJOWER. Well, the regulations have not been forthcoming On the House side, the report accompanying H.R. 3434 has asked HEW to look into the matter more closely and see if they could accommodate.

Senator MOYNIHAN. All right, you give us a letter and we will do the same thing here.

Ms. GRAJOWER. Or perhaps statutory language?

[The prepared statement of Ms. Grajower follows:]

STATEMENT BY REBECCA GRAJOWER

ON BEHALF OF CERTAIN MEMBER ORGANIZATIONS OF

THE NATIONAL ASSEMBLY OF NATIONAL

VOLUNTARY HEALTH AND SOCIAL WELFARE

ORGANIZATIONS

My name is Becky Grajower and I am Assistant Director for Public Policy of the National Assembly of National Voluntary Health and Social Welfare Organizations, Inc., New York City. We have a membership of thirty-eight national voluntary, non-profit organizations engaged in meeting the country's most pressing human needs through service delivery and public policy advocacy.

Of that number some twenty-four organizations have been participating--some quite intensively, others more peripherally--in the activities of the National Assembly Title XX Task Force, most ably chaired by Candace Mueller of the Child Welfare League of America. The Task Force has been monitoring the Title XX social services program since its inception in 1975, sharing information and concerns regarding the planning process in the states and legislative and regulatory developments at the national level.

In anticipation of this session of Congress, we have shaped a joint list of recommendations for Title XX legislation, to which thirteen agencies have so far subscribed; two organizations elected to accept only some parts of the list. This testimony is therefore presented on behalf of the following member agencies: American Council for Nationalities Service; Boys' Clubs of America; Child Welfare League of America; Council of Jewish Federations; Family Service Association of America; Girl Scouts of the U.S.A.; Girls Clubs of America; National Council for Homemaker-Home Health Aide Services; National Council of Jewish Women; The Salvation Army; United Neighborhood Centers of America; Volunteers of America; and the National Board, Y.W.C.A. of the U.S.A. The

United Way of America and the Association of Junior Leagues support only those portions of the testimony which address the recommendations they have signed on the appended legislative issues lists.

Our recommendations for Title XX legislation represent four areas of major concern to the aforementioned agencies participating on the Title XX Task Force -- funding, public accountability, training, and restrictions on donated funds.

Inflation has eroded the value of the program funds alloted under the $2.5 billion Title XX ceiling set in 1972 by at least 25%. Thus the $2.5 billion authorization is now worth at most some $1.8 billion. Congress has enacted temporary increases of 8% for fiscal years 1977, 1978, and 1979, by providing an additional $200 million, earmarked for day care under PL 94-401, and a further 7.4% increase, to $2.9 billion, for FY 1979. Under current law the Title XX ceiling is scheduled to revert to $2.5 billion in FY 1980. These temporary increases scarcely compensated for inflation since 1972, and thus could not be applied, as intended, toward program expansion or innovation in the 45 states (including the District of Columbia) which have reached the ceiling in expenditure of their allotments. The other six states (with the exception of Indiana) are near ceiling.

The Title XX program is very much a public-private program, a partnership between the single state agencies administering Title XX and providing direct services, and the public and private agencies providing services through purchase of service arrangements. Private agencies are estimated to have accounted for 40% or more of Title XX expenditures in 14 states in 1977. The mean for all states was 32%. While charitable organizations provided social

services before large-scale federal involvement began-- and consider it their responsibility to continue to do so, with funds derived from charitable donations as well as government contracts--they are cognizant that available private funds are not sufficient to meet human services needs. While it is a truism that public dollars spent for services are cost efficient, the preponderance of government funding goes to programs addressing the advanced stages of social, psychic or physical disintegration. The aims of the social services we provide are preventive or to treat social and medical needs, which, if left to develop, would require far more expensive remedies. Examples are in-home services for those individuals who do not require hospitalization, or other forms of institutionalization; sexuality, pregnancy and venereal disease counseling for adolescents; day care for the children of working mothers.

We therefore urge that at the very least, the temporary $2.9 billion 1979 ceiling enacted by PL 95-600 be made permanent, as proposed by the Administration, or renewed for FY1980 as set forth in S.1184. In addition we request that Congress enact a clause increasing Title XX allotments to the states to reflect increases in the cost of living. House approval of H.R. 3434, containing a $3.1 billion ceiling for FY 1980 and representing an increase of 7% over 1979, is therefore a promising development. The alternative pending before this subcommittee, S.1184, offering yearly $100 million increments in the Title XX ceiling from $2.9 billion in FY 1980 to $3.5 billion in FY 1986 represents an increase of 3½% yearly, and does recognize and respond to inflationary pressures on Title XX programs.

An additional concern is that the states should not reduce non-federal expenditures which could be used as a match to claim additional federal Title XX

monies as Congress appropriates more funds to maintain current levels of services and to enable some expansion of needed social services. We find that the current provision of law, section 2003(b) of the Social Security Act, requiring states to maintain aggregate expenditures at FY 1973 or 1974 levels, is not sufficient to prevent reductions in state and local expenditures as more federal matching funds are made available.

Another aspect of our interest in funding of the Title XX program relates to effective as well as efficient utilization of state allotments. Since the $2.9 billion FY 1979 ceiling was passed by Congress after the beginning of the fiscal year, states could not anticipate that an additional $200 million would be made available, and therefore may not have geared up to apply their increased allotments to carefully tailored service expansion. The Department of Health, Education, and Welfare estimated that the states will spend $2.8 billion of their FY 1979 allotments. The other $100 million could be retrieved if states were permitted to carry over any unused portion of their Title XX allotment for use in the next fiscal year, with some procedural limitation to prevent abuse, such as requiring approval by the Secretary of HEW.

Rationality in state comprehensive annual services program planning would be enhanced if the states were given the option of establishing a two-year as well as a one-year program period, thus synchronizing such plans with their budget cycles. Those states which opt for a two-year program period should be required to provide a 45-day comment period prior to the beginning of the second year. H.R. 3434 and S.1184, while permitting a program period duration of up to three years, do not specifically contain a periodic public input provision.

Accountability cannot be achieved without even rudimentary means to ascertain program effectiveness. Currently the Comprehensive Annual Services Program plan in most states functions as not much more than a statement of intent--what services are to be provided to which categories of persons. The Urban Institute evaluation of state implementation of Title XX summarized CASP plans as focusing on means rather than ends--namely the results of provision of services. Nor do CASP plans provide for feedback on performance during the prior program period. We therefore recommend that states should be required to publish, within a period of up to 180 days after the program year, an annual services program report which describes the extent to which the services program of the state was carried out during that year in accordance with the CASP plan and the extent to which the goals and objectives of the plan have been achieved.

Another facet of accountability is responsiveness of program planners to input by individuals, organizations and groups outside the single state agency administering Title XX. We therefore recommend that states be required to give public notice of intent to consult with local elected officials and other public and private organizations, and provide them with an opportunity to present their views prior to publication of the proposed CASP plan; the principal views of such individuals and organizations to be summarized in the proposed CASP plan. H.R.3434 and S.1184 contain a provision for such consultation with local officials, as does the Administration proposal. The Ways and Means Committee report accompanying H.R.3434 stated with respect to such provision, that it is the intent of the committee that in all states--not just some--"all organizations and individuals who are involved in the delivery or receipt of services have an opportunity to be involved at the planning stage." We respectfully request that this intent of Congress be expressed as statutory provision.

The Title XX program places very tight restrictions on nongovernmental funds used to match federal funds. Federal financial participation is available only for funds transferred to the state or local agency and under its administrative control. Further, such funds must be donated to the state without restrictions as to use, other than restrictions as to the services with respect to which the funds are to be used imposed by a donor who is not a sponsor or operator of a program to provide those services, or the geographical area in which the services are to be provided. Finally such funds may not be used to purchase services from the donor unless the donor is a non-profit organization and it is an independent decision of the state agency to purchase services from the donor. As a result of these restrictions voluntary federated fund-raising organizations, independent of agencies sponsoring or operating services or training programs, have become the conduit for funds donated by private non-profi' organizations. Nevertheless, states are receiving donations from private provider agencies, which are indeed resulting in purchase of service contracts. Such arrangements are made informally and then supported by documentation of the independent decision-making process which resulted in the purchase of service contract.

An analysis of state CASP plans yields some interesting findings. The Connecticut plan specifically states, with regard to subcontracts for legal services and safeguarding services entered by state agencies with private providers, that "these providers donate the 25% match amount." Other state plans, while specifying sources of donated funds, are less specific about the direct relationship between donation and purchase of service.

The restrictions on non-profit provider agency donations thus fail to achieve their intended purpose and only result in strained working relationships and less than appropriate accountability standards between the state agency and

non-profit provider agencies providing purchased services under Title XX. Senator Moynihan's bill, S.1184, contains an amendment to section 2002(a)(7)(D) of the Social Security Act to permit non-profit provider agencies to donate the non-federal share of "capped" training funds directly to the state. We request this provision be expanded to cover program funds as well. We also request that section 2002(a)(7)(C) be deleted so that private non-profit agencies be treated equally with public agencies and permitted to make such donation in-kind as well as well as cash.

The training regulations seem to demonstrate a policy preference which favors publicly employed social services personnel over privately employed social services personnel, and exclude provider agencies from training contracts altogether. HEW had promised revised training regulations by October 1978. The revisions were to address such issues as training for administrative and other non hand-on services delivery personnel of provider agencies; volunteers in provider agencies; travel, per diem and education costs for provider agency personnel in short-term training; and training contracts with non-profit provider agencies.

Let me illustrate what training of volunteers, for example, would achieve. In New Jersey, the Boys Club of Trenton was the first organization to provide an after school day care program. This soon spread to five other New Jersey inner city ghettos served by Boys Clubs. These Clubs expanded programs beyond the core Title XX after school day care, and developed the expertise to utilize CETA employees for additional staffing. In Jersey City the program enjoys volunteer support from people in the business community who act as big brothers or big sisters, and function as homework helpers and to lift horizons in vocational aspirations. Each of these agencies have opened their facilities to other groups such as senior citizens, so that the facilities are now used around the clock,

from 9 a.m. to 10 p.m. At each of these stages, volunteers and professional staff would have benefitted from training. On the other hand, these Boys Clubs have gained invaluable expertise to pass on to other individuals.

Volunteers in member agencies serve in capacities such as home companions, prenatal care educators, paralegals advising battered women of their legal rights, ambulance dispatchers, tutors in ghetto schools. They need training; they need adequate supervision. We therefore urge that Title XX training funding should allow contracts with non-profit agencies, and include short-term training expenses and training of staff and volunteers serving in all capacities in provider agencies.

Further, we favor adoption of a requirement that states which make provision for homemaker-home health aide services to adults, children and families under Title XX establish or designate a state agency to be responsible for establishing and monitoring standards for such services which are in accord with recommended standards of national organizations concerned with standards for such services. This is a development envisaged by the Medicaid-Medicare Anti-Fraud and Abuse Amendments of 1977.

Finally, we favor the provisions of H.R.3434 and S.1184 allowing states to use Title XX funds for emergency shelter for adults and permanently extending provisions relating to certain social services for alcoholics and drug addicts.

THE NATIONAL ASSEMBLY OF NATIONAL VOLUNTARY HEALTH AND SOCIAL WELFARE ORGANIZATIONS, INC.
TITLE XX TASK FORCE
RECOMMENDATIONS FOR TITLE XX LEGISLATION

Adopted at the December 11, 1978 Meeting

The following recommendations have been approved by the member agencies listed below:

1. The Fiscal Year 1979 Title XX allotment to the states, increased to $2.9 billion by PL 95-600, should be made a permanent minimum.

2. The Title XX allotment to the states for FY 1980 should be no less than $3.1 billion and in future years should reflect increases in the cost of living.

3. There should be separate Title XX allotments, outside the ceiling for the states, for Puerto Rico, Guam and the Virgin Islands.

4. There should be a requirement that states give public notice of intent to consult with local elected officials, and other public and private organizations, including voluntary, non-profit agencies, and provide them with an opportunity to present their views prior to publication of the proposed Title XX plan; the principal views of such individuals and organizations to be summarized in the proposed Title XX plan.

5. The states should be provided the option to establish either a one-year or two-year Title XX program period. If a state opts for a two-year program period, it must provide a 45-day comment period prior to the beginning of the second year.

6. The states should be provided an option to establish their Title XX plans in accordance with the fiscal year which applies to the counties in a state.

7. There should be a requirement that states publish within a period of up to 180 days after the program year an annual services program report which describes the extent to which the services program of the state was carried out during that year in accordance with the services program plan (CASP) and the extent to which the goals and objectives of the plan have been achieved.

8. The states should be required to maintain the aggregate expenditures of state and local funds of the highest expenditure fiscal year, rather than FY 1973 or 1974 as is required by present law.

9. Any unused portion of the Title XX allotment to the states should be allowed to be carried over for use in the next fiscal year, subject to approval by the Secretary of HEW.

10. The Title XX program should allow non-profit provider agencies to donate the 25% non-federal share directly to the state; such "up front" donation, like that of public agencies, to be in-kind as well as cash.

11. The Title XX program should allow states to use Title XX funds for emergency shelter, for not in excess of 30 days in any six-month period, provided as a protective service to an adult in danger of physical or mental injury, neglect, maltreatment or exploitation.

12. There should be a requirement that states which make provision for homemaker-home health aide services to adults, children and families under the Title XX program establish or designate a state agency which shall be responsible for establishing and monitoring standards for such services which are in accord with recommended standards of national organizations concerned with standards for such services.

13. There should be a permanent provision allowing Title XX funds to be used for certain social services provided to alcoholics and drug addicts.

14. Title XX training funding should allow contracts with non-profit agencies, and include short-term training expenses and training of staff and volunteers serving in all capacities in provider agencies

AMERICAN COUNCIL FOR NATIONALITIES SERVICE

BOYS' CLUBS OF AMERICA

CHILD WELFARE LEAGUE OF AMERICA

COUNCIL OF JEWISH FEDERATIONS, INC.

FAMILY SERVICE ASSOCIATION OF AMERICA

GIRL SCOUTS OF THE U.S.A.

GIRLS CLUBS OF AMERICA, INC.

NATIONAL COUNCIL FOR HOMEMAKER-HOME HEALTH AIDE SERVICES

NATIONAL COUNCIL OF JEWISH WOMEN

THE SALVATION ARMY, NATIONAL HEADQUARTERS

UNITED NEIGHBORHOOD CENTERS OF AMERICA

VOLUNTEERS OF AMERICA

Y.W.C.A. OF THE U.S.A., NATIONAL BOARD

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UNITED WAY OF AMERICA

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ASSOCIATION OF JUNIOR LEAGUES

## STATEMENT OF JACK MOSKOWITZ, VICE PRESIDENT FOR GOVERNMENT RELATIONS, UNITED WAY OF AMERICA; ACCOMPANIED BY PAT BARRETT

Senator MOYNIHAN. And now, finally, Jack Moskowitz.

We are happy to have you here.

Mr. MOSKOWITZ. I have Pat Barrett of my staff with me. Without her, I couldn't testify on title XX.

In the House I called her a title XX expert, and Mr. Corman said, Is there one?

Senator MOYNIHAN. Could I just interject a moment? I think Dr. Carter, you have an associate.

Mr. CARTER. Mary Lee Allen.

Mr. MOSKOWITZ. I don't have much to add, Mr. Chairman, except amen to all the previous witnesses.

The United Way of America supports H.R. 3434. We had a task force that examined title XX and made five recommendations—H.R. 3434 includes three of them, and that is increases in the title XX allocation and making them permanent; the permitting of the States to utilize a 3-year planning cycle; and provision for consultation with local officials.

There were two other recommendations that this task force made that are not included, and we would like to still——

Senator MOYNIHAN. Which are they?

Mr. MOSKOWITZ. One is—and Ms. Grajower spoke to both—one is the elimination of the private donation restrictions.

Without being an expert on title XX, it just appears to me from an accountability standpoint, it is just not a very good way to do business, to have this sort of camouflaged system.

The second was this training problem; and those are part of our recommendations also.

But we basically support H.R. 3434 and support including those provisions, though we take the lead from the Children's Defense Fund and Child Welfare League on the child welfare portions.

Senator MOYNIHAN. On the cap, you would be with Dr. Carter?

Mr. MOSKOWITZ. That is correct.

Senator MOYNIHAN. Let's look into this training thing, and also this donation matter, and see if we can't find out whether this can't be handled in the legislation.

Well, I thank you very much. We know the value we place on your testimony and your patience. You should learn to be less patient or you will end up last, always.

Mr. MOSKOWITZ. Mr. Chairman, compared to a tax bill, this is an early evening.

Senator MOYNIHAN. It is an early evening, yes. There is so much less at stake; it is only the lives of children, and not money, but there you are.

[The prepared statement of Mr. Moskowitz follows:]

STATEMENT OF
JACK MOSKOWITZ
VICE PRESIDENT FOR GOVERNMENT RELATIONS
UNITED WAY OF AMERICA
BEFORE THE
PUBLIC ASSISTANCE SUBCOMMITTEE
OF THE
SENATE FINANCE COMMITTEE
ON
TITLE XX SOCIAL SERVICES (HR 3434 & S 1184)

September 24, 1979

United Way of America supports strengthening Title XX's capacity to stimulate more thoughtful and responsive planning and organization of social service delivery in the states. We supported HR 3434 in the House and believe this bill would achieve hat goal.

Attached for the record is a copy of a position paper proposing legislative and administrative changes needed to accomplish this goal. This position paper was developed by a task force composed of local United Way professionals from across the country.

We particularly want to stress our support for five proposals to:

1. Increase the Title XX allocation ceiling permanently and authorize all temporary provisions permanently;
2. Permit the states to utilize a three year planning cycle;
3. Provide for consultation with local officials in development of the state plan;
4. Eliminate special restrictions on the use or handling of private contributions to the local matching requirement; and,
5. Extend eligibility to conduct training programs to all qualified public and voluntary organizations and extend eligibility to receive training

to all staff and volunteers working under a Title XX contract.

Points 1, 2 & 3 are in the House bill (HR 3434). Points 1 & 2 are also in Chairman Moynihan's bill (S 1184). Some elements of point 4 are also present in S 1184. Point 5 on training is not in either bill.

United Way of America is the national organization for local United Ways. There are over 2,000 United Ways throughout the country, deeply involved in planning for the community's service needs and seeking the resources to meet them.

Title XX is an important program to local United Ways because it has stimulated and supported greater coordination and cooperation between public and voluntary sectors. This cooperative effort represents a creative partnership between the public and voluntary sectors in financing, planning, delivering and evaluating many essential community services. Title XX is the government program that supports the largest number and the broadest spectrum of voluntary services. No other Federal program has such a broad scope.

A recent Urban Institute study on Title XX for HEW indicated that almost one third of all Title XX expenditures ($928 million of the current $2.9 billion ceiling) are made through purchase of service arrangements with private agencies, mostly nonprofit organizations. The voluntary sector, therefore, provides close to $1.2 billion in Title XX services when the 25 percent local match is included.

Title XX supports the basic social services provided by United Way agencies such as foster care, day care, adoptions, youth services, counseling and information and referral. These agencies have made a major commitment of their resources to Title XX, its purposes and procedures. One national voluntary organization, for example, has found that 30 percent of its local agencies' support comes from government programs, and 44 percent of those funds are Title XX dollars.

Furthermore, a significant amount of voluntary sector funds are also used to match the Federal dollars. A recent United Way of America survey indicated that, in the 153 cities responding, local United Ways could identify at least $13.5 million of their own funds and $1.9 million from other private sources that were contributed to Title XX services in 1978.

Consequently, Title XX policy and programming has a profound impact on local United Ways' planning and allocations. Without Title XX funds voluntary services would suffer. Conversely, if the voluntary sector were to pull out of Title XX, there would not be much of a program left in many states.

Some present Title XX policies create problems for the voluntary sector. United Way of America believes the following changes will alleviate some of the problems and simplify administration of the services for voluntary agencies.

1. The Title XX allocation ceiling should be increased permanently and all temporary provisions should be made permanent.

HR 3434 proposes to raise the Title XX allocations ceiling to $3.1 billion. It represents only a 7 percent increase over the $2.9 billion authorized for F.Y. 1979. This is a modest amount in light of a current annual inflation rate of 13 percent. We believe this figure is reasonable and justified in order to maintain services. This new ceiling conforms to the spirit of fiscal restraint in the President's Wage and Price Guidelines. It is not an increase that will expand programs. Whatever figure is finally selected, we urge you to continue to keep Title XX an entitlement program. Any increments to the original $2.5 billion ceiling should be incorporated into the entitlement, instead of using annual authorizations. This would permit more thorough planning and eliminate disruptions in service programs and community planning due to the uncertainty of continuation. This problem is especially acute when legislation is delayed past the start of the new fiscal year as has been the case for the last several years.

2. The Title XX planning cycle should be extended to three years at state option.

A three year cycle would improve the quality of community planning by permitting enough time between cycles to reflect upon the effectiveness and adequacy of the current plan before beginning the next one. Freeing the states from this treadmill would also encourage them to synchronize the Title XX cycle with their budget cycles.

3. Consultation with local officials should be required in the preparation of the state plan.

Many voluntary organizations and other interested groups and individuals do not have ready access to their state officials, many times because the state capital is just too far away. However, their local officials are close at hand. Truly effective social service systems cannot be developed without a local focus for citizen input and response. This provision would open a communication channel touching not only planning, but all areas of the program. This would make it more responsive to community needs.

4. Special restrictions on the use or handling of private contributions to the local matching requirement should be eliminated.

Nonprofit oragnizations should be permitted to offer contributions for local match on the same basis as local public agencies. Now, neither a local United Way nor a voluntary agency may offer their private donation as match for a specific contract with a specific agency. We are required to make a gift to the state treasury of privately raised funds contributed for voluntary services. This system entails serious legal and accountability problems for local United Ways, voluntary agencies and the states as well. It also creates additional red tape in the system and administrative burdens for the states. These are costly and divert money from direct services to administration. Chairman Moynihan has proposed eliminating these restrictions for training contracts in S 1184. We think the committee should eliminate restrictions from service contracts as well.

5. All qualified public or voluntary organizations should be eligible to conduct

training programs and all qualified staff and volunteers working under a Title XX contract should be eligible to receive training opportunities.

Provider agencies and voluntary organizations may be the best source of expertise in particular fields. Under existing law, they may be reimbursed only for staff time instead of the full cost of training. For this reason, voluntary agencies don't participate. Providing training to volunteers would encourage a greater utilization of volunteers in service delivery and, thus, reduce program costs, helping voluntary agencies to better cope with limited resources. Finally, in view of the fact that over half of the Title XX services are delivered under contract, there is no way that state management of these contracts can be made truly effective without training the administrative staff of purchase of service contractors in improved procedures.

Any problems within the Title XX system may be magnified over the next few years as a result of reductions in federal support for social programs. These circumstances will give Title XX a much greater significance as the primary means and, perhaps, the only means of balancing major changes in federal priorities with state and local priorities. Therefore, it is important to us to improve the planning and management of the system in order to meet these additional challenges and to help communities deal with severely limited resources while continuing to meet the complex human problems confronting them.

# TITLE XX POSITION PAPER

## BACKGROUND

The history of Title XX of the Social Security Act and its precoursers, Titles IV-A and VI, reflect a long evolutionary process towards an effective means of stimulating comprehensive state social service programs without diminishing either state responsibility or autonomy. Throughout this process, it has periodically been reexamined and reshaped in the light of accumulated experience and insights regarding how to accomplish current tasks better and what new directions it ought to take.

Title XX is actually the result of the last major reexamination in 1974-75 of the way social services were evolving within the framework of the state welfare systems.

Originally, federal support of state social services were authorized under Titles IV-A and VI of the Social Security Act. This program was small, serving welfare recipients only and emphasizing casework. In the late 60's, congressional and administrative action broadened program eligibility to include former and potential public assistance recipients and expanded eligible services to a wide range of specialized services beyond the old casework definition. The purpose was to actively promote more intensive, more creative state effort to reduce welfare dependency.

However, the funding for this program was totally open ended with the federal government required to match all state dollars spent for eligible services. Through the end of the decade, the program exploded as eligible services grew and as state budget officers, also, increasingly sought to place more existing services under the Social Security Act. Federal expenditures more than quadrupled between 1969 and 1972. The program was out of control.

In order to reestablish control, but to continue to promote flexible and comprehensive state social service programs, Title XX was created. It represented the best compromise then available to the Administration, the Congress, the states, the public welfare establishment and the voluntary sector. In order to meet these criteria, Title XX's comprehensive planning mechanisms were established, calling for a needs assessment process to support state planning, a citizen participation mechanism for reviewing the plans and an accountability system to determine program effectiveness.

All of these measures supported the concept of building systems for social service decision-making within the states. It has been effective, and states have made great strides in developing both systems and skills in these areas. However, we are again at a point where another reexamination is necessary in order for Title XX to fully realize its potential and to go one step further.

## ACTION

More effort is needed on the Title XX program to perfect the systems now being formed and to extend these decision-making processes down to the local level.

Title XX is maturing as the core program for social service financing, planning and programming. It is the one program that cuts across categorical program lines and, thus, tends to be the thread that ties together the federal patchwork quilt of categorical human services at the state and local levels. Because of this function, it has led to better coordination and integration of services and ultimately to a more efficient means of getting services to people.

Further, Title XX is the one program interrelating the public and the voluntary sectors through its extensive use of purchase of service contracts and donated matching funds as well as its broad based planning and citizen participation mechanisms. This program has also started to break down the old artificial barriers that had grown up between services to welfare recipients and services to all others. Purchase of service has brought recipients into contact with a much broader range of services and agencies. Title XX's eligibility criteria permits states to encompass middle income persons as well as recipients and low income persons in their service programs by using sliding fee scales.

If state and local planning and service delivery systems were further developed under Title XX, this program could, in the future, serve as a vehicle for new human services initiatives or to link other current categorical program areas. However, such utilizations of Title XX are not feasible until Title XX is operating smoothly at all levels.

## LEGISLATIVE ACTION

### Ceiling

- Title XX funding should be increased over an assured period of time.

Since the $2.5 billion ceiling was initiated in 1972, inflation has reduced its purchasing power by nearly half. If the ceiling had risen at the same rate as the consumer price index, it would have been $3.6 billion in 1978. Recent increases of $400 million to Title XX have been only annual authorizations and not permanent increases to the ceiling. For the past two years, authorizing legislation has not passed Congress until well into the new fiscal year, creating doubts about the outcome.

The combination of uncertainty, instability and erosion of the program's funding has provided disincentives to planning and to building the systems necessary to do it comprehensively. In order to reverse this trend and increase and broaden planning, there must be a permanent increase in Title XX funding with sufficient lead time for planning before the funds become available Each jurisdiction qualifying for Title XX funds should have a dependable level of funding fairly representing its level of needs.

- Title XX funding should be structured to provide direct incentives to states for system building functions.

These would include planning, citizen participation, needs assessment, evaluation and staff development. This could be done in several ways. More attractive matching ratios could be used to encourage desirable activities. A separate administrative set aside or a technical assistance or research and demonstration fund could be made available outside of the structures of the funding ceiling so that a state may qualify to establish or test new systems even if it is at its own ceiling.

Planning

- Title XX should promote a local focus in the planning process.

Needs assessments, citizen participation and accountability must be directed at local communities. This level would produce the greatest responsiveness to the system because it is accessible to more people than the state level. Anchoring these functions in the local community will also tend to counteract the impersonalization coloring most of our daily transactions and alienating so many people from government services.

- The use of voluntary sector input and expertise should be encouraged in the planning process wherever it is available and appropriate.

The voluntary sector has a great deal of information and expertise in planning, needs assessment and evaluation. However, in most cases, this resource is overlooked. All too often the voluntary sector is not even consulted before the states or the federal government develop procedures for provider agencies to follow. This narrow perspective on Title XX must be overcome before it can fully speak to and relate to both sectors. The authorizing legislation should clarify and strongly state its intent to foster a public/private partnership in carrying out the Title XX mandate.

- Planning should be done on a comprehensive basis.

Title XX should promote the broadest planning concepts incorporating an evaluation component as well as needs assessment. In this way planning will be more viable, even during periods when resources for services are not expanding and priorities need to be reassessed. In order for this to occur the Title XX planning process should become more open with more frequent opportunities for the participation of concerned groups. It should also be scheduled in conjunction with the budget process so that its results influence the budget rather than the reverse. This planning process should also attempt to identify and coordinate other service programs and funding sources interrelating with Title XX without actually exercising control over them. Finally, a longer planning cycle than the current annual one is essential to a more comprehensive process.

Accountability

- Accountability for scope and effectiveness of services should be shifted to the local level.

While it is most appropriate that fiscal accountability rise upward to the federal government because of its financial support, questions about needs and service impact should be answerable to the community where the service

was given. Here again, removing responsibility to the federal level increases impersonalization, and it lessens the capacity of the service system to make adjustments accordingly.

Reporting

- Fiscal and program reporting should be integrated with planning needs.

Social service reporting mechanisms could also be utilized to support the system building approach. Now, much of the current reporting is not useful to the states because it reflects only what the federal government needs to know and very little about what the state and local officials or service providers need to know about the program. Reporting requirements should mesh with these needs. If this were done, the reporting itself would serve to support and encourage more comprehensive planning and evaluation because the data could be used for those purposes. The federal government would also get far more accurate program data because it would have more significance to those preparing it.than as mere paperwork.

Data required in all reports should have some basis of comparison between them and should also have a correspondence with data in the CASP. Furthermore, the CASP data should be broken down in such a way that they provide adequate information on local communities. Data should not be limited to the planning phase but should be extended to include a report on the actual program for the preceeding year.

ADMINISTRATIVE ACTION

The above recommendations speak primarily to the need to modify Title XX's legislative authority. This section deals with recommendations for administrative measures. However, this categorization is not meant to be absolute. All of the legislative changes outlined above will also require administrative action to ensure full and effective implementation. In some cases, where legislative action is unsuccessful, these recommendations may be acted upon at least partially through administrative action.

Training

- Title XX training should be used to reinforce the system building approach.

Training should be available to develop and upgrade skills necessary for decentralizing the planning, evaluation and delivery of services throughout the program. Now, most types of training may be given only to staff of the state agency administering Title XX. Over 50 percent of Title XX funds are now spent under purchase of service contracts with public or private agencies. It would be impossible to seek more efficient Title XX management, or any other improvement, if over half the program's staff is to be ignored.

It is especially important in testing planning or evaluation techniques, for example, to be able to instruct all participants in how they work and how to get the best performance from them. The lack of such training has significantly

hindered Title XX's ability to develop systems below the state level. Full participation in in-service training programs ought to be encouraged with special emphasis on bringing voluntary service providers into the process. Some of the ways this can be done are by opening up the planning process for training through a published plan, by broadening eligibility for training among service provider staffs and volunteers, and by permitting more flexible contracting arrangements for service providers to obtain training.

Accountability

- Procedures for fiscal program reporting should be simplified and coordinated.

Title XX has been much criticized for its enormous paperwork requirements and yet much critical information on the program is still not readily available. The problem lies not in the amount of data collected, but in the form it takes. Useful information is in the system, but can't be readily isolated and, therefore, is not accessible. This can be rectified by developing a greater correspondence between reporting mechanisms for different purposes. Results should be able to be interpreted at the local level so that they can be used in improving the services and the systems. Such coordination in reporting could reduce costs as well as paperwork.

Technical Assistance

- Technical assistance should support and encourage state system building efforts.

HEW should not provide such assistance itself, but should facilitate an exchange of information and expertise between the states. It should also use technical assistance to facilitate exchanges between the states and other participants wherever appropriate. HEW should build better relationships with the voluntary sector as well as with local officials in order to encourage better communication and more integrated systems of technical assistance. The contents should also be used to more actively promote improvements in the system elements such as needs assessments, evaluation techniques, decentralized planning, and integrated planning. Furthermore, more assistance should be developed aimed at techniques of managing purchase of service systems from the provider's perspective as well as the administrator's and in those areas of special concern to providers. Such areas are unit cost rates, reimbursement procedures, service definitions and standards, and methods of assigning services to be purchased.

Regulations

- Voluntary sector perspectives and experiences should be sought in formulating Title XX policies.

If Title XX goals and objectives are to be met, program regulations and guidelines should be appropriate to the overall program all the way down to the service delivery level. This can't occur if most consultation is limited to

the states. This is especially critical because so much of the program is carried out under purchase of service. Representatives of all types of participants should be consulted at an early stage of policy development. In this way, policies and procedures will be better adapted to the purchase of service process.

Planning

- Administrative policies should encourage increased coordination with other service programs and service deliverers at all levels.

All HEW policies and regulations should support the effort to build more comprehensive planning and delivery systems. A thorough policy review should be conducted to weigh the impact of existing regulations on this goal and to develop new ones, if needed. Other administrative activities should also be reviewed. Some topics that could be considered are waivers of regulations to integrate special programs, and adoption of a standard services identification system to ensure correspondence among service categories.

STATE AND LOCAL ACTIVITIES

In order to develop a real partnership between the public and voluntary sectors in the delivery of social services, it is essential that the voluntary sector increase its involvement in public policymaking at the state and local levels. Decisions made without its participation are liable to be shortsighted, and inhibit the possibility for a more interrelated, coherent system.

Programs run from a strictly public perspective frequently result in inequities in the system and in administrative and programmatic problems for the voluntary service providers whose needs and structures are, thus, ignored. Systems in conflict create confusion and it is the clients who suffer most from a system that cannot readily be understood and utilized. Administrative problems are ultimately visited on the clients in the form of delays or reductions in service.

The United Way movement is in a unique position to work toward a resolution of some of these problems. It is not itself a service provider. Therefore, it can bring to the public forum and debate a measure of neutrality impossible for a provider who must represent a narrower constituency. United Way also has a great deal of expertise in planning, management and administration that can be offered to public officials as well as voluntary agencies. This will be helpful in solving many of the problems inherent in the Title XX program.

Proposed Actions

1. Planning. It is essential for the voluntary sector to achieve meaningful participation in the Title XX planning process. This should take place at any level where planning occurs: state, regional or local. Involvement must

begin with state and substate planning and budgeting officials prior to publication of the proposed plan. It should continue through the budget process in the legislature. An increased United Way presence should be maintained to present a voluntary perspective.

2. Needs Assessment. United Way should press at all levels for the establishment of a rational and comprehensive system of assessing service needs and establishing priorities. This is necessary to prevent open warfare among local communities and constituent groups over the available resources. Even with an increase in the funding ceiling, the system must have a flexible decision-making mechanism for changing priorities.

3. Evaluation. In order to avoid a dilution of service quality in favor of cost reductions, United Way should seek an evaluation mechanism to assist in rating the effectiveness of various services and modes of delivery. This should be meshed with the prioritizing process.

4. Contract Negotiation. Greater expertise must be developed in contract negotiation and rate setting. Current problems include accounting for absenteeism and covering overhead costs. The voluntary sector must acquire some leverage in the contracting process so that purchase of service contracts do not undermine its financial stability.

5. Training and Information. Voluntary service providers should get adequate training to perform administrative tasks required. They should also have quick and complete access to information on all the Title XX program's procedures and any changes that occur in these. United Way should facilitate this process by working for state or county orientation programs and procedures manuals, by providing this service themselves or by relaying information through its own information channels. United Way should constantly work at opening up communications between the public and private sectors.

6. Contract Administration. United Way should facilitate voluntary agency compliance with administrative requirements. This can be done by supporting a sharing of expertise between provider agencies and a sharing of administrative services wherever feasible and acceptable to all parties involved.

7. Crisis Response. In order to serve as a general troubleshooter in handling Title XX administrative problems, United Way should develop mechanisms for responding to issues that may arise unexpectedly. These may stem from the Federal Government, the governor's office, the Title XX agency, the legislature or units of local government. This will involve information dissemination as well as action strategies. Communications networks should be formed across the state to facilitate this process and to coordinate a quick response. This should be done in close cooperation with the service providers.

In order to undertake these tasks United Way networks must be further developed and strengthened. United Way of America will utilize the State Presence Network as a link with federal activities and national trends. At the state level networks must be formed or strengthened to bring local United Way organizations

together to exchange information and to develop consensus so that they can make a unified approach to public officials. Networks should also be formed at the local level with the voluntary providers. This will facilitate communication and the development of consensus at that level.

These networks should also be used to exchange expertise. At the national level they can bring state and local United Way organizations in touch with resources at that level or throughout the country. At the state level, they will facilitate resource sharing within state boundaries. At the local level, they will do the same for the human service community.

Once these steps are implemented the United Way movement can bring a unified and comprehensive approach to the Title XX program. The result will be a better, more workable program and a greatly strengthened voluntary sector.

11/14/78

Senator MOYNIHAN. One last comment for the record: I would like to put in for Senator Wallop a statement by Professor Wibler of the Department of Social Work of the University of Wyoming.

[The information follows:]

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September 23, 1979

Position Paper
Title XX Social Service Education
Funding: State of Wyoming 1979

James R. Wiebler, Ph.D., Head

The story of Title XX of the Social Security Act and its contribution to the State of Wyoming has not yet been written. This is partly so because the story has not yet been entirely unfolded or told, at least I hope this is the case.

In a state which until 1975 had no department of social work in its only university and which has experienced the multiplication of community and social problems resulting in part from rapid development, the meaning of Title XX financial support to human service education and delivery has truly been profound.

Over 3/5 of all social work courses ever taught in the State have been funded through Title XX; State resources for new academic programs at the University of Wyoming simply have not been able to keep up with the need, a need which has occured to a great degree because of national demand for Wyoming's natural resources.

If Title XX funding were now to be severely cut for human service training, the 1040 persons off campus who registered last year for courses dealing with alcoholism treatment, coping with child and adult abuse, pre-marriage counseling in schools, churches and social agencies, provision of day care, advocacy for the aging, family law for human service workers, inter alia, in twenty Wyoming locales, would no longer have access to such up-to-date training/education in situ. 140 full-time majors in social work and a score of part-timers, constituting the seventh largest major of 23 in the College of Arts and Sciences, will see their faculty diminished by over half in one year.

Underpaid in comparison to boom town jobs such as roughnecking and truck driving, human and social service workers' morale is often low and turnover is not low. Collegueal encounters through practical training and course work co-sponsored by the State Division of Public Assistante and the Department of Social Work of the University, with

Title XX support, unquestionably bolsters the morale of workers in the field and delivers to them the best in modern research, treatment.

No state has achieved a happier relationship between a practice community and an academic program than have we in Wyoming, I believe. A marriage of public welfare and public education has been effected, a marriage between equals in the fight against emerging social ills.

Practitioners regularly teach on and off campus students while professors regularly teach practitoners all over the State. All students in the B.S.W. program of the University do unpaid volunteer work in at least two agencies and work for twelve weeks full-time, sometimes with Title XX stipend assistance, in front line Title XX agencies in the 23 counties of Wyoming or in services closely allied. In all such instances the line worker is the consultant to the student while he himself may be studying part time through Title XX provided courses.

Without Title XX funding approximating that of last year the marriage of training needs with academic expertise will fall on very hard times. Reflecting dislocations in the State, six women (including the sole Arapahoe woman employed as faculty in the system) and four men will loose all or most of their salaries.

Last Friday I notified four members of the Wyoming Human Service team in Rawlins that the Title XX portion of their support was in jeopardy. With any serious cut in funding this year, their team effort in an impacted community will terminate after three months instead of the desired maximum of three years. The towns of Gillette and Wheatland have already benefitted from such team efforts in the past four years.

A mercifully tapering off of federal support is hoped for rather than an abrupt chopping off. Human service education in Wyoming, still in its early development around the State, will be reduced to a section of the southeast corner of the State if Title XX funding is drastically reduced at this time. The vital nexus between front line agencies and academe will be severed at the time when this hook-up is most needed.

Please don't allow this to happen.

Senator MOYNIHAN. I would like to thank the panel for its thoughtful, helpful, and responsive remarks. We appreciate it very much. We are in your debt. The children of the country are in your debt.

I would like the committee to be recorded as knowing that fact. With that, we will conclude this evening's hearing.

[Whereupon, at 8:45 p.m., the hearing was concluded.]

[By direction of the chairman the following communications were made a part of the hearing record:]

STATEMENT BY SENATOR DONALD W. RIEGLE, JR., CHAIRMAN, SUBCOMMITTEE ON ALCOHOLISM AND DRUG ABUSE

Mr. Chairman, I believe your Subcommittee is facing some extremely important issues with this hearing. I wish briefly to mention just one, the provision of alcoholism and drug abuse services by States through Title XX funds.

Before I do so, however, I would like to reiterate my strong interest and support in child welfare reform, which you and I have sponsored together with Senator Cranston, who chairs the Subcommittee on Child and Human Development on which I also serve. I pledge my continued efforts towards revamping Federal child welfare laws to support and encourage reunification of families, permanent placement of children with adoptive families, and better child welfare and foster care systems. I believe, with you, that this is the year we will get both the Senate and the House of Representatives to agree on a comprehensive package of amendments.

My predecessor as Chairman of the Subcommittee on Alcoholism and Drug Abuse, former Senator William Hathaway, also served on the Finance Committee. Senator Hathaway sponsored the most recent renewal of some necessary amendments to Title XX permitting efficient use of these funds to provide essential services to alcoholics and drug abusers under certain circumstances.

As you know, Mr. Chairman, when Title XX was signed into law in January of 1975, it authorized funding of "appropriate combinations of services . . . for alcoholics and drug abusers." Later that same year, the package of amendments most recently sponsored by Senator Hathaway was authorized on a temporary basis.

For many States, the most significant amendment pertains to the use of Title XX funds to cover the entire rehabilitative process for alcoholics and drug abusers, including initial detoxification, short-term residential treatment, and followup outpatient counseling and rehabilitation. All of these services are essential components of most treatment programs for alcoholics and drug abusers, which generally find a comprehensive continuum-of-care approach to be most effective. The amendments dealing with confidentiality and the relationship between detoxification and other services have also proven to be effective in encouraging State activities to combat these problems.

Unfortunately, these amendments were allowed to lapse before this fiscal year. Experience in many States indicates how important these drug and alcohol services can be in reducing illness, crime, and other problems. Mr. Chairman, I believe that you, Senator Long, and the other members of the Finance Committee deserve recognition for your determination to restore these provisions to the law on a permanent basis.

I also strongly urge you to push ahead with proposals to expand Medicare coverage of drug and alcohol detoxification in freestanding centers as well as in hospital settings. The leadership provided by your Committee in this area will, I believe, lead to reducing the intense human and economic suffering caused by alcohol and other drug addictions. I am anxious to continue to work with you to expand our efforts to help the millions of Americans who face these problems every day.

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STATEMENT BY CONGRESSMAN DANNEMEYER

Mr. Chairman: As one of only two members of the House of Representatives to vote against passage of H.R. 3434, I would like to bring to the attention of the Senate Committee on Finance the reasons why I was a member of that lonely minority and why, as a gesture of protest, I oppose the bill now before you.

Federal assistance to States for their social service programs under Title XX of the Social Security Act is a fact of life. I would much prefer for the States to raise this revenue directly, through their own taxing power, rather than have it laundered through Washington and returned to the States tied in red tape and with endless strings attached. Indeed, I know that a great many members of the House

who voted for H.R. 3434 feel the same way. Unfortunately, we did not have much choice.

This bill was reported to the Floor of the House under circumstances which made it impossible for Members to consider any alternatives to the status quo under Title XX. Only one amendment was in order under the rule developed by the House Rules Committee, and subsequently adopted by the House, and that amendment did not address some of the critical issues this bill raises. As a consequence, there was no opportunity to pass judgment on the expansion of federal involvement in State social service proposed programs. Nor was there any way of reordering the priorities established in H.R. 3434 so as to reduce the increase in expenditures which, under terms of the bill, will average $860 million a year for the next five years. Indeed, in order to convert H.R. 3434 from an entitlement program to an authorized program, we had to vote to recommit the bill to committee, however, briefly, to get the change made.

Had the rules of the Senate, where full debate and open amendments are always possible, been in effect in the House, I think it likely that the bill you have before you today would be substantially different. At the very least, Members of the House would have had the occasion to express their feelings more accurately than could be done on just two votes.

Before outlining my concerns with those portions of H.R. 3434 that the House left intact, let me register a plea for retention of the change in the bill the House did make. With the inflation rate exceeding 13 percent, with budget deficits averaging roughly $30 billion a year and with the rapid growth of entitlement programs being a major cause of increased federal spending (deficit or otherwise), I would hope the Senate would retain the authorization/appropriations process the House incorporated into H.R. 3434. If we are ever to cut spending, and reduce inflation, we cannot afford to let budget "uncontrollables" expand indefinitely. Well intentioned though the prospective program might be, we have to draw the line somewhere and the sooner we draw it the better.

In addition to the question of controllability, this bill raises a number of other questions which were not addressed. For instance, H.R. 3434 continues an insidious trend which official Washington pursues, year in and year out, oblivious to the election returns. That is the nonchalant habit of imposing more and more requirements upon State officials and agencies in return for federal funds. For example, H.R. 3434 provides that, beginning in 1981, States will be required, prior to publication of their proposed plan for use of Title XX funds, to give public notice of their intent to consult with local elected officials. Indeed, the "principal views" of those local officials would have to be included in the proposed Title XX plan.

That is a piece of malicious mischief. We are purporting to distribute federal funds under Title XX to the States—States, not counties or towns or cities. States, which, under our Constitution, retain all the powers not vested in the Federal government. States, which are governed by elected governors, not satraps of an imperial bureaucracy.

I would of course prefer that, in drawing up their Title XX plans, the Governors would consult with locally elected officials. That is good, common sense government. But I question the wisdom of requiring them to do so. For the 10th Amendment to the Constitution to have any real meaning, Members of Congress should not be in the business of telling the Governors of the States that they must consult with local officials. Any smart Governor will do so, automatically. But to be ordered to do it by Washington is to become a satellite of Federal power.

For precisely what reason does H.R. 3434 require that the "principal views" of local officials be included in the States' proposed Title XX plans? Past experience suggests that the reason is so that the HEW bureaucrats can search out instances in which State plans do not agree with the requests of local officials. Once an instance is uncovered, the local governments can be pitted against State governments so that intra-State disagreements can be the entering wedge for the Federal mediation.

The same caution applies to another provision of the bill, which requires Title XX plans to explain the criteria used to determine the nature and amount of services provided in each geographic area within the State. The intent here, plainly, is to ensure that all areas of each State get their fair share of funds for social services. That is commendable. But who says what is fair? For about 200 years, such decisions have been worked out within State political systems. The answers were not always perfect—far from it! — but they were remediable by the voters at every election. It was part of an admittedly imperfect system of government known as democracy.

To "improve" upon that, this bill would shift State controversies to Washington, so that far-removed unelected and often uninformed career workers within the administrative arcana of HEW can have the final say as to whether all areas of a

State are being treated fairly by their State officials under Title XX programs. If that is an improvement, then I shudder to think what will happen when HEW bureaucrats get through making it "perfect."

In this context, one cannot help but be reminded of all the speeches we have heard lately about the need to reduce regulation and red tape, the need to respect the wishes of the voters at the State level, and the need to get Big Brother off our backs. If the speeches are to be believed, as one hopes they can be, then it makes no sense to pass a bill that will casually impose more and more regulation, oversight, requirements, conditions, inspections, forms, and plans, upon State government.

Another small but serious problem with H.R. 3434 concerns the benefits which it requires States to provide for AFDC children who are adopted. I do not quarrel at all with the purpose of these provisions. The intention is to provide assistance and incentive for potential parents to adopt poor children, in order to minimize the institutionalization of youngsters and to maximize family care. But how quickly we move from a sound principle of public policy to the careless implementation of it!

As I read the bill, it would require States to provide Medicaid coverage for adopted AFDC youngsters up to their 18th birthday. That sounds good, and it certainly should facilitate more adoption of these needy children. I hope I will not appear as an ogre when I point out one sure result of this provision. There will soon be significant numbers of upper-income parents who receive Medicaid for their children.

It will be contended that these arrangements will actually save money by lifting children out of AFDC, but that is not the point this Committee should consider. I urge you to consider the pressures which this will place upon Congress for extension of Medicaid still further.

What will be the response of congressional offices when middle-income families discover that well-to-do professionals in their communities have children who are on Medicaid? Adoptive children, granted, but their kids nonetheless. There is going to be tremendous resentment if, even in only a few instances, adoptive children of the rich receive free medical care while the children of the average American receive nothing.

We do not need prophetic foresight to guess what the result will be. Once the Congress cracks the Medicaid dam, it is only a matter of time before its leaks become a torrent.

Let us make no mistake as to who will be hurt by that outcome. Medicaid was created for the poor, but the more strain put upon that program—the more we stretch it to include other worthy causes—the less money we can devote to the poor. Members of this Committee know that there are dozens of ways Medicaid could be expanded right now, if the money were available, to provide additional services to the needy or to bring under Medicaid coverage additional low-income Americans. I urge you to think long and hard before approving legislation that will require states to include under Medicaid, youngsters who once were poor but who may no longer be needy.

When you stop to think about it, it is a mighty peculiar standard for welfare: because a child is poor when adopted, he or she will have a claim on public assistance until adulthood. It is one thing to provide an incentive for couples to adopt such children. It is quite another to tell such parents—and I want to stress that they do become parents, upon adoption, with the same legal and moral responsibilities for their adoptive children as anyone else has—that, regardless of their income, the public will pick up the tab for their children's health care for the next 18 years.

If this Committee wants to avoid being caught between a rock and a hard place in a few years, when less affluent taxpayers demand the same free health care for their children as is received by adoptive parents of AFDC children, H.R. 3434 should be given a very close inspection now.

Yet, another difficulty with H.R. 3434 is its expansion of institutional eligibility for AFDC payments. Under current law, certain child care institutions may receive such funds to assist them in meeting the needs of the youngsters they care for. Under the bill, this eligibility would be expanded to include, for the first time, publicly operated child care institutions, so long as they care for fewer than 25 children. Again, the intention is good: to make sure that youngsters who need institutionalization for lack of an available family placement do receive adequate care. But how far this brings us from the original purpose of AFDC!

AFDC was established to help families in need, not to subsidize the operations of state orphanages. Would it not make more sense—would it not better preserve the special nature of the AFDC program to allot separate funds in a separate program for institutional support, if indeed that is the direction in which we want to go?

Still another problem emerges with the realization that H.R. 3434 leaves a bit to be desired relative to rights of parents. On the one hand, it would require a "fair hearing" for any parent, foster parent, guardian or child who believes he or she has been aggrieved in the foster care process but, on the other, it does not spell out what a fair hearing is. I, for one, would like it spelled out, so we know what we are getting into before rather than after the fact, and so would numerous organizations around the country. The members of this Committee know full well that concern is growing among the American people about their government's interest in assuming the responsibilities traditionally left to parents. To many, the federal government seems already to be the employer of last resort. Now people are wondering if it is to become the parent of last resort as well. I am frankly worried—and I hope the Committee will share my concern—about the tendency in Washington to intrude upon familial matters, as if we are super-social workers who will stop every quarrel and mediate every dispute. It would certainly help to allay the fears of many parents if H.R. 3434 were amended with language explicitly recognizing the rights of parents, the authority of the family, and the strictly subordinate role of the state in matters of child care.

Finally, hoping that this will not seem like a picayune objection, I would like to call the Committee's attention to a minor provision of H.R. 3434 which addresses a much larger tendency in recent legislation. The bill would expand the way states could use money that is now limited to providing emergency care for youngsters who otherwise would run risks to their health or safety. This protective care is sometimes essential. The bill, however, would allow the use of such funds to provide protective care for adults as well: adults in danger of physical or mental injury, neglect, maltreatment, or exploitation.

Just what does that mean? We will be told it means protecting, for example, retarded adults. Who could oppose that? But it could also mean using vital Title XX funds, originally intended for emergency child care, to support the centers that are springing up for battered spouses. Will the Committee please read this section of H.R. 3434 very carefully? Is the Committee comfortable with the vagueness of the terms used? When is an adult neglected? When is an adult mistreated? Or exploited? Imagine the potential distortion of the human intent behind this provision. I do not hesitate to warn that, if this language is not tightened up, Title XX funds, scarce as they are, may be flowing, not to battered children, but to husbands and wives who leave home after violent arguments.

This provision has potentially devastating effect upon the American family. Who will decide if a wife or husband or young adult in their family is being exploited? Will it be social work industry which thrives on pieces of legislation like H.R. 3434? One hopes not.

In the interest of those who most need the services provided under Title XX, and especially in the interest of the children for whom protective custody funds have hitherto been reserved, I pray that the Committee will examine H.R. 3434 very closely and consider very carefully its serious implications for the future. It's not just the amount of money involved, $4.29 billion over 5 years, but the twin concepts of greater federal control over the states and greater state control over kids, that ought to give everyone second thoughts. No one can argue with wanting to give children the best, but as former Chief Justice Brandeis once said, "The greatest danger to liberty lurks in the minds of men, well intentioned but who lack understanding."

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STATEMENT BY JANE ERISMAN, JUNIOR LEAGUE OF WILMINGTON, INC.

Senator Long and members of the Committee: I'm pleased to have the opportunity to appear before you today and to share with you the findings of a project undertaken by the Junior League of Wilmington.

Our League has been involved in efforts for children since 1929, when we were instrumental in helping to found the Delaware School for Deaf Children. Other projects have included: (1) cooperating in the establishment of D.A.F.I. (Delaware Adolescent Program, Inc.), a comprehensive program of services to teenage unwed mothers that is now serving as a national model; (2) helping to sponsor the Child Guidance Center; (3) supporting the establishment of the Child Diagnostic and Development Center of Delaware; and (4) helping to implement the "Right to Read" School Volunteer program.

Highlights of our current projects include: (1) the bi-monthly publication of a Child Advocacy Newsletter; (2) the development of a Parenting Manual, in cooperation with the Wilmington Medical Center, aimed at new parents of lesser reading ability and education; (3) monitoring the implementation of a recently passed Foster

Care Review Act for Delaware, which our League wrote and lobbied for; and (4) the conclusion of a C.I.P. (Concern for Children in Placement) project.

It is this last endeavor, C.I.P., that I wish to describe. The Junior League of Wilmington was approached by one of our Family Court judges in the fall of 1977, and was asked to undertake this project. The National Council of Juvenile Court Judges had sponsored twelve initial projects which had proved very successful. C.I.P. is a review of the case records of children in foster care, for the purpose of screening out those cases needing immediate attention by juvenile court judges. Our particular project reviewed the case records of the Division of Social Services, our mandated service-providing agency for foster care children.

Fifty of our League's members have new spent over 2,500 volunteer hours reviewing a total of 650 children in New Castle County, Delaware. We began by compiling a master list of the children currently in foster care in our county, since the Division of Social Services didn't have, and still does not have, such a record.

The findings in each case are recorded on a computer form, using a number instead of the child's name. We have findings, based on a statistically significant number of children, which convinced our legislators in Delaware of the need for reforms in our state's foster care system.

I truly wish I could describe some actual case histories to demonstrate the trauma many of these children suffer during their lives in foster care. However, all C.I.P. volunteers have taken an oath of confidentiality which prohibits my discussing individual cases.

What I can offer, based on our preliminary statistics, is a very distressing computer-picture of the average child in foster care in New Castle County, Delaware. Our present findings show slightly more girls than boys in care, so we have named our average child "Jenny".

*Statistics*

1. Age upon entering care: 5.8 years.
2. Reason for entering care: Neglect.
3. Father: Unknown, or not living with family.
4. Mother: Between 26–40 years of age, unemployed, emotionally troubled.
5. Siblings: At least one brother/sister, also placed in care, but not in the same foster home with Jenny.
6. Services offered to mother: A variety, but she either did not take advantage of them, or discontinued them, possibly due to a transportation problem or the inappropriateness of the services available.
7. Mother's visits with Jenny: Ranging from infrequent to no contact.
8. Current age of Jenny: 13.0 years.
9. Years Jenny has spent in foster care: 7.2 years.
10. Number of moves by Jenny in foster care: 2.9, which means that Jenny has had to adjust to 3 different homes and families. Statistically, she will be moved again in 2 months' time.
11. Initial placement goal: Return to own mother.
12. Current placement goal: Permanent foster care.

*Results*

1. Jenny's relationship, if one exists, with her biological family has been severely damaged by years of living apart.
2. Jenny is experiencing foster care "drift", the aimless wandering from foster home to foster home.
3. If return to own mother is improbable, it is also highly unlikely the possibility of Jenny's adoption will be explored, since she is now a teenager and considered to be in the "hard-to-adopt" category.
4. Jenny is never certain where she will spend Christmas or her birthday, or with whom.

*Prognosis*

1. Jenny will be released from foster care at age 18 for "independent living".
2. Jenny will have spent over 12 years in foster care.
3. Jenny will have experienced 5 different foster homes and families.

Because of Jenny and the children she represents, we desperately feel the need for strong federal leadership to help these children in foster care. Lobbying experience with Delaware's General Assembly has taught us that our state legislators look first to the federal government for procedural guidelines and availability of funds in deciding the validity of proposed legislative reforms. In the area concerning the achievement of a permanent home for children in foster care, there are no federal precedents which would serve as incentives and models for states. Consequently,

with no federal aid or standards, we were unable to achieve the total foster care review program that documentation has shown to be needed in Delaware.

We need these procedural reforms to alleviate foster care "drift", to stop unnecessary and inappropriate placements, and to end the unnecessary years spent in care by hundreds of thousands of foster children.

We need federal fiscal incentives for states to provide reunification-of-family services, programs emphasizing the prevention rather than crisis intervention, review and tracking systems, and adoption subsidies. In particular, we need Title IV-B as entitlement so that state legislators can plan properly and advocates can demand necessary services. The history of social services in our state has proven the state-mandated agencies reluctant to embark on new or revised service programs without assurance of the necessary monies to successfully implement them.

With your interest and support, we know we can help Jenny, who is really all the children in foster care today and tomorrow.

Thank you for your time and attention.

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TESTIMONY BY SAMUEL J. SILBERMAN

Mr. Chairman and members of the Finance Subcommittee on Public Assistance: I am pleased to have this opportunity to submit testimony on S. 1184 and the use of donated funds for social service training programs under Title XX of the Social Security Act.

As President of The Lois and Samuel Silberman Fund, the only private philanthropic foundation in the United States which makes grants exclusively in the field of social welfare manpower development, I am keenly aware of the importance of competent personnel in the delivery of social services. Excellence in personnel, properly channeled and utilized, reduces unit costs and increases quality and effectiveness.

It is, therefore, essential that States by permitted to use Title XX training funds in a manner that insures the best possible results, and in order for States to formulate effective Title XX training programs they must have ready access to all their educational resources.

However, due to overly restrictive language in the Title XX statute, State Governments have severely limited flexibility in contracting with private educational institutions to provide training for personnel involved in the Title XX social services program. This dilemma which exists despite the avowed intention of Title XX to allow States substantial discretion in determining how Title XX funds should be spent, arises from limitations imposed on private institutions that wish to donate funds to the State for Title XX use. I am, therefore, very pleased that Section 4 of S. 1184, introduced by Senator Moynihan, helps resolve this dilemma.

Currently, Title XX requires that States match Federal funds for the provisions of Title XX services on a one-to-three basis (25 percent of total expenditures). The State is allowed to accept contributions from private institutions to be used as all or part of the 25 percent State match, as long as no prior agreement is made that the Title XX funds will revert back to the donor. (A donor can specify the geographic area in which the services supported by his donated payments should be used; a donor can also specify the kind of services which should be supported by the donated payments as long as the donor is not a sponsor or provider of this kind of service.)

Because no prior agreement can be made with private, non-profit organizations, the State is unable to accept donated funds from private educational institutions to be used as the State match for personnel training by the donor even if the State feels the private institution is best qualified to provide the training. A public university, on the other hand, would be able to donate university funds for the 25 percent match and then provide the Title XX training since it would be donating public, not private, funds.

An actual case will illustrate the problem.

The State of New Jersey approached the Social Work Center of a private university, of which I am a Trustee, to undertake a program to upgrade the abilities of State Title XX personnel. It was to be modeled after a similar, successful program, undertaken previously by the Center. The financing of the New Jersey program depended on a contribution to be used as State funds for matching the Federal Government's Title XX allocation. The university was prepared to make the donation from a restricted endowment fund whose stated purpose was the education and training by the university of personnel for social services administration and deliver. The State, however, was forbidden by Title XX regulations from making a formal commitment to use the donated funds for the desired program, and the university was thus unable to make the necessary contribution. The program is now

being held in abeyance. The anomaly is that a tax supported university could have made this arrangement with no problem and that a private university could not.

Similar difficulties are apparent throughout the country: Massachusetts does not have a single public graduate school of social work. The State of California, in order to contract with the University of Southern California, a private institution, first contracts with the State University, which then subcontracts with U.S.C. to provide the training. A public university through a simple bookkeeping arrangement is able to donate university funds for the 25 percent match and then provide or subcontract the Title XX since it would be donating public, not private, funds. As a citizen, I find it remarkable that there is an incentive to use public tax dollars in preference to donated private dollars.

The public policy issue involved is not just a question of equity between public and private universities. More importantly, the issue is whether a State should have access to all of its available educational resources without prejudice. Private universities and colleges having accredited social work programs have always been major resources in educating and training personnel for social services administration and delivery. At the graduate level 10 States have one-half or fewer of their available social work programs in public universities; of these, Colorado, Massachusetts, and the District of Columbia have none. On the undergraduate level, 11 States have one-half or fewer of their available social work programs in public universities; Massachusetts and the District of Columbia have none.

In order to provide a legal way for private educational institutions to make contributions for Title XX training, The Lois and Samuel Silberman Fund created a special 501(c)3 entity with full tax exemption status—The Lois and Samuel Silberman Social Services Manpower Development Fund—for the specific purpose of receiving donations to be used as State Title XX matching funds for training. The Fund functions as follows: The Fund contracts with States (currently New York and Massachusetts), which provide a list of desired Title XX training projects and potential private institutions which the State would like to see provide the training subject to receiving donated funds for matching. The Fund then asks for a "best effort" letter from each potential provider institution that it will make or generate contributions to the Fund to the extent that our contribution to the State is used as the State Title XX match for the Title XX training project at the particular institution. The Fund then contributes to the State without restriction. Once the State actually contracts with the private institution (using the donated match from the Fund), the Fund then solicits the institutions for their support. This arrangement permits the States to determine which institutions they want to provide training services without requiring that the private educational institutions donate directly the matching share without restrictions as to use. Since we have no enforceable contract with the institutions, there is substantial risk to the Fund.

This entire system is necessary because universities, such as Brandeis, Boston University, Boston College, Smith, Columbia and Fordham—all private universities and providers of Title XX training—cannot make a direct contribution to the State towards a training a program which the State itself would like the private university to implement.

The problem is not confined to donations by providers. The Edna McConnell Clark Foundation, for example, wanted to fund two grants to New York State totaling $67,000 for specific training as part of a larger demonstration project in the field of adoptions. They were delighted to find we provided a legal way for them to do so—albeit a complicated process which could be easily eliminated with a minor change in legislation. The simple fact is that private donors will not, and in some cases cannot, make contributions without being able to direct how the funds are to be used.

This situation would be rectified by Section 4 of S. 1184, which would allow a State to accept donated funds for the 25 percent State match that are restricted to fund particular training programs in private, non-profit educational institutions, as long as those programs are consistent with the State's Title XX comprehensive training plan. Senate Bill 1184 would allow the States to determine which institutions are most capable of providing particular training services for Title XX related personnel. The effectiveness of Title XX services can only be improved as a result, and I, therefore, urge approval of Section 4 of S. 1184.

DEPARTMENT OF SOCIAL SERVICES,
*Sacramento, Calif., September 24, 1979.*

Hon. RUSSELL LONG,
*U.S. Senate, Washington, D.C.*

DEAR SENATOR LONG: I would like to take this opportunity to comment and express the views of the State of California relative to legislation pending before your committee. H.R. 3434 is considered one of the most significant pieces of legislation dealing with social services in over a decade.

California is very supportive of the overall program provisions of the bill which will significantly improve services to dependent children. We are especially pleased with the provisions for: (1) preventive services to children who are at risk of removal from their homes, (2) permanency planning for children in foster care, (3) establishment of an adoption assistance program, (4) the expansion of Title IV-A to provide federal matching funds for payments made on behalf of children placed in publicly operated child care institutions which care for 25 or fewer children, and (5) federal participation in aid payments to children placed in foster care through voluntary consent of the parents. This last provision makes financial aid and services available to more children in need of out-of-home care, and also avoids unnecessary and inappropriate adjudications for the sole purpose of establishing eligibility for federal aid.

California has had a group of individuals working for the last nine months developing policy and regulations which would parallel the system as set forth in H.R. 3434. The primary road-block that we will be facing is the lack of necessary funding to implement the new system. This is why we are adamantly opposed to the removal of the Title IV/B entitlement provision from H.R. 3434.

The basic premises of H.R. 3434 are that (1) if adequate services are provided at the front end of the system to prevent unnecessary removal of children from their homes, and (2) if after children are removed from their homes, the services emphasis is reunification, then foster care placements will be substantially reduced. We agree with these premises, but adequate funding is necessary to provide adequate preventive and reunification services. It seems inconsistent for Congress to expand the program requirements without any federal financial assistance in implementing the program.

We oppose also the establishment of ceiling on the federal share of the AFDC-Foster Care Program which has been proposed in S.B. 966. Although this is not currently included in H.R. 3434, such a provision may have an adverse effect on the quality of foster care. A decision to place a child in foster care or reunify children with their parents should be made strictly on the basis of sound social work practice. It should not be influenced by the availability of funds. Also, the imposition of a ceiling without a substantial increase in Title XX and Title IV-B funding would totally devastate the social services programs in California.

If a ceiling were imposed, it should not be established prior to:

1. A state law revision which will permit foster care payments for children placed with relatives. Preliminary estimates indicate that an additional 17,000 court, placed federally eligible children may be eligible for foster care payments at a cost of $47.0 million in California as a resutlt of the *Miller* v. *Youakim* U.S. Supreme Court Ruling. These projected expenditures must be included in any cap formula in order to avoid a tremendous cost to California and other affected states.

2. A revision in federal law which would allow federal financial participation in aid payments for children voluntarily placed into foster care. Twenty-seven percent of California's AFDC-Foster Care caseload, approximately 7,000 children, have been placed as the result of a voluntary placement. The base year calculation must take into consideration the caseload and expenditure impact of this group of children.

The proposed ceiling on Title XX training funds is acceptable to the Department provided the formula is based on three percent of the state's Title XX eligible expenditures. The State of California during fiscal year 1978-79 spent a total of $480 million on Title XX services of which only $290 million were federal dollars.

The Department for fiscal year 1979-80 has placed a special emphasis on in-service training for all social service providers including social workers in child protective services and foster care, community aides, child care providers, foster care providers, personal care providers, etc. The Department increased the budget to reflect the actual training needs of the State based upon a statewide training needs assessment. The Department budgeted $12.9 million of which (1) 60 percent ($7,740,000) was to provide training for services to children, i.e., child protective services, foster care, child day care, child abuse and neglect; (2) 34 percent ($4,466,250) to provide training for services to adults, i.e., adult protective services, out-of-home care for adults, and personal care services; and (3) the other 6 percent

was to provide training for some other mandated services, i.e., family planning, information and referral, etc.

If Congress imposes a 3 percent cap based upon a $2.9 billion title XX appropriation, California would receive only $8.7 million. This would mean a drastic reduction in training service providers in both the Children and Adult programs. For example, any amount of reduction in training programs for foster care workers, foster parents, and group home and institutional workers would have an adverse impact upon (1) the number of families kept intact and reunified; (2) the turnover rate among foster parents; and (3) the handling of special problem children, i.e., autistic, handicapped, developmentally disabled, etc. in group or institutional settings. Another example could be Day Care. HEW has written new Federal Interagency Day Care Requirements requiring the states to meet some minimum training standards. Yet, California would not be able to provide adequate training for all eligible day care providers including family day care operators as required. The Department for the first time is trying to provide the most necessary training programs to sustain the delivery of quality programs in spite of inflation and other factors which are erroding Title XX program monies.

On the other hand, if Congress passed a 3 percent cap based upon Title XX eligible expenditure, the Department would be able to meet some of the basic training needs of social service deliveries throughout the State. The Department should not be penalized for overmatching with state funds the Title XX programs. Instead Congress should place a cap on Title XX training which considers the entire expenditure level for Title XX programs.

In addition to the problems related to the CAP, the Appropriations Bill is squeezing the expenditure of five quarters into four. HEW has $75 million in the Appropriations Bill to allocate for Fiscal Year 79-80. The language requires that HEW charge all fourth quarter expenditures for Fiscal Year 78-79 to the appropriations for Fiscal Year 79-80 ($75 million). This action would reduce the amount of monies allocated to states by approximately $14 million. That will seriously hamper all of the training programs in California by cutting the budget over 50 percent. Any assistance that can be given to change this policy decision would provide some relief to the training programs.

Thank you very much for allowing California the opportunity to comment on these significant provisions and would be willing to provide any data or other information you deem appropriate to help passage of these significant bills.

Sincerely,

MARION J. WOODS, *Director.*

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STATEMENT BY NATIONAL COUNCIL OF JEWISH WOMEN

The National Council of Jewish Women, with 100,000 members in more than 200 communities in 37 States, has been concerned about a healthy community, sound family life and individual welfare since 1893. It believes, therefore, that our democratic society must give priority to programs that meet human needs and that the public and private sectors must cooperate to achieve this end. The community service projects undertaken by our local Sections (chapters) have provided us with direct contact with those who would be affected by changes proposed in the bills under consideration: H.R. 3434, S. 966 and S. 1184. These include services to the abused/neglected child and family, child day care, youth in delinquency prevention programs and in the courts, the elderly, etc. As NCJW members across the country have become deeply involved in their efforts to provide Justice for Children during the past decade, we have become aware of the interrelationship between the juvenile justice system and the child welfare system.

H.R. 3434 and S. 966 have special significance to NCJW's newest community service project, initiated with funding of a proposal to the Edna McConnell Clark Foundation this summer. Volunteers in three widely separated communities will be trained to be court-appointed special advocates during foster care hearings. The grant has the same intent as H.R. 3434, which mandates protection procedures and preventive services to ensure that a child is placed in foster care only if services to prevent foster care have failed or been rejected, or the child is in imminent danger because of abuse or maltreatment.

Too many American children are removed from their homes by the child welfare system before any effort has been made to provide preventive services to their families. Federal child welfare funds, from Title IV-A and IV-B of the Social Security Act, are available to pay for foster care (room and board), but not to provide services which might make it possible for the child to stay at home during a family crisis, nor will they pay for placement of the child with relatives.

Despite nationwide talk about the importance of the American family, public policy—both law and administative practice—is responsible for an anti-family bias which removes the child from the home, discourages family contact with the child during placement and then, after all ties are broken, makes little effort to find a new permanent home for the child. It is appropriate that this year, the International Year of the Child, the Congress address and rectify this public policy.

*Title IV-B, Social Security Act—Child Welfare Amendments*

Title II of H.R. 3434, Child Welfare Services, as passed by the House of Representatives on August 2, 1979, would provide much needed changes in Title IV-B of the Social Security Act, but is weakened by the elimination of the entitlement provision. By fully funding Title IV-B and making it an entitlement program with 75 percent Federal funding, this legislation could make possible, for the first time, launching an extensive effort to provide (a) preventive services so that children can be maintained in their own homes, instead of placing them in foster care at times of crisis; and (b) support services to restore children to their own homes after placement in foster care. We urge that the entitlement provision be included in the Senate legislation.

By requiring maintenance appropriate services for which funds are not now available in many States under the Title XX ceiling, such as homemaker-home health aide, child day care, intensive counseling to learn how to cope with familly problems, etc. It would help to provide funding for systems of Comprehensive Emergency Services for Children at Risk, such as the one developed in Nashville, Tennessee, now serving as a model for the rest of the country. Currently, in too many places, services are available to help the child at risk only after the family has deteriorated to such a degree that the only solution is the removal of the child from the home, or the services are ordered by the Family/Juvenile Court because the child has "acted out".

We endorse the basic requirement of H.R. 3434 that, to receive Federal funds for foster care, the State must first have offered prevention services which were unsuccessful or rejected; that there must be judicial determination for involuntary placement out of the home; that the child be placed in the least restrictive setting possible, as close as possible to his/her own home and, whenever possible, with relatives; that there be reunification services for families of placed children; that there be a written, individualized case plan developed for each child in foster care and a system of case reviews every six months with notice to all parties, and a dispositional hearing within 18 months by the court or court-appointed body, for final determination that the child be a) returned home, b) placed for adoption, c) continued in foster care for a specified period, or, d) placed permanently in foster care; and that there be due process grievance procedures for all concerned—parents, foster parents, and children, with appeals procedures. Our experience indicates that such Federal standards are, indeed, needed.

We urge that the Title IV-8 funds remain separate from the Title XX Social Services funds so that the monies are truly targeted to help stabilize families, to prevent placement of children in foster care, and to help reunite families. If the Congressional intent is to increase prevention services, to help children remain in their own homes, and to reunite those in foster care with their families, then this intent must be defined clearly in the legislation and include maintenance of effort (except for foster care), as prerequisite for obtaining new money, as in H.R. 3434, unless the State has a low rate of foster care placements.

The revised S. 966, introduced on August 3, 1979, was developed, according to Senator Cranston's comments in the Congressional Record, after consultation with the Senate Finance Committee leadership, White House staff members, and HEW officials, and has the support of the Administration. But it has fundamental weaknesses. There is no entitlement for Title IV-B preventive services designed to prevent foster care. H.R. 3434 as reported out by the House Committee on Ways and Means was an entitlement program which provided that funds appropriated beyond the 1979 Title IV-B State allottment could be used only for preventive and protective services. Even without the entitlement, H.R. 3434 as passed by the House of Representatives contains authorization language requiring protective and preventive services. S. 966 has no such authorizing language and leaves it to the Appropriations Committee to earmark funds for those purposes.

Both S. 966 and H.R. 3434 require that services be coordinated with Title XX services, but only the latter requires that child day care services provided under Title IV-B meet Title XX standards, which NCJW supports. NCJW also supports the provision of protective services without a means test.

*Title IV-A, Social Security Act—AFDC-Foster Care*

NCJW supports H.R. 3434's open-ended funding of AFDC foster care and adoption subsidies, after protections are in place. S. 966 provides a funding limit for foster care, a service designed to protect children at risk. NCJW, like Child Welfare League of America and Children's Defense Fund, believes that a funding limit is not the appropriate mechanism for reducing foster care. Community-based services, available to meet the needs of these children within their own homes, will reduce foster care without endangering the more vulnerable children.

We support the provision in both H.R. 3434 and S. 966 allowing Federal financial participation (FFP) for children placed in foster care in public institutions serving less than 25 children. This would allow, for the first time, FFP under Title IV-A for children placed in group homes developed by local and state governments, a recent development which is proving successful in helping to keep children in their own communities, particularly adolescents who cannot function in their own homes. It is not always possible for an existing voluntary agency to establish such programs in every community where needed.

S. 966 has an interesting new concept that NCJW's National Affairs-Community Services (NACS) Committee agreed to support at its September 1979 meeting. It would create a new Part IV-E of the Social Security Act and transfer to it all foster care and subsidized adoption provisions of Title IV-A, Aid for Families of Dependent Children (AFDC), which is generally regarded as a welfare program. To quote Senator Cranston: "(This) is an important symbolic recogniton of the differences between the child welfare effort on behalf of foster children and children eligible for adoption, and the existing welfare program under the general AFDC program."

NCJW agrees. But we cannot support the transfer in its present form. In removing AFDC foster care and adoption assistance from Title IV-A, individual entitlement for foster care subsistence for poor children is eliminated because the proposed Title IV-E funds would have a "cap" or ceiling, which would be most regressive.

*Title IV-B, Social Security Act—Voluntary Foster Care*

H.R. 3434 would provide improvement in the FFP in the cost of foster care by expanding the current funding to include voluntary placement if it is accompanied by a written contract with the natural parent(s), this requiring judicial determination only for involuntary placement. We support this change, recognizing that the current requirement of judicial determination for any placement to be eligible for FFP has caused a sharp increase in judicial placements, has overloaded family and juvenile courts (as we predicted), and has caused considerable trauma for parents needing temporary assistance. Moroever, overcrowded court calendars have prevented voluntarily placed children from being returned to their homes speedily.

The expansion of Federal financial participation in voluntary placement in foster care could be utilized to bring about speedier return of children to their own home if the law also required immediate return of the child on request of the parent, unless there is judicial determination of neglect or abuse.

S. 966 does not include the provision of FFP for short-term voluntary placement in foster care without judicial determination.

*Title IV-A, Social Security Act—Subsidized Adoption Amendments*

NCJW supported the development of a national and regional adoption information system to assist in placement of children for adoption, established through P.L. 95-266 in 1978. We support adoption subsidy programs to assist hard-to-place children to find permanent homes, as demonstrated successfully in several States. Such subsidies should be based on individual entitlement of the child. We are pleased that this is the provision on both H.R. 3434 and S. 966. For children with handicapping conditions which require costly or on-going medical care, medicaid eligibility is essential if they are to be placed for adoption. We support the S. 966 provision for continued medicaid eligibility for pre-adoption conditions without a means test for the adopting families. H.R. 3434 has a less desirable provision, permitting medicaid eligibility only when the family is eligible for a cash adoption subsidy. We feel that such handicapped children should not be limited to adoption by a low income family, which might well be the situation with the high cost of medical care today.

*Title XX, Social Security Act—Social Services Amendments*

NCJW supports the permanent increase in the ceiling for funds for Title XX social services, also the continued special allocation of $200 million for child day care services for fiscal year 1980 and 1981 requiring no state or local match.

As a participating organization in the Title XX Task Force of the National Assembly of National Voluntary Health and Social Welfare Organizations, we helped to develop the National Assembly's list of recommendations for Title XX

amendments. We endorse the National Assembly's statement submitted for this hearing.

Having just participated in the HEW public hearings on proposed Day Care Requirements, we must protest the provisions of H.R. 3434 and S. 1184, setting a ceiling for Title XX training funds at a time when the States will be required to undertake badly needed new training responsibilities designed to improve services to children. Moreover, if H.R. 3434 is enacted as passed by the House of Representatives, those States which have recognized the need to train state and local services district personnel and providers, and attempted to meet that need, would find their fiscal year 1980 training funds reduced by one-third of the fiscal year 1979 amount that was spent on training in excess of 3 percent of their fiscal year 1980 Title XX allotment. It is apparent that not only could no new training initiative be undertaken in many States, but training already in place would be eliminated.

We do understand the need for HEW approval of State Title XX training plans as part of the efforts to improve accountability, and we support this provision in both bills.

NCJW supports the new allocations formula in S. 1184, which would, for the first time, reflect the intent of Title XX to provide funds for social services to the poor, the needy and the dependent, by providing a new formula for those Title XX funds above the original $2.5 million ceiling. We are also realists, recognizing that this would provide little new money to those states with the largest population falling in the targetted groups—under age 5, over age 65, receiving AFDC or SSI, or with income below the Federal poverty level exclusive of publicly funded income transfer payments related to need. But the new formula would set the precedent for the future.

*Summary: 1979 Social Services, Child Welfare, Foster Care and Adoption Amendments to the Social Security Act*

The National Council of Jewish Women endorses the intent of H.R. 3434 to develop comprehensive services to prevent placement of children outside their own homes whenever possible, to protect both children and families, and to assist in permanent placement for children who cannot remain in their own homes. If fully funded, it could make significant improvements in child welfare services in the United States.

We are committed to ensuring that the problems of inflation and recession do not prevent badly needed services for children, the elderly, the poor. It is essential that the ceiling on Title XX social services funds be permanently raised to reflect the inflation since it was set in 1972.

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DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES,
*Helena, Mont., September 20, 1979.*

Hon. DANIEL PATRICK MOYNIHAN,
*Chairman, Subcommittee on Public Assistance,*
*U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: The Montana Department of Social and Rehabilitation Services is pleased to present written testimony on H.R. 3434, S. 1184 and other proposals related to social and child welfare, adoption assistance and foster care. We thank you and the Subcommittee on Public Assistance of the Senate Finance Committee for the opportunity to present our perspective as a Western rural state.

Rural Western states share the same problems as the rest of the states in attempting to deliver social services within the severe fiscal impacts of high inflation and increasing federal requirements. In addition, the costs of service delivery and the training of social service personnel are influenced by the unique realities of vast distances and a widely dispersed sparse population. For example, if Montana were stretched across the Eastern United States, one corner could touch Washington, D.C. and the other corner could cover Montreal, Canada, or turned, it would stretch from Washington to Chicago or Nashville, Tennessee.

The accelerating rate of energy development is also creating critical pressures in the Western states. Quick population growth demands instant services and facilities, often beyond the limits of available resources.

We support raising the statutory ceiling limit on Title XX to $3.1 billion beginning in fiscal year 1980 as proposed in H.R. 3434. If the ceiling is held at the $2.5 billion level, set in 1972, the effects will be severe. Seven years of inflation have reduced the buying power of that ceiling limit by half. Unless the consequences of inflation can be redressed, the original intent of Title XX to provide comprehensive social services could be lost. Instead, the program could degenerate into a trend toward locking in and cutting existing services. Resulting staff reduction skews

service targeting to brief child abuse crisis response rather than providing quality services. Cost-effective, in-home support services to prevent costly foster or nursing home care cannot be provided.

Another consequence of maintaining the current ceiling would be a substantial deterioration of the Title XX planning process. Little incentive would exist for the states to undertake a comprehensive planning process or for the public to participate in that process if no tangible results or little change could be realized.

At the current fiscal year 1979 appropriation of $2.9 billion, Montana has found it necessary to cut some services, further narrow eligibility guidelines, and transfer some services to other federal funding sources such as some day care to Title IV-A and developmentally disabled facilities to Title XIX. Montana now provides dramatic 41 percent non-federal match even though only 25 percent is required.

If more federal requirements are imposed, such as the proposed day care regulations which require training, additional funding will be essential to carry out the mandates. A total of 1,300 children receiving day care through Title XX are scattered in hundreds of homes and centers throughout the state. Training day care providers will necessitate costly on-site, in-home procedures. The state has no money for that training. We cannot even pay providers their stated cost of providing care to Title XX children.

Training funds for Title XX are of paramount concern to Montana. We support Section D of S. 1184 which establishes an allocation method for training funds and effects fiscal control. We recommend amending the base period to fiscal year 1979 rather than 1978 because it represents a more realistic and timely figure. We oppose the training fund allocation method in H.R. 3434. Allocation of training expenditures simply through "accordance with a training plan approved by the Secretary" encourages untoward administrative authority and discretion. If the Senate is concerned about fiscal control of training funds, a definite but realistic cap as provided in S. 1184 would be a healthier solution.

Further limiting training funds to an across-the-board fixed percentage of each state's Title XX allotment compounds the inequities to those states contributing beyond the required 25 percent match in order to provide services. A 3 percent limit would be disastrous. Private enterprise commonly budgets 9 percent.

The basis for allocation of training funds in S. 1184 more flexibly and realistically recognizes and meets demonstrated state needs than would a fixed percentage. Rural states with low population density incur higher costs per capita in providing training for the Title XX program, a fact that is not adequately reflected in an absolute percentage ceiling. For example, in the first year formula for H.R. 3434, 21 states would be cut from their current expenditures. Ten of these 21 states are Western states.

Moreover, there are certain fixed costs common to all states operating training programs no matter how large the program or how many people are served by those programs. These common costs include assessment of training needs for state agency staff, development of training plans, implementation of training and training evaluation.

Professional training to provide specialized services mandates the same quality of training for Montanans as for those in New York City or Los Angeles, California. Rural states have few colleges and universities with professionals that are able to provide specialized training for such areas as in child abuse or adoption. Persons who are receiving this training, therefore, must travel distances up to 500 miles. This entails considerable travel costs as well as food and lodging expenses. It may cost far more to provide a specialized skills professional workshop for twenty persons in Montana than for sixty in Atlanta, where a concentration of population receiving training in their community eliminates the mileage and per diem costs. The impact of this distance factor can perhaps be better realized if one considers that Montana is 2½ times larger than Federal Region One (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont) and 20 percent larger than Federal Region Three (Delaware, the District of Columbia, Maryland, Pennsylvania, Virginia and West Virginia).

We also wish to express support for other sections of the legislation being considered by the Subcommittee. We support reinstatement of the IV-B entitlement for child welfare sevices that was amended out of H.R. 3434 by a very close House vote. Without adequate financial support, the services mandated by Title IV-B simply cannot be provided, and many states will be eliminated from participating in an excellent program.

We also strongly support the multi-year planning cycle with a one-, two-, or three-year option. This would permit and encourage more comprehensive and meaningful planning integrated with state budget and legislative cycles—few of which are annual.

Providing services for victims of domestic violence is emerging as a significant need in Montana as well as throughout the country. Amending the Act to allow the extension of the provision of emergency shelter to adults as well as children is essential because children and adults are often endangered as a family as well as individually. It is questionable, however, whether Title XX will be able to expand programs to meet this need unless additional funding can be provided.

We thank the Subcommittee for its consideration of these recommendations and urge favorable and expeditious action in the best interests of the people who require Title XX social services in order to improve the quality of their lives. We would appreciate your incorporating this statement in the record of the hearings of the Subcommittee on Social Services proposals.

Very truly yours,

KEITH L. COLBO, *Director.*

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TESTIMONY OF THE ASSOCIATION OF JUNIOR LEAGUES, INC.

The Association of Junior Leagues is submitting this written testimony to register our support of child welfare legislation that would reform the foster care system to strengthen family life and provide protection to children, including the development of a strong subsidized adoption program.

The Association of Junior Leagues is a nonprofit organization with 229 member Leagues and approximately 125,000 individual members in the United States. The Association's three-fold purpose is: To promote voluntarism; to develop the potential of its members for voluntary participation in community affairs; and to demonstrate the effectiveness of trained volunteers.

*Title XX and the voluntary sector*

Before commenting on the child welfare proposals in the legislation under consideration by this Subcommittee, we would like to touch briefly on our support of proposed changes in Title XX that would enhance the partnership between the public and voluntary sectors. The Association's long standing commitment to voluntarism is reflected in our endorsement of the statement submitted by the Title XX Task Force of the National Assembly of National Voluntary Health and Social Welfare Organizations, Inc. in support of legislation that would require the Title XX Agency in each state to consult with the voluntary sector, to allow "up front" provision of matching funds, and to provide training for volunteers serving in all capacities in provider agencies.

We are pleased that Senator Moynihan's bill, S. 1184, would permit states to accept restricted private matching funds for training programs as long as the restrictions are consistent with a state's training plan. We are disappointed, however, that neither H.R. 3434 nor S.1184 would allow non-profit agencies to donate their matching funds directly to the state or allow in-kind donations to be used for all or part of the matching funds for social services contracts (public agencies may use in-kind donations).

We hope that the Subcommittee on Public Assistance also will recommend that Title XX training grants can be made to qualified nonprofit agencies for the training of staff and volunteers at all levels. (Current administrative rules restrict the use of Title XX training funds to the training of direct service personnel and volunteers affiliated with state agencies). We are especially aware of the need to train volunteers effectively because our own experiences have proven that the use of trained volunteers is cost effective.

Our commitment to effective training programs is reflected by the requirement that every Junior League member must participate in a training program before she begins work in her community. The majority of Junior League members continue to take training courses throughout their years of Active League membership. In addition, every Junior League member must make a commitment to a volunteer positon during her Active years. A substantial number of Junior League members today sit on the boards of other voluntary organizations throughout the United States because of the leadership training which their community volunteer experience has given them. Allowing Title XX funds to be used for the training of volunteers could provide for the expansion of the type of training for effective volunteer work that has been developed on a pilot basis by Junior Leagues across the country.

*The Association of Junior Leagues and Advocacy for Children*

Our commitment to the improvement of services for children also is long standing. Junior League volunteers have been providing services to children since the first Junior League was founded in New York City in 1901. Through the years,

Junior League volunteers have provided a variety of direct services to children, including the establishment of settlement houses, emergency shelters and day care centers, and have served in a variety of positions such as tutors, case aides and counselors.

In the early 70's, the Association of Junior Leagues became increasingly aware that its services could reach only a fraction of those in need. In addition, League volunteers identified many unmet needs among those children they served. A decision was made to supplement the Leagues' services by broadening the Association's activities to include advocacy on behalf of children. As a first step in its advocacy efforts, the Association in 1975 developed a study to be conducted by Junior Leagues in their own communities to determine the state of children's needs and the services available to meet them. Community surveys were conducted in 214 communities by League members trained in interviewing techniques and educated in the five focus areas chosen for the Association's Child Advocacy Program: child health, child welfare, special education, day care juvenile justice.

In the area of foster care, a compilation of 70 completed surveys revealed an urgent need to overhaul the system that administers foster care in order to provide a sense of permanency in children's lives. The survey results highlighted the need to provide services to reunite children in foster care with their families or when reunification with natural parents was not possible, to move toward termination of parental rights and adoption. First and foremost, of course, was the need to provide services to keep families together and to avoid the use of foster care whenever possible.

The survey identified several barriers to foster care reform, including antiquated foster care programs that failed to meet the needs of the 70's; inexperienced caseworkers with large caseloads; very low payments to foster parents; complicated legal systems and laws that favored the natural parents regardless of the circumstances; judges with little specialized training in family law and child welfare, and complicated, time consuming termination procedures that discouraged caseworkers from attempting to utilize them.

In 1976, 440 delegates from 223 Junior Leagues and representatives from 15 other organizations attended a four-day Institute on Child Advocacy cosponsored by the Association of Junior Leagues and the Junior League of Baltimore, Maryland. With technical assistance from the Association, individual Leagues launched a variety of advocacy programs ranging from the design of parenting courses and educational campaigns on child abuse to working for legislation for subsidized adoption and foster care review systems.

At the request of their local judges, several Junior Leagues initiated Children In Placement Projects (C.I.P.) in their communities. C.I.P. is a program sponsored by the National Council of Juvenile and Family Court Judges that utilizes volunteers to screen foster care cases for the courts. The goal of the program is to ensure that the case of every child in foster care is reviewed by a court at least once a year. The annual reviews are designed to end the "drift" of foster care by either reuniting the child with his family, or if this is not possible, free the child for adoption. In a few unusual cases, the court may recommend long-term foster care. Among the Junior Leagues that have assisted in developing and staffing C.I.P. projects in their communities are the Junior Leagues of Brooklyn, New York; Oklahoma City, Oklahoma; Providence, Rhode Island and Wilmington, Delaware. The Junior League of Wilmington has submitted separate testimony to this Subcommittee concerning its experiences with the C.I.P. project and the need for federal leadership in child welfare reform.

Many of the experiences of individual Leagues advocating for reforms in their communities made them aware of the need to move for reform at the federal level. Often the difficulties that League advocates encountered were caused by federal fiscal policies that encouraged family break-up by providing easy access to foster care funds while providing little or no funding for preventive programs that would help families to remain together. There also were no federal funds available to encourage adoption of children with special needs.

The growing awareness of the need for change at the federal level led the delegates to the Association's 1978 Annual Conference to vote that the Association should advocate to see that opportunities and services essential for the optimal physical, intellectual, emotional, mental and social growth of children are provided. Recently, the Association moved to fulfill this mandate by voting support of legislation in child welfare reform and child health and establishing a legislative network to secure passage of legislaton in these areas. To date, 91 Junior Leagues and 4 State Public Affairs Committees have joined this network.

*Priorities for child welfare reform*

Specifically, in the area of child welfare, we believe that to be effective, legislation must establish:

Title IV-B of the Social Security Act as an entitlement program at its full authorization of $266 million.

Procedural safeguards for children in foster care.

Services to help families stay together as well as services to reunify families once placement has been made, or if reunification is not possible, the termination of parental ties and the establishment of permanency through adoption.

A strong subsidized adoption program that will provide subsidies and continue Medicaid for children with special needs until the child is at least 18 years old.

We believe that Title IV-B should be made an entitlement to allow states to plan programs carefully and to allow advocates to monitor the implementation of reforms. Our experiences as advocates in the community have convinced us that states and localities will not plan ahead unless they can be assured that monies will be available for new programs. We have also learned that it is difficult to monitor programs that are hastily conceived in response to appropriations granted at the end of a Congressional session. Making Title IV-B an entitlement program with the allocations tied to certain conditions mandated by reform legislation of the type under consideration by this Subcommittee would assist greatly in ending abuse in the foster care system. It is, of course, important that new federal monies not be allowed to displace state and local expenditures for child welfare

We strongly supported those sections dealing with child welfare services, foster care and adoption assistance)—Titles II and III—in H.R. 3434 (Social Services and Child Welfare Amendments of 1979) as approved by the House, Ways and Means Committee and were keenly disappointed when the House deleted the proposal to make Title IV-B an entitlement before approving H.R. 3434. As Senator Alan Cranston pointed out when introducing his amendments to S. 966 (Adoption Assistance, Foster Care and Child Welfare Services Amendments of 1979): "It is a curious situation—I believe a serious untenable one—when the Federal Government is willing to pay virtually unlimited amounts of money to keep children in foster care institutions or homes, and yet provides very limited resources for the kinds of services that would keep children in their own homes or assist them in finding permanent adoptive homes."

Although Title IV-B has an authorization of $266 million, Congress never has appropriated more than $56.5 million. To stimulate the type of reforms called for in both H.R. 3434 amd S. 966, we believe that it is essential to convert Title IV-B to an entitlement with the allocation of funds tied to requirements for the type of procedural reforms and development of preventive services delineated in he original version of H.R. 3434.

We also prefer the subsidized adoption proposals contained in H.R. 3434 and S. 1661 to those in S. 966. We are, however, pleased that the amended version of S. 966, introduced by Senator Cranston with Senator Moynihan as co-sponsor, eliminates the proposal to cap funds for subsidized adoption that was inlcuded in the original version of S. 966 and removes the means test for Medicaid coverage of pre-existing conditions to all families adopting children with special needs. We especially hope that any proposal for subsidized adoption will be extended to Supplemental Security Income (SSI) eligible children as well as those eligible for Aid to Families with Dependent Children (AFDC).

In addition, we urge that any child welfare proposal recommended by this Subcommittee will allow AFDC payments for children placed voluntarily as long as the parents have signed a written consent form and a time limit is set on the placement. As Senator Cranston pointed out in his introduction of the amendments to S. 966: ". . . in some instances, the requirements of a judicial determination can work counter to the Federal desire to support the integrity of the family. For example in the case of a mother facing emergency hospitalization with no options for the care of her children other than foster care, the imposition of the judicial determination requirement carrying with it the stigma of unfitness or failure as parent is both unnecessary and unduly harsh."

Pointing out that the Carter administration's original proposal called for a time limited coverage for children voluntarily placed in foster care, Senator Cranston described the proposal to allow AFDC coverage for the first 180 days of a voluntary placement as a "resonable middle ground which would meet some of the need for emergency, short-term foster care on a voluntary basis," while not encouraging long-term placements. We concur with Senator Cranston's assessment and hope that the Subcommittee will reinstate the 180 day proposal.

We are confident that the changes we support will cause a significant drop in foster care rolls without the need to resort to the policy setting precedent of capping

AFDC foster funds as proposed in S. 966. We urge you to offer incentives for reform in a manner that will allow citizen advocates to monitor and support the needed changes in the foster care system and avoid the possiblity that some endangered child will be denied care because there is no money to pay for his shelter. We, like Senator Cranston, have "reservations" about the appropriateness of placing a cap upon a maintenance program such as AFDC foster care, and we urge you to avoid taking this step.

We are pleased at the interest many Senators and Representatives have been demonstrating about these issues and we pledge our support to your efforts to provide better lives for some of our country's most forgotten and neglected children.

JACQUELYN BATES, *Chairman,*
*Child Advocacy Program for the Association of Junior Leagues.*

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STATEMENT BY CYCIS-DATA PROJECT

H.R. 3434, as presently drafted, does not include a management information component. As the director of the Child and Youth Centered Information System (CYCIS), I would like to comment on the need to include this provision and funding for its implementation in the final bill.

I am Randall McCathren, an attorney who helped develop and draft the California Family Protection Act (California S.B. 1485 (1974) and S.B. 30 (1976)) from which H.R. 3434 has been derived. I have worked with a number of states on these legislative and administrative issues and have taken a leave of ansence from the Vanderbilt Law School faculty to direct the CYCIS project.

The Child and Youth Centered Information System is a computer supported, management information system that assists workers in child welfare and juvenile justice in developing service plans with their clients, keeping track of the client's progress and increasing the number of children in permanent, stable homes. CYCIS has been developed as a national model information system sponsored by the Child Welfare League of America, the American Public Welfare Association and the National Council of Juvenile and Family Court Judges.

Perhaps the most important aspect of CYCIS is the process by which it has been created. CYCIS is a product of the joint work and support of the three groups who have direct daily contact with and responsibility for children and child welfare services. Juvenile court judges and staff, private child care agency directors and their staff and public child welfare administrators and their staff agreed that they should work cooperatively on the problems in the child welfare system and that a shared management information system was a necessary tool for cooperative work. CYCIS planning committees in the five pilot states who participated in its design contained members from all levels of all three sectors. The CYCIS work to date has been sponsored entirely by the Edna McConnell Clark Foundation, the three sponsor groups and their state members without any federal funding. It is an example of how those responsible for service delivery can work toward improvement of their activities in a concerted way. The result should be compatible information systems which serve the Federal need for uniform national data while giving states the benefit of each other's experience and success. The development effort has reached the stage, however, where federal contribution for the implementation of child welfare information systems is needed.

With the recent completion of the CYCIS design, the Edna McConnell Clark Foundation has funded a new three year project entitled Child and Youth Centered Information System-Data Advancement and Technical Assistance (CYCIS-DATA). The central purpose of the CYCIS-DATA Project is to facilitate the implementation of CYCIS and comparable child welfare information systems across the United States and Canada. CYCIS-DATA is now working with a number of states, counties and private child welfare agencies to help them set up technologically sophisticated child welfare information systems. Five pilot states, California, New York, Colorado, Texas and Florida assisted in the development of this model system and are using it in various ways within their states. In the past few months, Rhode Island, Utah and Illinois have decided to use CYCIS to design child welfare information systems in their states. These systems will help insure that individualized case plans are made and followed and that services are coordinated between different service agencies and the juvenile court. they will also permit greater state control and management of child welfare programs and the timely reporting of accurate and comparable data on these programs to the Congress. As the director of the CYCIS-DATA Project, I would like to address one critical element of the child welfare legislation you are considering, i.e. management information systems.

The several legislation proposals before the Subcommittee make substantive judgments on a variety of problem areas in child welfare services. The Subcommittee faces a difficult task in sifting through the various expert opinions on the need, effectiveness, and cost benefit of the services it is considering and how various reform proposals would affect program performance. There is no comprehensive national statistical data upon which to base policy. The humanitarian and financial impact of the Subcommittee's decisions are great. The beneficiaries of the services are the most high risk children in the nation. The success of their physical, emotional and intellectual development and even their survival will be affected by these judgments.

At this juncture, the Subcommittee will have to make its decisions without reliable, timely, complete information. That cannot be changed. However, the form of the final legislation will determine whether this Subcommittee will face these same questions years hence without a good base of information upon which to rest judgments. Funding of information systems would assure that result.

The most powerful single argument for mandating and funding child welfare information systems is that there is no basis to address nationally what has become a national eyesore without such systems. At present, no one knows how many children there are in foster care. For the ones we know of, we often don't know how long they have been there, whether they are ready to return home or to be placed for adoption or whether they even have a caseworker and service plan. These high risk children are not being served well. It is impossible to do so by counties, juvenile courts and states without using technology to trace children case events and services. It is impossible for Congress to develop foster care and child welfare policy without knowing the number of children, the causes and pattern of placement, the cost effectiveness of services and the effect of federal policy and funding decisions on children and families.

The answer is not more study of the problem. As this Subcommittee is aware, the foster care system has been well and frequently studied in recent years. The problems are well known. What is needed is a mechanism to implement the policies which federal and state officials agree are needed. Management information systems would provide that capability and in the process generate accurate and comparable national data from which to make subsequent policy decisions.

The present squeeze on resources for services exacerbates the problem. Without adequate information, state officials are unable to insure that their policy directives and state plans are being followed. There is no mechanism to evaluate the success of program components, identify bottlenecks or areas of program deficiencies or allocate resources to address changing problems and client population. Strong federal leadership will have minimal impact if states do not have the means and technology to implement policies. No piece of legislation now being considered adequately meets the need to stimulate the implementation of state child welfare information systems as did H.R. 7200 last year. H.R. 3434 does not mandate information systems, although House staff attribute this to oversight rather than policy reversal. More seriously, without an increased entitlement, H.R. 3434 offers no resources to permit states to establish management information systems. S. 966 directs any newly appropriated funds for such systems or other priority problems, but it has no funding now. No other proposal has both the policy and the resources to meet this need.

There is great agreement between the states and HEW that management information systems are desirable. The problem faced by the states is one of resources. The strongest political and consumer demands within states are for direct services, even though long term service improvements could be expected if there are a better means of management control. States are simply unable to divert the limited resources they now have from serving abused and neglected children to developing adequate information systems. Earmarking of additional child welfare funds for the development of management information systems would solve the problem of funding the one time capital costs of these systems and would produce long range benefits to clients.

A consistent problem I confront in my travels to state capitals across the country is the lack of resources to establish child welfare management information systems. Four of the five pilot states with whom CYCIS was developed: New York, Texas, Florida and Colorado are now implementing child welfare information systems. The fifth, California, is under a recent state legislative mandate to do so. Each is burdened by how to meet the initial costs of hardware and software, of training workers and managers in its use and of converting manual records. Within the last several months, Utah and Rhode Island have decided to implement CYCIS in their states if resources can be located. Many other states and counties are planning or designing systems. I am concerned that many of these efforts will fail or have only

marginal success because there are not adequate funds for their development. No commercial or industrial concern would attempt to implement a management information system without extensive planning, participation in the design by all levels of the organization, review by all potential users, field testing and training in how to operate the system and use it to maximum advantage. States are forced by resource limitations to shortcut some of these steps to meet the desperate need for information. Unlike other services, some is not better than none. An automated information system which is poorly designed or beset with other problems is much worse than none at all because it creates chaos while wasting everyone's time.

The Children's Bureau is awarding a contract to begin October 1, 1979 to develop national child welfare reporting requirements. Many states will face a difficult decision if mandated to report even basic information in standardized form if there are no resources available to finance the development of an automated management information system. The cost of providing information manually would be so high that many states might be forced to terminate federally supported services. This would be extremely unfortunate from the perspective of both the child clients and the nation. States will need additional resources to comply with whatever reporting requirements are developed.

Foster care, adoptions and child welfare services are a national problem. The recipients of these services form a disproportionate subgroup of juvenile offenders, school underachievers and school dropouts and nonproductive adults, all of whom are a drain on the nation's resources and on federal tax dollars. There is great diversity in the way states allocate their resources between preventive, supplemental, and substitute care including foster care and adoptions. There are a wide variety of funding sources for these services: private, local, state, Title IV-A, Title XX and Title IV-B. Without state management information systems, there can be no evaluation of national peformance or of the effectiveness of various inputs. Last year's House proposal, H.R. 7200, had a strong management information system component. I have been assured that it is oversight rather than a change of policy that H.R. 3434 omits this crucial provision. Whatever decisions are made on the other policy issues involved, there can be no good evaluation of services or policy decisions without state information systems. Therefore, I urge that a strong mandate such as that contained in H.R. 7200 and that ample funding for information systems be included in the legislation recommended by this Subcommittee.

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AMERICAN FEDERATION OF LABOR AND
CONGRESS OF INDUSTRIAL ORGANIZATIONS,
*Washington, D.C., September 21, 1979.*

Hon. DANIEL PATRICK MOYNIHAN,
*Chairman, Subcommittee on Public Assistance, Committe on Finance,*
*U.S. Senate. Washington, D.C.*

DEAR MR. CHAIRMAN: The AFL-CIO commends you and the members of your subcommittee for your continuing efforts to improve and strengthen the badly needed programs for children, families, and needy individuals through Title XX, Title IV-A Foster Care, and Title IV-B Child Welfare Services of the Social Security Act.

The AFL-CIO views this program as providing a valuable and necessary framework for the provision of essential supportive services to vulnerable people. Key to this process, and indeed to the intent of Title XX, is guaranteeing the financial resources making available supportive services which enable working parents to receive adequate care for their children during working hours; provide individuals with community based services who would otherwise require institutional care; and protect children in need of substitute care due to parental neglect, abuse or family crisis.

*Title XX funding*

We strongly support the provision in H.R. 3434 which will raise the ceiling on expenditures to $3.1 billion and continue the earmarking or $200 million for day care. The $2.5 billion ceiling imposed in 1972 has been so eroded by the combined recession and inflation that successful implementation of the program has been impossible—inhibiting rational planning, diminishing the quality of services and limiting their scope.

We support the provision in S. 1184 establishing a new distribution formula for Title XX funds which would more accurately reflect the allocation needs of the states serving the poor, young and elderly.

Although we support the concept in S. 1184 of providing for annual increases in future years, the $100 million, a 3 percent annual increase proposed in S. 1184, falls

so far short of what is needed that it will only insure continued erosion of the program. We urge instead the increase to $3.1 billion provided for in H.R. 3434 and the adoption of a cost-of-living provision for future years.

*Foster care and adoption*

We urge your support for the provisions in H.R. 3434 which will require states to implement improved preventive and reunification services to help keep children out of inappropriate or unnecessary foster care and provide benefits for those children for whom foster care is appropriate as well as for those placed for adoption. We are opposed to the provision in S. 966 which eliminate the entitlement funding for AFDC Foster Children.

*Child welfare services*

The AFL–CIO supports making Child Welfare Services, Title IV-B, an entitlement program at the $266 million level. Our continued practice of allowing children to be warehoused in institutions at outrageous state expense and untold human deprivation is a national disgrace. We must provide the funds necessary to give the states the means to return these children to family situations.

In conclusion, the AFL–CIO urges you and your subcommittee to resist the pressures from those who would attempt to create an illusion of fiscal responsibility by cutting back on programs designed to help the aged, disabled, poor and young children.

Sincerely,

KENNETH YOUNG, *Director,*
*Department of Legislation.*

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STATEMENT OF DEAN B. SETTLE, EXECUTIVE DIRECTOR, KANSAS ELKS TRAINING CENTER, WICHITA, KANS., ON BEHALF OF THE NATIONAL ASSOCIATION OF REHABILITATION FACILITIES

Mr. Chairman and Members of the Subcommittee: I am Dean Settle. I am Executive Director of the Kansas Elks Training Center located in Wichita, Kansas. I am President of the National Association of Rehabilitation Facilities (NARF), on behalf of which I am submitting this statement. NARF has 1,000 members nationwide, serving handicapped and disabled individuals. Of these 1,000 facilities, approximately 800 serve clients sponsored by Title XX.

My statement addresses three issues concerning Title XX which are raised by the bills under consideration by the Committee: H.R. 3434, S. 1184 and the Administration's proposal.

I. *Entitlement ceiling*

NARF urges the passage of legislation which provides predictable funding increases in the Title XX program over the next several years.

The overall goal of Title XX is to assist a broad range of people to achieve the highest degree of self-sufficiency possible. Typical services provided include services for the mentally retarded and developmentally disabled, homemaker services, meals-on-wheels, child abuse and neglect services, transportation, chore care for the non-institutionalized elderly and severely handicapped, counseling and adult day-care.

States provide these services directly or by purchasing them through public or private providers. According to the April-June, 1976 HEW report Social Services USA, 31 percent of social services were purchased from private vendors, including rehabilitation facilities. Of those services purchased, adult day-care services, counselling services, education and training services and health related services ranked in the ten most frequently purchased services. The disabled, mentally retarded and multiple handicapped are among the groups most usually served by Title XX. These individuals are not eligible for funds under other programs such as vocational rehabilitation.

As the number and cost of social services has increased, many states have begun to expend all of their federal allotment. As a result, states are faced with several equally difficult choices: supplement the cost differential between cost of services and federal funds available in state funds; eliminate some eligible populations; eliminate selected services; or cut back on purchased services. From a survey of 37 states conducted by Congressman Fraser in 1978, 16 had terminated or reduced purchase-of-service contracts including contracts to rehabilitation facilities. Nine (9) states mentioned they were cutting services for the disabled, mentally retarded and multiply handicapped.

In my own facility, the Kansas Elks Training Center, we serve 215 clients per day, of which 185 are Title XX sponsored. These are multiply handicapped individuals who have been determined to be ineligible for benefits under vocational rehabilitation as not immediately feasible for employment services. The services we provide include transportation, training in the use of public transportation, support services such as speech, hearing and psychological, independent living skills, and adult day-care. These people are presently living in group houses and other forms of community residences as part of the state's effort to deinstitutionalize these individuals. If Title XX funds are decreased, we will no longer be able to supply services; and without support, training, social and other services, these people will have to return to the institutions.

Failure to increase the funds or even maintain the level at $2.9 billion will require cuts in services detrimental to the well-being of these individuals. An entitlement ceiling of $3.1 billion in fiscal year 1980 shculd be established. It would allow for a modest inflationary increase, but not for program expansion or innovation. Without increases in funding, states cannot plan effectively. Often there has been nothing to plan unless it has been how to maintain the status quo, or, as noted above, which services to cut back or eliminate.

Mr. Chairman, H.R. 3434, S. 1184 and the Administration's proposal would add adult emergency shelter as an allowable expenditure. We support this program thrust provided there is also an expansion in Title XX funding. Without an increase in funds, absent the cost-of-living increase, any new program will be financed at the expense of the current Title XX program.

Therefore, we recommend that the Title XX ceiling for fiscal year 1980 be raised to $3.1 billion ($3.2 billion if emergency shelter for adults is included) and be raised in stages to a permanent level of $3.6 billion by fiscal year 1986. This increase would allow for inflation and some modest program expansion.

II. *Title XX training funds*

We oppose the "capping" of Title XX training funds which is proposed in H.R. 3434, S. 1184 and the Administration's proposal.

Mr. Chairman, staff training is the key to effective intervention in the complex problems that confront the recipients of social services. During the last two years a great deal of effort has been expended on the part of voluntary organizations, providers of social services and officials within the Department of HEW to modify the Title XX training regulations so that more appropriate, effective training programs can be provided in the states. NARF opposes any cap on training funds and requests that HEW be urged to publish improved training regulations.

III. *Multiyear comprehensive services plan*

In order to make the Title XX program fully effective a comprehensive multiyear planning process should be adopted. The present method of varying and uncertain annual funding levels, accompanied by an annual planning cycle, leaves many programs in a precarious position each year, since states cannot develop and assure funding for a service program in advance. Furthermore, an annual planning cycle cannot be coordinated with biennial state budget cycles. The bills under consideration would permit States to develop multiyear plans for Title XX. NARF supports these provisions which would allow States to adopt this multiyear planning process.

Mr. Chairman, funds provided by Title XX are fulfilling the goals of the program, and are especially vital in helping the physically and mentally handicapped who are ineligible for services under other federal-state programs. We commend you and your committee for the introduction of S. 1184 and your consideration of all of these measures and applaud your prompt action in scheduling the Subcommittee markup on these bills for later this week.

I would be happy to provide any further information.

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STATEMENT OF THE NATIONAL CONFERENCE OF CATHOLIC CHARITIES

The National Conference of Catholic Charities represents and serves about 1000 agencies and institutions throughout the United States. This network of service agencies sponsored by the Catholic community is the largest non-governmental effort in the field of the human services in our country. All of our member agencies are involved in multiple programs helping to meet the many human needs which would be affected by the legislation before this Subcommittee.

The legislative issues which are the subject of this hearing were also before this Committee in the 95th Congress. We earnestly hope that the Senate completes action on each of the major items which have come over from the House of Representatives in H.R. 3434 and that the Senate and the House reach agreement

on the important matters of the Title XX ceiling, the need to provide better services, especially unification services, to children in foster care and the proposed program of assistance to strengthen state efforts to provide permanent adoptive families for children with special needs who need such placement.

The foundation for our concern for the provision of the social service is based on the proposition on human rights advanced in our religious tradition by Pope John XXIII in his well known letter entitled "Pacem in Terris:" "Beginning our discussion of human rights, we see that every person has the right to life, to bodily integrity and to the means which are necessary and suitable for the proper development of life; these are primarily food, clothing, shelter, rest, medical care and family the necessary social services."

Pope Paul II has expanded on that proposition by observing in his first letter, on March 4 of this year, that: "(w)hat is in question is the advancement of persons, not just the multiplying of things that people can use. It is a matter—as a contemporary philosopher has said and as the Council has stated—not so much as 'having more' as of 'being more'."

Herein, we believe, lies the true promise of the provision of the "necessary social service".

Immediately at hand are amendments to Title XX in H.R. 3434 as passed by the House of Representatives and in S. 1184 introduced by Senator Moynihan. The Title XX amendments must be treated with some urgency since, otherwise, the federal ceiling on expenditures will revert to $2.5 billion as of October 1. The States are now spending above that amount, and would have to cut services drastically. We prefer that the ceiling be increased immediately to the $3.1 billion provided by the House bill, rather than the extension of $2.9 billion as proposed in S. 1184, and we would like to see the ceiling indexed at least at the modest 7 percent, which is below the President's voluntary wage guidelines. The $100 billion annual increments proposed in S. 1184 would be substantially below the rate of inflation we presently experience, and are likely to experience, until the nation meets its energy problems, and would therefore force curtailment in services.

It is well known, that even present expenditures do not meet the social service needs in our country. When it is possible to add funds to the program, beyond those necessary to maintain current levels of services, we think that Senator Moynihan's proposal for distributing those additional funds by a new formula based on the size of vulnerable populations and the public assistance caseloads, and the number of people in poverty, has real merit.

In general we are supportive of the other Title XX amendments in H.R. 3434, most of which have matching provisions in S. 1184 or in H.R. 3091 which has already passed the Senate.

There are, however, several matters on which we would like to comment:

While we are happy to see amendment to extend assistance for social services, outside the statutory ceiling to Puerto Rico, Guam, the Virgin Inlands and the Northern Marianas, we observe that the modest assistance which would be provided is well below the per-capita financing provided the States.

We believe that it would improve the operation of the States Social Service program plans if non-profit agencies contributing to the States share of the program were able to designate the use of such funds if such use was consistent with the State plan. The present restriction is unrealistic, and makes it difficult for some agencies to participate in the delivery plan of the state. We are pleased to see this provision included in Senator Moynihan's bill relative to training funds, and urge it be expanded to cover expenditures for services as well.

In addition to amendments to Title XX, H.R. 3434 contains amendments to Title IV A and Title IV B. The Senate bills dealing with one or more of these matters are S. 1661 introduced by Senator Levin dealing with adoption subsidies, S. 478, introducted by Senator Javits, dealing with foster care case review, S. 966, and more importantly the printed Amendment No. 392 in the nature of a substitute for a substitute for S. 966 introduced by Senator Cranston for himself and Senators Moynihan and Riegel which proposes a new Title IV E to the Social Security Act dealing with foster and adoption subsidies.

We can see merit in eventually consolidating all child oriented services outside of the Title IV financial assistance title but urge the Subcommittee not to take such action now for several reasons.

First of all the proposed Title IV-E, which has the support of the Administration was not formally before the Ways and Means Committee when it marked up the same substantive provisions on foster care and adoption subsidies, and therefore has not had the mature consideration of either that Committee or the whole of the house. We believe the proposed structural change to of sufficient import as to deserve a full debate and the development of a legislative history of both houses.

Second, it is possible to enact the substantive provisions with no structural change, within the present titles as was done by the House in H.R. 3434.

Third, we fear that a potential difference of this kind between the Senate and House versions will result in the same discouraging stalement we all experienced in the last Congress resulting in no passage of the important foster care reforms, or the adoption subsidy programs.

Fourth, we are struck by Senator Cranston's reservation in introducting the substitute—reservations concerning the appropriateness of placing a cap or expenditure ceiling on the foster care children. Senator Cranston pointed out that the "rationale underlying this fiscal limitation is that it will discourage placement of children in foster care". We have no doubt that it will do so, and for the wrong reasons. We support the foster care protections developed by Congressman Miller which are contained in both the amendment and in H.R. 3434. There is no doubt we have done poorly as a nation in preventing family breakup, in providing reunification services, and in moving children into adoptive families if that is needed. But our focus on doing much better should be on the other provisions offered, not on limiting the entitlement for the income maintenance children if need might have. If the due process, prevention and reunification services offered in the Cranston amendment and in H.R. 3434 work, then spending should go down.

Therefore, we urge legislation at this point within the present structure of the Social Security Act. Such legislation is represented in H.R. 3434 as passed by the House, and for the above reasons and those which follow we urge the Subcommittee to adopt the provisions of that measure with one addition.

The addition we urge is to turn Title IV-B into an entitlement for the States, to the full level of its $266 million authorization so that the States can go ahead and put in place the foster care protections with confidence that they can provide the essential preventive and reunification child care services to the level of the authorization.

We have worked for a number of years with Senator Cranston on the important adoption provisions. We believe that the improvements added in H.R. 3434 are deserving of enaction.

Unlike Amendment No. 392, H.R. 3434 would not like to impose a means test for adoptive parents. We feel there should be no barrier to finding permanent loving homes for children who need them. Since the subsidy agreement could not provide cash maintenance at more than foster care rates, and since the subsidy is to be agreed upon between parents and placement agencies based on the actual circumstances of the child and the family, the imposition of an arbitrary means test will only, we believe, serve to discourage placement.

Unlike Amendment No. 392, H.R. 3434 would include SSI eligible children who need adoptive placment in addition to AFDC eligible children. This is an important amendment which we feel sure Senator Cranston would recognize.

Unlike Amendment No. 392, H.R. 3434 would not limit medicaid coverage of these children to age 18, or to pre-existing condition only. We believe the H.R. 3434 option for the States to provide each coverage to age 21 is important. More importantly, in the absence of a comprehensive national program of health insurance, we do not think it wise to limit coverage to pre-existing conditions.

Such a limitation will necessarily narrow the opportunity for families to provide permanent homes for children with physical or mental or emotional difficulties. Often it is the case that a condition identified at one time (say at the time of adoptive placement) will only feed into the rise of other conditions later.

While we are greatly disappointed about being denied the opportunity to testify, we submit for the record these comments on the provisions before the Subcommittee. We hope the Senate will have the opportunity to consider a bill reported by the Committee on Finance which will in most respects match H.R. 3434 so that these improvements in our various programs will not be held up for another Congress, and so that the children they are designed to serve will have their needs met as expeditiously as possible.

As stated above, we fear the Title IV-E proposal will produce a delay if not a stalemate to enactment of needed improvements. In that case an amendment on Title XX is urgent. Since there is no substantial disagreement between the House and Senate on the question of assistance to adoptive subsidies for children with special needs, we hope that Title IV-A initiative can be attached to the interim bill. This question has been before the Congress for at least 6 or 7 years. It's enactment will not add to the budget: it will lower foster care costs and provide an opportunity, finally for permanent loving homes for upwards of 100,000 children with special needs.

TESTIMONY SUBMITTED BY THE ASSOCIATION FOR CHILDREN OF NEW JERSEY

The Association for Children of New Jersey is a statewide nonprofit advocacy organization dedicated to improving programs and policies affecting children. The Association works to bring about constructive change in laws and other policies through community education, research and public policy analysis and review. One of our major concerns has been the system of out of home placement of children. A recent study published by the Association has highlighted a number of serious problems in the area of detention and shelter care. The Association was also active in developing and implementing a law in New Jersey which calls for the establishment of citizen panels to review the cases of children placed out of their home.

The Association strongly supports the overall intent of the social service and child welfare provisions in HR 3434. Of particular importance in our view are the provisions which increase funding for supportive services to prevent placement and reunite families where placement is indicated, the requirements for periodic review of the plans for children in placement and the establishment of a federally funded adoption subsidy program.

*Need for preventive services*

At present there are over 13,000 children in New Jersey under the supervision of the State Division of Youth and Family Services in foster homes, group homes and residential facilities. In addition, the study by the Association shows that there were more than 16,000 youngsters admitted to detention and shelter care facilities.

While the Association recognizes the reality that some children require out of home placement, we believe that extensive efforts should be made to keep children with their families and that if placement is necessary, it should be in the least restrictive setting and that every effort should be made to develop a plan for permanency. Removing a child from the home is a drastic step which may have serious negative effects on the child. Unfortunately, the inadequacy of supportive services in the community such as homemakers, day treatment or counselling means that many children are removed due to the lack of other more appropriate options. This is largely due to the availability of federal funding for placement and the lack of adequate funding for community-based services.

In New Jersey, as in many other states, the provision of services to children has become crisis oriented. The system is relatively effective in providing for the physical protection of children on an emergency basis, but few preventive services are available to families in stress, at risk of breaking apart or erupting into violence because of problems such as alcoholism, mental illness, unemployment and lack of adequate housing.

For example, the State Division of Youth and Family Services in New Jersey does not have sufficient funding to provide homemakers or day care services unless there are clear cut instances of abuse or neglect, and many times this occurs only in the most serious cases. Because no action is taken until severe problems have already developed, children may be needlessly damaged and removed from their homes.

We know that preventive programs can be highly effective in reducing the fiscal and human costs of placement. New Jersey recently completed an emergency fund program under a one-year federal demonstration grant which is designed to alleviate crisis situations in families by providing money for such items as emergency housing, utility bills and food. An evaluation study found that the fund was highly successful in reducing incidents of abuse or neglect and preventing the removal of children from their homes. One county office of the State Division of Youth and Family Services which expended approximately $2,500 under the fund avoided placement of 46 children out of their homes which would have cost the agency $161,000.

Once children are placed outside of their homes, ACNJ believes that the foster care safeguards contained in HR 3434 should be enacted to protect children from unnecessary, inappropriate and needlessly-prolonged placements. We believe that the states should be required to develop appropriate plans for these children designed to ensure that the children do not linger in care and are placed in permanent homes.

A 1976 study by the Children in Placement Project of the National Council of Juvenile Court Judges, which reviewed the cases of 3,684 children in 12 areas of the country, found that more than 60 percent of the children had been in placement for more than two years and over 30 percent of the cases had not been reviewed for periods of from three to ten years.

New Jersey is no exception in this situation. A recent report prepared by the Division of Youth and Family Services shows that on December 31, 1978, 52 percent of the more than 13,000 children in care had been there over two years and that the mean length of stay for all children in care on that date was three and one-half

years. A recent memo prepared by this agency reported that over one-quarter of the children in care had experienced two or more placements while in foster care.

New Jersey has recently enacted a law which establishes citizen review boards as arms of the Juvenile Court to review the cases of children in placement under supervision of the major state child welfare agency. There are currently 33 review boards operating in New Jersey's 21 counties and it is anticipated that over 13,000 cases of children in placement will be reviewed this year.

ACNJ believes that this effort will result in achieving the goals of permanency for a number of New Jersey children. It is our view that every state should have a review system, and we strongly support the requirements of HR 3434 regarding review as a means of insuring adequate protections for children placed out of their homes.

*Federal subsidized adoption*

ACNJ supports the provision of HR 3434 which would establish a federal adoption subsidy program. Many children could be placed in permanent adoptive homes if subsidy payments were available to assist adoptive parents in meeting the children's needs. Unfortunately, the current system imposes financial penalties on foster parents who wish to adopt children with special needs who are in their care. In New Jersey, foster families who choose to adopt the children in their care lose medical coverage for the youngsters and 20 percent of the maintenance payments.

ACNJ is actively involved in current legislative efforts to amend the state's adoption subsidy law. However, efforts aimed at expanding this program face very major obstacles because of the lack of federal funds in this area.

*Other pending legislation*

ACNJ is aware that there are several bills before this committee in addition to HR 3434 which would address many of these issues. We would like to briefly state our position with respect to some of the more important issues.

*Title XX*

1. We strongly support an increase in the Title XX ceiling to $3.1 billion in fiscal year 1980 with the $200 million earmark for child day care continued.

2. While we recognize the importance of requiring states to develop plans for use of training funds, we question the advisability of placing a limit on these monies, given the likelihood that training needs will increase as a result of this piece of legislation. We also think it would be helpful if a provision were added to permit the use of training funds for contracts with nonprofit agencies.

*Title IV-B*

1. We strongly support funding of Title IV-B as an entitlement. We believe that states must have ongoing federal financial commitments in order to plan or contract for innovative programs in the area of prevention. It is our experience in New Jersey that the legislature has been willing to take new initiatives programmatically and fiscally in areas where there are similar federal fiscal commitments.

2. We favor open-ended entitlement for AFDC-FC rather than placing an arbitrary limit on these funds. We do not believe that a cap is an appropriate way to reduce the numbers of children in foster care and can work a serious hardship on the youngsters because of the lack of existing community services. We believe the same goals can be accomplished more effectively by providing adequate preventative and reunification services and by requiring case planning and review

3. We strongly urge federal financial participation in an adoption subsidy program, and urge expansion of the program beyond AFDC-eligible children, to include all children who are hard-to-place.

ACNJ thanks the Finance Committee for the opportunity to present its views and will be happy to provide specific information on child welfare programs and policies in New Jersey to the Committee.

*Many speak as one*

The Association for Children of New Jersey seeks to serve as one voice speaking on behalf of children. It does not provide services directly to individual children. Rather, it works to represent their point of view, to enunciate their needs and ensure protection of their rights. This is done primarily through efforts to increase the effectiveness, responsiveness and accountability of those systems which control and affect the lives of children in New Jersey.

*Commitment . . . independence*

The Association is one of a small number of organizations across the nation which work to change programs and policies affecting children and the only such organization in New Jersey dealing with the full range of children's issues. It is a statewide,

nonprofit organization which is tax exempt under section 501(c)3 of the Internal Revenue Code. A substantial private endowment insures financial independence and allows the freedom to ask questions no one else can or will.

*Involvement at every level*

Innovative research, public policy analysis, monitoring and evaluation of programs, community education and public awareness activities are the primary strategies which ACNJ uses to identify problems and seek effective responses.

ACNJ believes that the delivery of services to children should not be the sole responsibility of professionals in public agencies. Therefore, it works with public and private organizations and with individuals and groups from local communities in developing new and creative approaches. Citizens with a range of backgrounds and experience are involved at every level of the organization's activity.

ACNJ believes there are many systems which impact strongly on the lives of children. However, the organization has generally focused on groups of children who are at particular risk of suffering harm in their development . . . troubled children whose lives are so disrupted that they become involved with child welfare and juvenile justice systems. Thus, many of ACNJ's efforts have been aimed at improving the status and care of children who have suffered maltreatment within the family, children in foster homes and institutions and children involved with law enforcement agencies.

*Merger results in greater strength*

The Association for Children of New Jersey was formed in 1978 through a merger between Child Service Association (CSA) and Citizens Committee for Children of New Jersey (CCCNJ) which combined their varied and rich resources in order to impact more directly and intensively on issues which affect the lives of children in New Jersey.

HIGHLIGHTS OF ACTIVITIES

1. *Public policy analysis*

The Public Policy Committee reviews national and state child welfare legislation, prepares recommendations and position statements and gives testimony on selected bills at the request of legislative bodies. ACNJ played an instrumental role in developing and enacting the Child Placement Review Act of 1978 which created a statewide citizen review board system to monitor the cases of children placed out of their homes.

2. *Research and monitoring*

Studies and policy papers have been done on implementation of the child abuse and neglect law, residential care facilities and adoption and foster care. ACNJ is completing a unique study funded by the State Law Enforcement Planning Agency on the characteristics of children placed in shelter and detention facilities and the policies and practices of those facilities.

3. *Community education and training*

A. The Association offers courses and training in selected counties to individuals and organizations interested in learning about the workings of child welfare programs and strategies for change.

B. The Association has sponsored or co-sponsored numerous conferences on key issues affecting children. It has served as host agency for a special conference on foster care review sponsored by the Child Welfare League of America in Atlantic City.

C. The Association produces a regular newsletter on a range of child welfare issues.

4. *ACNJ Board and staff participate in a number of state and national organizations working to improve planning for youngsters including:*

The National Committee for Prevention of Child Abuse,
New Jersey Action for Foster Children,
The Child Welfare League of America,
Coalition for Organizations for Children and Youth,
Governor's Committee on Children and Youth,
Regional Resource Center of the Cornell Family Life Development Project,
Newark Emergency Services for Families, and
Division of Youth and Family Services Advisory Board.

5. *Membership*

Any individual with a concern for issues affecting children is invited to join the Association. Members of the Association receive the newsletter and have an oppor-

tunity to attend meetings and conferences sponsored by the organization and participate in volunteer activities.

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STATEMENT BY AUGUSTA KAPPNER

My name is Augusta Kappner. I am Dean of Continuing Education at LaGuardia Community College of the City University of New York. I am also Project director for the LaGuardia/Red Hook Family Day Care Training Project, which is the only training organization to have been consistently involved in family day care training over the past 8 years. Through a Title XX contract with the New York State Department of Social Services we have, over the past two years, been delivering decentralized, field-based training to 2100 licensed family day care providers geographically dispersed throughout New York City. I hope that my statement will help to convince you that unless S-1184 is amended to raise the level to cover FFY 1979 claims that it will have an immediate and devastating impact, not only on training services but on the ability of thousands of individuals to contribute to the nation's economy.

The House appropriations bill which placed a 75 million dollar limit on Title XX funds for FFY 1980, is creating an unrealistic spending limit which will have extremely adverse effects nationwide, including New York State. This limit would cut vitally needed and currently existing services. It would lower the quality of child care programs at a time when HEW is attempting to raise and monitor program standards.

The Title XX training ceiling, as proposed in the FFY/80 appropriations bill, would have a particularly detrimental effect on the family day care system in New York City. New York City has probably the largest number of licensed home day care providers (. . . over 2100 . . .) serving 8000 day care children. These children are primarily located in working class, low income communities, where day care provides the means to keep families self-supporting rather than government supported.

Several studies, and the experience of our project, confirm that the quality of care among untrained or minimally trained day care providers is extremely variable and often quite low.[1] The average educational level of providers in the New York City system is a little above tenth grade with a large and increasing number unable to speak or write English. One example of our project's success is that in this past year all of the providers in our English Language component, have increased their English language skills over 50 percent as judged by a standardized exam.[2] In other areas necessary for quality child care, such as health, nutrition and safety, our project has effectively raised day care program quality through intensive training of caregivers.

Family Day has become the largest and in many cases the only, infant day care service. With the increasing numbers of single parent families, and large numbers of women and mothers entering the labor force, high quality day services are greatly needed. In addition, few other services are, as is Family Day Care, so well equipped to fill the gap left by the demise of the old extended family. Families particularly susceptible to child abuse and neglect, families in which adolescents are parents, families troubled by the demands of exceptional or handicapped children, these and other "at risk" families are well served by family day care programs.

The proposed HEW Federal Interagency Day Care Requirements recognizes the need for training for all child care personnel. Projects like LaGuardia/Red Hook are a cost effective method of increasing day care quality and decreasing government support of entire families. Without a funding level comparable to the FFY 1979 Title XX level, such projects would cease to exist: According to an analysis done by the Agency for Child Development, funding at the FFY/78 level would affect 1824 employees and create an aggregate economic loss of over $5 million dollars in New York City alone. It is, therefore, crucial to amend S-1184 to raise the "hold harmless" level to FFY/79. With such an amendment and a realistic level of supplemental appropriations day care can provide adequate training to its personnel, maintain

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[1] (a) Keyserling, National Council for Jewish Women, 1972, "Windows on Day Care."
(b) Peters, Pennsylvania State University, 1972, "Day Care Homes."
(c) Welfare Research, Inc.—"A Statewide Assessment of Family Day Care," Albany, New York 1977.

[2] The average score of the 127 family day care providers who took the C.R.E.S.T. examination from January, 1979, to August, 1979, moved from 10.1 to 15.9. The Criterion Reference English Syntax Test (C.R.E.S.T.) is one developed by the New York City Board of Education and is accepted across the nation as a reliable indicator of progress in the English language.

quality child care services and continue to enable families to be self supporting contributing members of society.

Finally, I would like to thank Senator Moynihan for his interest and concern and invite him to visit any aspect of the LaGuardia/Red Hook training project on his next trip to New York City.

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STATEMENT ON BEHALF OF THE ASSOCIATION FOR RETARDED CITIZENS, THE NATIONAL ASSOCIATION OF STATE MENTAL RETARDATION PROGRAM DIRECTORS, AND THE UNITED CEREBRAL PALSY ASSOCIATIONS, INC.



SUMMARY OF TESTIMONY ON SOCIAL SERVICES,
FOSTER CARE AND CHILD WELFARE SERVICES

TITLE XX SOCIAL SERVICES



Title XX is a major source of funding of community support programs for disabled people. Statutory changes are required for effective continuance of the Social Services program.



We support a funding level of $3.1 billion in fiscal year 1980. This amount represents only a modest inflationary increase and will not allow for program expansion and innovation.

In addition, if a distribution formula change occurs, we recommend that any measure of a state's welfare caseload take into account both the Supplemental Security Income and the Aid to Families with Dependent Children recipient populations.



We accept the appropriateness and desirability of the addition of adult emergency shelter to Title XX, but have some reservations stemming from its financial implications.



We recommend that Congress confer with the States, HEW and appropriate national organizations and jointly develop a specific

in Title IV-A that foster care placements be adjudicated.

ADOPTION SUBSIDIES

I. Adoption Subsidies for Handicapped Children. Page 16

Our organizations support the adoption subsidy program described in H.R. 3434. We strongly urge the Subcommittee to specifically state that handicapped children residing in institutions who are legally free for adoption are eligible for the adoption subsidies.

TITLE XX SOCIAL SERVICES

I. The Significance and Importance of Title XX to Persons with Developmental Disabilities.

Title XX is a major source of funding of support programs for severely and multiply disabled persons. The State Title XX Social Services Plans for fiscal year 1979 indicated that expenditures for discrete services for developmentally disabled people would total approximately $122.6 million. Discrete services for the blind, the physically handicapped and the developmentally disabled combined were estimated at 3.7% of total Title XX expenditures for fiscal year 1979.[1] In addition to these targeted funds, developmentally disabled persons benefit from the more general social services provided through Title XX. Appendix 1 contains a survey of the United Cerebral Palsy Associations' affiliates with Title XX purchase of service contracts demonstrating the significance of this program to deinstitutionalization/community placement services.

The Title XX program has been instrumental in creating the momentum for enhanced local service delivery, and as a result, millions of individuals have benefitted from federally-supported social service activities. Federal efforts to date have produced the essential components of a successful social services delivery system; the staffing, facilities, equipment, and clients are already in place. What is lacking is the assurance that the programs

[1] Kilgore, Gloria, and Salmon, Gabriel; "Technical Notes: Summaries and Characteristics of States' Title XX Social Services Plans for Fiscal Year 1979," U.S. Dept of Health, Education and Welfare; June 15, 1979.

so enthusiastically and effectively begun will have the funding necessary for their continuance. Our statement recommends statutory changes which will continue this momentum.

II. Need for Predictable, Increased Funding.

One of the primary programmatic goals in the disability movement today is to prevent unnecessary institutionalization and provide residential and other community living alternatives. The freedom and opportunity to choose where to live in the community is the overriding objective of these efforts. Social services are intended to assist disabled individuals in meeting the needs of everyday living and to obtain access to other resources. They include such services as counseling, day care and adult activity centers, special transportation, information and referral, outreach, social developmental, recreational and attendant care/home-maker services. Financial stability is crucial to providing a quality community service program for persons with disabilities. A Title XX ceiling which grows in proportion to inflation is vital to ensuring financial and programmatic stability. Unfortunately, our experiences over the past years have demonstrated the instability of Title XX supported programs given an inflexible and no-growth ceiling.

A 1978 National Governors' Association report of state responses to former Representative Donald Fraser's Title XX survey indicated some unfortunate program cutback trends:

(1) Of the 37 states responding, 16 had terminated or reduced

purchase of service contracts.

(2) 9 states had deliberately revised their eligibility criteria to limit the number of participants in a program or had specifically not changed eligibility criteria to continue to include people who become ineligible as a function of increased public assistance programs.

(3) 9 states had simply eliminated specific service categories. The National Governors' Association survey states that "these specific service cutbacks have usually taken place in the areas affecting the handicapped (developmentally disabled, mentally retarded, and mentally ill), the elderly, and protective services for children and adults."

The NGA survey documented that Title XX programs for persons with disabilities have been discontinued or cutback in Colorado, Idaho, Kansas, Montana, Nebraska, New Jersey, Ohio, and West Virginia.

The specific examples provided below demonstrate these problems:

- UCP of Columbus-Franklin Counties, Ohio. Two-thirds of this affiliate's $600,000 budget is composed of Title XX contract reimbursements. As the result of Ohio's decision to divert funds away from urban areas the affiliate will be required to curtail or discontinue services to many of its clients (cf. Appendix 2). A redefinition of adult day care imposed by the state in an effort to reduce its Title XX commitment will eliminate services for 174 of the 200 adults currently served by the affiliate.

- UCP of Cincinnati, Ohio. Because, like affiliates of many voluntary health agencies, this affiliate's budget relies heavily on Title XX monies, its programs are in serious jeopardy. Approximately $175,000, or one-third of its total budget, results from Title XX contract activities. As a consequence of a 38% rollback in Title XX funding for Hamilton

County (cut from an expected $6.1 million to $3.8 million) the affiliate's budget suffered a $75,000 loss in revenue, resulting in significant staff reductions and truncation of its adult program (cf. Appendix 3). On a broader plane, the county as a whole suffered crippling cuts in its 1978 social services programs, of which the following are indicative:

| Program | % FY 1977 Budget |
|---|---|
| Adoption Services | 88 |
| Legal Services | 9 |
| Special Services for Blind | 59 |
| Development Services for Disabled Children | 41 |
| Health and Related Services | 67 |
| Disabled Adults | 53 |

- Programs for Mentally Retarded Persons in Nebraska. From the inception of the Title XX program through fiscal year 1978, Nebraska had received and spent $18 million in Federal Title XX dollars. Of this amount, approximately $5.6 million supported programs for mentally retarded persons. Over the years, there has been no increase in the amount apportioned for retarded people since the State's efforts have been directed toward maintaining those programs already funded through Title XX. Currently, Nebraska is attempting to deinstitutionalize its mentally retarded individuals but finding it can't be done due to insufficient Title XX funding for those social services necessary to support mentally retarded persons in the community.

- Programs for Mentally Retarded Persons in Louisiana. The role of Title XX funding in deinstitutionalization and in preventing the institutionalization of mentally retarded persons is dramatically illustrated in the State of Louisiana. In recent years, new requests for admission into institutions for the retarded has dropped from 135 per month to a mere 21 per month. The major cause for this drop is the Title XX-supported day development centers across the state. These community-based centers provide early intervention, adult activities and other services to 1500 severely and profoundly retarded persons who live at home. These community programs will be in jeopardy unless Congress provides for a sufficient increase in social services dollars this year.

Without adequate financial backing no social service program, whether administered through public or voluntary nonprofit agencies, will be able to meet the needs of persons with disabilities, or indeed anyone requiring such assistance.

Finally, it seems obvious that without predictable increases in funding States are unable to plan effectively for social services. Often, there has been nothing to plan unless it has been how to maintain the status quo or, frequently, which social services programs to cut back or eliminate.

The Association for Retarded Citizens, the National Association of State Mental Retardation Program Directors, and the United Cerebral Palsy Associations, Inc. urge the passage of legislation which provides for predictable increases in the Title XX funding over the next several years. The need for such increases in the Title XX ceiling has been clearly documented as indicated above. We feel that a funding level of $3.1 billion in fiscal year 1980 is a minimum acceptable amount since it represents only a modest inflationary increase. This amount will not allow for program expansion or innovation.

While our organizations have not had the opportunity to study the effect of Mr. Moynihan's suggested change in the distribution formula for Title XX services dollars on developmentally disabled people, we recommend that any measure of a State's welfare caseload take into account both the Supplemental Security Income and the Aid to Families with Dependent Children recipient populations.

III. The Addition of Emergency Shelter.

H.R. 3434 and S. 1184 would add a new Title XX service, i.e. emergency shelter "provided as a protective service to an adult in

danger of physical or mental injury, neglect, maltreatment, or exploitation," not to exceed 30 days of support in any six-month period. This is a most appropriate Title XX service for many persons, including the disabled. There have been cases of inappropriate deinstitutionalization efforts for developmentally disabled persons who do not have proper follow-along and support services; in some instances emergency shelter would be beneficial for such individuals.

However, though we fully accept the appropriateness and desirability of the addition of adult emergency shelter to Title XX, we have some reservations stemming from its financial implications. As a newly targeted priority of the 96th Congress, one can expect a large percentage of any ceiling increase to be allocated to this service. Without additional funding above the cost-of-living increase proposed in H.R. 3434, any new programs developed by States for adult emergency shelter will be financed at the expense of current Title XX programs. Therefore, we suggest that the Title XX ceiling be increased beyond $3.1 billion in fiscal year 1980 so that emergency shelter services can be dequately financed without hurting existing services.

IV. Planning and Evaluation.

Another matter of extreme importance to those organizations and individuals concerned about the effectiveness of the Title XX program is the lack of quality planning, management and evaluation of the social services being provided in some states. Under the

current Title XX program there are disincentives operating which make it difficult for States to retain competent planning and evaluation staff, expand management capability and develop information systems. Present circumstances require that any serious program planning and evaluation be done at the expense of services being delivered.

We recommend that Congress confer with the States, HEW and appropriate national organizations and jointly develop a specific legislative proposal to ensure comprehensive, effective social services program planning and evaluation. Such a legislative proposal might include providing States with funds outside the Title XX services ceiling for improving planning and evaluation functions, providing a percentage of any new services funds as a set-aside for planning and evaluation, or providing a higher federal match for these activities.

V. Child Day Care Set-Aside.

When our organizations testified before the House Committee on Ways and Means, we opposed the provision preserving permanently the special allocation of Title XX funds for child day care services. H.R. 3434 has since been modified extending the child day care set-aside temporarily for two years. This is an improvement over the original provision but remains unsatisfactory to us.

Both ARC and UCPA were participants in the original Social Services Coalition which developed Title XX. Two assumptions were essential to these deliberations:

(1) Earmarking of particular population categories or service activities would destroy the social services movement and program as each group would then insist on their own earmark; and

(2) States should be given the flexibility to determine how their Title XX allocations will be spent based on the particular needs within their state.

If the Pandora's Box of earmarking is opened, representatives of the nation's citizens with disabilities will have to advocate for a separate set-aside. We did not oppose the temporary set-aside of funds for the purpose of assisting in Federal Interagency Day Care Standards Compliance; however, the temporary earmark has served its purpose. The fact that the House bill, H.R. 3434, extends this earmark for two additional years is disappointing. Is there no end to this "temporary" arrangement?

VI. Privately Donated Funds as Social Services Match.

Our testimony, which represents both private and public agencies, demonstrates our commitment to the public-private sector cooperation and partnership which has evolved in the Title XX program. We believe it is beneficial to society for government to recognize its responsibility to its citizens in need, such as the disabled, and provide substantial and steady funding for social services. Equally, we believe that the private sector, particularly the voluntary nonprofit groups, shares this responsibility as an advocate

of solutions to societal problems and directions for change, as a responsive, community-based provider of services, and as a community resource to financially complement and supplement social services programs. The social services needs of the disabled are immense: one sector alone cannot fully implement the necessary solutions. A partnership is therefore both necessary and desirable.

We applaud Senator Moynihan's proposal in S. 1184 (Section 4) to remove the restrictions on privately donated funds under the Title XX Training program. Believing in a strong public-private sector partnership in implementing the Title XX program, and recognizing the tightening of finances for social services caused by the ceiling, we recommend that all statutory limitations be removed to allow nonprofit provider agencies to directly participate in the donation of funds as state matching. Appendix 4 reviews the evolution of program utilization of privately donated funds as Social Services match.

In a June, 1978 National Governors' Association publication[1] it is estimated that at least 50% of all Title XX dollars are currently used to purchase services. This approach allows state officials greater flexibility in targeting specific programs to specific needs and sidesteps obstacles created by bureaucratic systems. It also strengthens the public-private partnership so essential to the program. Unfortunately, this same study concluded: "As states have

[1] O'Donnell, Peter S., Social Services: Three Years After Title XX: A Report On The Impact Of Public Law 93-647 On State And Local Governments.

reached their Title XX funding ceiling, many of them have looked to purchased services as the first area to cut back."

These facts are reiterated in an October, 1978 Urban Institute study[2] which states: "Perhaps the most dramatic shift brought about by Title XX implementation is the dramatic increase in purchased services...(which) are now the predominant mode of service delivery nationally." This study documented that 53% of 1977 Title XX expenditures were devoted to purchase-of-service arrangements; of these, 32% were allocated to nonprofit private agencies.

Clearly, with the tightening of finances for social services caused by the ceiling, the public-private partnership has been strengthened. However, existing limitations on the use of privately donated funds as Title XX match have created severe problems of uncertainty, confusion, and apprehension regarding the appropriateness of purchase-of-service arrangements when the nonprofit provider contributes some money either directly or indirectly through a third party, such as a United Way organization.

To eliminate these ambiguities we recommend that all statutory limitations be removed in order to allow nonprofit provider agencies to donate funds directly to assist in meeting state match requirements.

To achieve this purpose, Section 2002(a)(7)(D) of Title XX should be amended to read as follows:

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[2] Benton, Bill; Field, Tracey; and Millar, Rhona; Social Services: Federal Legislation vs. State Implementation.

"(D)(i) are transferred to the State and under its administrative control subject to restrictions in the donation agreed upon by the State and the donor and is consistent with State plan requirements."

Subsection (D)(ii) should be struck but subsection (D)(iii) should remain.

The purpose of the amendment is to allow nonprofit donors, both program sponsors and non-sponsors, to restrict gifts of the private matching share so long as the restrictions are consistent with the State plan and agreed to by the State.

VII. Social Services Funding for the Territories.

We urge Congress to establish a separate entitlement program outside the Federal Title XX ceiling for Puerto Rico and the Territories. Currently, these areas receive an allotment for services from amounts that the States certify at the beginning of their program year they will not need from their allotments. Since most States are, and will continue to be (even with some increase for inflation) at their individual Federal funding ceilings, this has made planning for services impossible in the Territories. Provision should be made to increase the amount authorized by the separate entitlement by the same ratio as the increases in the Federal statutory Title XX ceiling.

VIII. Title XX Training Funds.

Staff training is the key to effective intervention in the complex problems that confront the recipients of social services.

During the last two years a great deal of effort has been expanded on the part of national voluntary organizations, representatives of providers of social services and officials within the Department of HEW to modify the Title XX training regulations so that more appropriate, effective training programs can be provided in the States. To date, the modified regulations have not been published by HEW. We encourage Congress, in report language on the Title XX legislation, to make its will known as regards the timely publication of these improved training regulations.

Our organizations strongly oppose the capping of Title XX training funds, especially the seemingly arbitrary 3% cap chosen by the Administration. However, should a cap on Title XX training become necessary it should be based on hard data. For this reason, we propose that a ceiling only be imposed after the Administration conducts and publishes the results of a study on the effectiveness and/or abuses of the training funds. Such a study would enable the Congress, the States and the general public to make a reasonable determination regarding an appropriate ceiling for such funds.

Both H.R. 3434 and S. 1184 contain provisions capping, at least temporarily, the Title XX training funds. We support open-ended training funds governed by HEW approved State Title XX training plans. Therefore, of the two provisions proposed, we strongly favor that contained in H.R. 3434. We hope that Congress would insure that this provision is not misconstrued by stating in statutory or explanatory language that it is not within the Administration's

discretion to retain the cap past fiscal year 1980.

IX. Public Participation.

We believe that citizen participation in the development of the Social Services program is of major importance in the planning process and strongly oppose provisions that would circumvent or intervene in the established citizen participation process of the Title XX program. Therefore, we oppose the provision contained in H.R. 3434 which mandates the States to consult with local officials in the development of the Title XX Comprehensive Services Program Plan prior to publication of the proposed plan.

Currently, the Title XX program requires each State, as part of its program planning cycle, to develop and publish a proposed Comprehensive Services Program Plan and make this plan available to the public for comment. Equity demands that no portion of the public be singled out for preferential treatment in this planning process.

X. Two Year Comprehensive Services Plans.

ARC, NASMRPD and UCPA support provisions in the Title XX legislation which would allow States to adopt a biennial planning process. An annual planning cycle is often too short and cannot be coordinated with biennial State budget cycles. While we endorse the concept of permitting biennial planning, we do not support three year planning cycles. Such a provision could result in limited flexibility for the reallocating of funds within States during the three year period.

CHILD WELFARE SERVICES

I. Conversion to Entitlement.

Our organizations urge members of the Finance Committee to provide for a conversion of the Title IV-B Child Welfare Services program to a $266 million entitlement program. We fully support the Child Welfare Services provisions in H.R. 3434 and feel that effective implementation of these provisions depends on States having sufficient funding over a period of time. It would be impossible for States to plan ahead for the protections offered in H.R. 3434 without the assurance of continued, sufficient funding.

II. Payments to Foster Parents for Services.

The social and economic pressures which disrupt and sometimes destroy families are often compounded by the presence of a handicapped child. That families of such children are often unable or unwilling any longer to cope is manifest by the continuing demand for institutional care for young disabled children. Many, if not most, of these institutional placements could be avoided if carefully recruited and trained foster parents were available to substitute their nurturing for that of the incapacitated natural family.

To a large extent, the current foster care system has failed the handicapped child. Foster care parents of handicapped children are often untrained, unable to recognize or begin to meet their special needs. Such children too often do not receive the educational, rehabilitative, health and social services which they require if

they are to mature to an independent and productive adulthood. For these children, foster care is a dead-end, leading only to continuing dependency.

Establishing meaningful, effective foster family environments for handicapped children requires careful recruitment and specialized training of foster parents, so that they are equipped to provide their handicapped foster children with the special services they need beyond room, board, supervision and care.

Our Associations believe that both the specialized training of foster parents to serve handicapped youngsters, and the delivery of in-home, "preventive" services to natural parents of handicapped children should be explicitly recognized as reimbursable services under Title IV-B through purchase-of-service contracts between the State child welfare agency and a variety of public and nonprofit vendor agencies (i.e. in a manner similar to existing Title XX purchase-of-service arrangements).

III. Voluntary Foster Care Placement.

We strongly support the elimination of the current requirement in Title IV-A that foster care placements be adjudicated. Given appropriate administrative due process, the involvement of the courts can be both unnecessary and counter-productive.

We also support the provision of adequate preventive services to avoid unnecessary removal from home, and periodic administrative reviews to insure the timely return of children to their own home, or placement in an adoptive home.

ADOPTION SUBSIDIES

I. Adoption Subsidies for Handicapped Children.

Our organizations support the adoption subsidy program described in H.R. 3434. We strongly urge the Subcommittee to specifically state that handicapped children residing in institutions who are legally free for adoption are eligible for the adoption subsidies. There are a significant number of children who are needlessly institutionalized or who continue to reside in foster care settings who are technically available for adoption but who are difficult to place because of a handicapping condition, behavioral problem, age, etc. State agencies should have the ability, supported by Federal funds, to move such children into adoptive homes by providing prospective adoptive parents with the assurance that an adoption subsidy will be available to assist them in meeting the additional expenses of these hard-to-place children. Explicit statutory language regarding institutionalized children will help ensure their eligibility for such subsidies.

Appendix 1

## UCPA AFFILIATE TITLE XX PURCHASE OF SERVICE CONTRACTS

September 1, 1979

| Affiliate | Estimated Amount | Services Provided |
|---|---|---|
| | DHEW REGION I | |
| UCP of Mid-State Maine, Augusta | $ 39,000 | Day care program for children ages 2-5. Services include pre-academic training; social-emotional development; and physical, occupational, and speech therapy. |
| | $ 63,000 | Comprehensive developmental services program for all age groups including social work, occupational therapy, and psychological service emphasis. |
| UCP of Northeast Maine, Bangor | $ 20,000 | Home-based developmental therapy program for children ages 0-5. |
| | $ 3,000 | Summer camp program. |
| | DHEW REGION II | |
| UCPA of New York State, New York City | $ 400,000 | Homemaker services for 85 former residents of Willowbrook (State institution) who now live in 32 supervised apartments throughout New York City's five boroughs. |
| | DHEW REGION III | |
| UCPA of the Pittsburgh District, Pennsylvania | $ 113,950 | Life skills management and transportation for severely disabled adults. |

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|---|---|---|
| UCPA of Philadelphia and Vicinity, Pennsylvania | $ 280,000 | Preschool and specialized therapy program in Philadelphia. |
| | $ 74,000 | Preschool and specialized therapy program in Chester County. |
| UCP of Lackawanna County, Scranton, Pennsylvania | $ 246,000 | Comprehensive developmental program for severely disabled children and adults. |
| UCP of Lancaster County, Lancaster, Pennsylvania | $ 25,000 | Social and recreational program for 35 mentally alert, developmentally disabled adults. |
| UCP of Schuylkill, Carbon, and Northumberland Counties, Pottsville, Pennsylvania | $ 56,000 | Adult activity program. |
| | DHEW REGION IV | |
| UCPA of Birmingham, Alabama | $ 142,000 | Comprehensive developmental preschool program emphasizing physical, speech, and occupational therapy. |
| | $ 32,000 | Adult activities program emphasizing recreation, socialization, activities of daily living, and transportation. |
| UCP of East Central Alabama, Anniston | $ 61,200 | Developmental preschool program and adult day care program. |
| UCP of Gadsen and Northeast Alabama | $ 50,000 | Developmental preschool program and adult work activities program. |
| UCP of North Carolina, Raleigh | $ 272,600 | Developmental preschool program; adult day care program; and home services program including 1) health support, 2) home management maintenance, 3) services to meet special needs, 4) social development services through therapeutic group services, 5) transportation, and 6) caseworker services to enable individuals to remain in/or return to their own homes. |

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| | DHEW REGION V | |
| UCP of Columbus-Franklin Counties, Columbus, Ohio | $ 558,132 | Adult day care program for 200 severely disabled adults; residential and transportation support services. |
| UCP of Metropolitan Dayton, Ohio | $ 175,000 | Adult day care and related transportation services. |
| UCP of Cincinnati, Ohio | $ 175,000 | Adult day care and adult work activities programs. |
| UCPA of Akron and Summit Counties, Akron, Ohio | $ 99,970 | Adult day programs including transportation. |
| UCP of Cuyahoga County, Cleveland, Ohio | $ 7,461 | Ambulatory home care program including speech and occupational therapy. |
| | $ 5,460 | Summer day camp program. |
| UCP of Greater Chicago, Illinois | $ 176,000 | Adult day activities program. |
| UCP of Illinois, Springfield | $ 50,000 | Family support service program. |
| UCP of Northeastern Illinois, Joliet | $ 17,000 | Adult training program. |
| UCP of Greater Minneapolis, Minnesota | $ 225,888 | Sheltered workshop program. |
| | $ 118,939 | Two developmental achievement centers; one for adults and one for children. |
| | DHEW REGION VI | |
| UCP of Texas, Austin | $ 46,600 | Adult Day care program. |

| | | |
|---|---|---|
| UCPA of the Alamo Area, San Antonio, Texas | $ 50,000 | Live-in homemakers for supervised apartment program. |
| UCPA of Dallas, Texas | $ 136,800 | Day services to 40 severely mobility impaired adults for the purposes of 1) preventing unnecessary institutionalization, 2) allowing other persons in family the opportunity to work, 3) maintaining whatever physica competencies the individual has, and 4) evaluating the individual both physically and sociologically for placement in Vocational Rehabilitati programs or sheltered workshops. |
| | DHEW REGION VII | |
| UCP of Kansas, Wichita | $ 96,000 | Physical support services, food services, specialized transportation, and activities of daily living training for 26 severely physically disabled persons who reside in a community living arrangement program. |
| | $ 65,000 | Work activities program for 15 persons determined by Vocational Rehabilitation too severe for employment oriented services. |
| UCP of Greater Cedar Rapids, Iowa | $ 36,000 | Adult day care program. |
| | DHEW REGION VIII | |
| UCP of the Sioux Empire, Sioux Falls, South Dakota | $ 2,286 | Transportation services for adults. |
| | $ 11,505 | Pre-vocational training services for severely disabled adults. |
| | DHEW REGION IX | |
| UCPA of Central Arizona, Glendale | $ 100,000 | Early intervention, infant, and preschool program; speech evaluation and casework project; and homemaker/ housekeeper services. |

DHEW REGION X

| | | |
|---|---|---|
| UCP of Pierce County, Tacoma, Washington | $ 97,500 | Work and social adjustment training for severely disabled adults including activities of daily living training. |
| UCPA of Northwest Oregon, Portland | $ 92,600 | Sheltered workshop program. |
| | $ 21,000 | Residential support services. |

OVERVIEW

Affiliates Reporting Title XX Contracts In Survey: 30

Total Number Of UCPA Affiliates: 257

Title XX Contract Support Of Sample Survey Affiliates: $ 4,241,891

Total 1978 UCPA Affiliate Governmental Income: $ 48,172,000

Total 1978 UCPA Affiliate Income: $ 76,201,000

E. Clarke Ross, Director
Governmental Activities Committee
United Cerebral Palsy Associations, Inc.

Appendix 2

# Fund Cutback Hurts Palsy Victims

By Stephen Berry
Of the Dispatch Staff

Many cerebral palsy victims in the Columbus area will "sit at home and rot" if the Ohio Department of Public Welfare (ODPW) follows through with its plan to cut Franklin County's share of federal Title XX money, a United Cerebral Palsy official says.

Approximately 200 cerebral palsy victims participate daily in adult programs of the United Cerebral Palsy of Columbus and Franklin County Inc. (UCP), 2144 Agler Rd.

BUT THE CENTER faces the dim prospect of trimming its services if the county's share of Title XX money is cut, Eugene Cutiechia, executive director, said.

One client, Jim, 28, works in the center's print shop 2½ days a week making calling cards, graduation announcements, and other notices. He earns $20 to $25 a month.

Jim also learns from instructors how to cope with death, budget his own money, and socialize with others. He is dependent on the center's fleet of 12 leased vans for transportation because he is confined to a wheelchair.

ALTHOUGH JIM can communicate with others, his speech is unintelligible and he has limited use of his hands.

Cutiechia said Jim is lucky, though, because he lives independently with his wife, who has a part-time job. If Title XX money is cut back, other clients might not fare as well.

"I have other clients who, if Title XX is cut, will just sit at home and rot," Cutiechia said.

THE ODPW PLANS to cut the Franklin County Welfare Department's share of Title XX money by about $1.74 million next fiscal year. And, if smaller counties begin spending more Title XX funds, Franklin County's share of the social services money could decline by as much as $5.2 million from its present level.

Of a projected 1977 budget for the adult UCP program of $611,793, a healthy $421,852 is needed from the federal government through Title XX to maintain the program, Cutiechia said. The balance of operating funds comes from the United Way allocation and donations.

"Everyone has a right to work, recreation and self-improvement," Cutiechia said. "We're trying to fill that void in these people's lives."

THE CENTER, WHICH has a waiting list, currently serves approximately 200 multi-handicapped persons. The crippling disease is caused by brain or other nervous system damage before birth, at delivery or early in life. While cerebral palsy strikes early, most of its victims live normal life spans, Cutiechia said.

Most clients, who range in age from 18 to 70, will remain in the program until they die, move out of the community, or perhaps enter a nursing home, Cutiechia said.

Eighty of the 200 clients are confined to wheelchairs and thus depend on the center's vans for all their transportation needs. The vans take them to and from the center, shopping, to health clinics, and other chores such as for banking.

BECAUSE OF transportation problems and architectural barriers in the community, few of the center's clients ever find jobs, Cutiechia said. Six persons this year got part-time jobs cleaning the center under a maintenance contract Cutiechia negotiated. It was an unusual case.

Cutiechia said a 10 percent cut in Title XX money would mean reducing the 70-member staff by eight persons, for example.

"It's immoral, an injustice to take a client out of his home, give him programs, and then take them away," Cutiechia said. "It's taken us five years to build up clients to where they feel like first class citizens. There are just not enough private dollars to provide the services mandated by the government and needed by our people."

## Talk On Schools Set

State Sens. Michael Schwarzwalder and Theodore Gray and State Reps. Lawrence Hughes and Mack Pemberton will speak at 8 p.m. Thursday at the Board of Education office, 465 Kingston Ave., Grove City. They will discuss school legislation and school funding.

# Title XX disaster



To know what the recently announced cutbacks in Hamilton County's Title XX funding signify, it is almost necessary to know Ed Jones.

Ed is a man in his early 20s confined for life to a wheelchair. He has difficulty speaking, though never thinking or emoting, which is why he cherishes his programs at the United Cerebral Palsy Center. Five days a week Ed takes a course in letter-writing; he checks silk-screened Christmas cards for ink spills, and he swims and bowls. Through the center, he finds some fulfillment in life.

Now, because of unanticipated and enormous cuts in the monies that pay for programs such as these, people like Ed may be abandoned. Less than two weeks ago, state officials announced to local welfare workers that a $2.5 million slashing of the original $6.3 budget for fiscal 1977-78 is virtually irreversible.

Title XX, to recap the complex legislation, is an amendment to the Social Security Act that deals with social services for the aged, blind, disabled and their families. Passed in January 1975, it provides federal dollars for the states according to formula based on population and per capita need (three federal dollars for every one state and local dollar). But—and here's the kicker—it is a reimbursement program. Only after the state has spent the money can it claim reimbursement from the feds.

In the first two years that Title XX money was available in Ohio, Hamilton County tried to establish carefully the needs for various services before committing any dollars. Like much of Ohio, the county did not spend all of the Title XX money immediately available to it.

For fiscal year 1976-77, Hamilton County was allocated $6,263,000. By March of 1977, however, when allocations for the next fiscal year were being set, the county was still perfecting its methods. It knew what it was going to do with the money, but it had not actually committed all of it.

So what happened? State officials looked only at expenditures through March, presumed that Hamilton County was not going to use all of its funding and chopped its future allocation severely.

By the time Hamilton County learned what had happened—on July 1, the first day of the new fiscal year—at least 33 Community Chest agencies and 12 non-Chest agencies had made important funding commitments for the coming year. These commitments were based on the assumption that the new allocation would approximate last year's $6.2 million.

Since July 1, Chest and local community officials have been scrambling to patch up the damage, but without success. Unless something dramatic happens, Ed Jones may well see some of his program cut, and any future Ed Jones may remain locked out.

What hurts the most, according to Community Chest spokesmen, is the size of the local cut—38 percent—when comparable counties in Ohio received little or no cuts. Lucas County (Toledo) lost 13 percent of its funding; Franklin County (Columbus) lost 15.6 percent; Cuyahoga County (Cleveland) lost none. Local agencies have been penalized, it appears, for exercising caution in the expenditure of federal funds.

What will happen? With financial juggling, some prayer and the possibility that other Title XX recipients won't use all the money that is rightfully theirs, Hamilton County may limp through until May. But unless the state reallocates, the county will not fulfill its commitments through June.

In fairness, the state should reallocate right now, and put an end to the uncertainty. If, another year, more of Ohio's 88 counties claim enough so the largest recipients must be cut again, so be it. Foreknowledge will allow time to adjust. This time around, Hamilton County is stranded.

*Ed Jones*

## THE EVOLUTION OF PRIVATELY DONATED FUNDS AS SOCIAL SERVICES MATCH

**January 28, 1969**
**Final DHEW Regulations**

"(b)(1) Donated private funds for services may be considered as State funds in claiming Federal reimbursement where such funds are:
(i) Transferred to the State or local agency and under its administrative control; and
(ii) Donated on a unrestricted basis (except that funds donated to support a particular kind of activity, e.g., day care, or to support a particular kind of activity in a named community, are acceptable provided the donating organization is not the sponsor or operator of the activity being funded).
(2) Donated private funds for services may not be considered as State funds in claiming Federal reimbursement where such funds are:
(i) Contributed funds which revert to the donor's facility or use.
(ii) Donated funds which are earmarked for a particular individual or for members of a particular organization."

**September 11, 1972;**
**Senators Russell Long (LA) and Herman Talmadge (GA) floor debate on Social Services Ceiling on P.L. 92-512 Revenue Sharing Act**

Senator Long: "...Some States have even gone so far as to formally appropriate private funds-like UGF, and so forth-so they will qualify for Federal matching money.

Let me explain that last item. Money donated to the United Givers Fund, or what is called in some places the Community Chest would be run through the State or local government for the sole purpose of having it matched with three times as much Federal money. Through this device, the State gets three Federal dollars for every dollar put into it.

Some people who contributed to the United Givers Fund or the Community Chest are in the 70 percent tax bracket. Then the United Givers uses the social services device to multiply the funds 3-to-1. Then, Mr. President, the State agency contracts back to the United Givers Fund to provide the service. So they take the Community Chest money, pass it to the State, then the State picks up Federal matching and gives it back."

**February 16, 1973**
**Proposed DHEW Regulations**

"Donated private funds or in-kind contributions may not be considered as the State's share in claiming Federal reimbursement."

Senator Talmadge: "...Is it not true that some States have also gone so far as to formally appropriate private funds, like the United Givers Fund, and so forth, so that they will qualify for Federal matching money?

Senator Long: "...The Senator is correct."

May 1, 1973
Final DHEW Regulations

"(a) Donated private funds for services may be considered as State funds in claiming Federal reimbursement where such funds are:
(1) Transferred to the State or local agency and under its administrative control; and
(2) Donated on an unrestricted basis (except that funds donated to support a particular kind of activity, e.g., day care services, homemaker services, or to support a particular kind of activity in a named community, are acceptable provided the donating organization is not a sponsor or operator of the type of activity being funded).
(b) Donated private funds for services may not be considered as State funds in claiming Federal reimbursement where such funds are:
(1) Contributed funds which revert to the donor's facility or use.
(2) Donated funds which are earmarked for a particular individual or to a particular organization or members thereof."

October 3, 1973;
Section 1130(a)(20)
of S. 2528

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

October 3, 1974;
Section 2002(a)(7)(D)
of S. 4082

"No payment may be made under this section to any State with respect to any expenditure...
"(D) which is made from donated private funds, unless such funds-
(i) are transferred to the State and are under its administrative control, and
(ii) are donated to the State without restrictions as to use, other than restrictions as to the services with respect to which the funds are to be used imposed by a donor who is not a sponsor or operator of a program to provide those services, and/or the geographic area in which the services with respect to which the contribution is used are to be provided, and
(iii) do not revert to the donor's facility or use if the donor is other than a nonprofit organization."

P.L. 93-647
Section 2002(a)(7)(D)

Identical to S. 4082 as introduced

June 27, 1975
Final DHEW Regulations

"Funds donated from private sources for services or administrative functions may be considered as State funds in claiming FFP only where such funds are:

(1) Transferred to the State or local agency and under its administrative control;

(2) Donated to the State, without restrictions as to use, other than restrictions as to the services, administration or training with respect to which the funds are to be used imposed by a donor who is not a sponsor or operator of a program to provide those services, or the geographic area in which the services with respect to which the contribution is used are to be provided; and

(3) Not used to purchase services from the donor unless the donor is a nonprofit organization or an Indian tribe, and it is an independent decision of the State agency to purchase services from the donor.

(b) For purposes of this Part, a voluntary federated fund-raising organization is not considered to be a sponsor or operator of a service facility, and member agencies are considered separate autonomous entities so long as control by interlocking board membership or other means does not exist."

February, 1979 NGA
Proposal

"There should be a change in the current law and a subsequent change in the regulations which will recognize the use of private funds in the delivery of Title XX services and which allows provider nonprofit agencies to directly participate in the donation of funds."

E. Clarke Ross, Director
Governmental Activities Office
United Cerebral Palsy Associations, Inc.

TESTIMONY PRESENTED BY HOWARD DAVIDSON, ESQ., DIRECTOR, NATIONAL LEGAL RESOURCE CENTER FOR CHILD ADVOCACY AND PROTECTION

My name is Howard Davidson, and I am Director of the National Legal Resource Center for Child Advocacy and Protection, a program of the Young Lawyers Division of the American Bar Association.

I am presenting this testimony on behalf of the Young Lawyers Division, whose membership exceeds 120,000 and which is the largest of all the entities of the ABA, containing one-half of its membership.

The Young Lawyers Division's activities are not limited to any one substantive area of the law, but rather cut cross all of the Association's professional and public service programs. The involvement of the Young Lawyers Division in the area of child welfare dates back to 1971 when the Young Lawyers Section of the Philadelphia Bar Association created a volunteer child representation program which is still in existence. The efforts of this group inspired the creation of the National Legal Resource Center and the active involvement of 14 other state and local bar associations in the area of child advocacy and protection.

The Young Lawyers Division efforts have been focused on the problem of child abuse and neglect. Our Resource Center has been working since January to mobilize attorneys throughout the country in the representation of maltreated children before the courts, in what is estimated to be 150,000-200,000 cases annually. We seek to provide these lawyers with the skills and technical assistance necessary to act as effective and sensitive counsel for children. As part of our work, we publish a bi-monthly newsletter, "Legal Response: Child Advocacy and Protection" and a series of monogrpahs on subjects of concern to attorneys and other professionals involved with child protection issues. In November we are sponsoring the first ABA national training institute on court advocacy for children. We are also preparing a curriculum for judges on child abuse litigation to assist them in these challenging and complex cases.

As part of its information dissemination responsibility, our resource center has been tracking and reporting on the status of major pending federal legislation which would impact on child welfare. Thus, we have been following H.R. 3434, S. 966, and other bills of interest to child advocates. Believing that there is a critical need for new child welfare legislation which will truly assure the protection of the approximately half a million American children in foster care, the Young Lawyers Division, prior to the recent overwhelming House endorsement of H.R. 3434 (401 to 2), (see attached) was endorsed under the ABA's "blanket authority" procedure which allows an individual Section to support a piece of legislation when action on such legislation is imminent and there is not sufficient time to bring the resolution before the ABA's House of Delegates. As a "blanket authority" resolution, the Young Lawyers Division's endorsement of H.R. 3434 should be viewed as the position of our Division alone and not that of the entire ABA.

It is with the intention of explaining the Division's support of H.R. 3434 that I submit this testimony, which is also based on my five years of full-time experience representing children in juvenile court.

Lawyers are appearing in judicial proceedings on behalf of abused and neglected children and their parents in ever increasing numbers. They are helping assure that when the state intrudes on the parent-child relationship, due process of law is afforded all parties. Since the U.S. Supreme Court has recognized that the integrity of the family unit is entitled to constitutional protections (*Stanley* v. *Illinois*, 405 U.S. 645 (1972), juvenile courts across the country either are or should be carefully scrutinizing cases where the state is seeking to involuntarily break up this unit. Those of us who have been regularly involved in such proceedings know of countless cases of unwarranted intervention and forceable placement of children. In such situations serious injury may be done to both child and parent. Unfortunately, a relatively small percentage of state intervention cases actually now come before the courts. Instead, parents are frequently either pressured to "voluntarily" sign their child over the state's care for foster home or institutional placement (under threat of court action if they fail to consent) or else parents agree to such placements in a period of "crisis" from which they may never recover, in part because once their child is placed, the social welfare agencies fail to afford them services to get them back on their feet. This situation was graphically demonstrated in my own home state of Massachusetts where a Governor's study of foster care of a few years ago indicated that the majority of the state's 8,000 children in foster homes were there through only voluntary agreements, with abolutely no court intervention or monitoring. Yet, the study went on to show that the average length of placement of such children was 3-5 years!

Although we obviously support legal intervention to protect children from serious injury inflicted by their parents, we also know that the harm caused by precipitous

removal from a family home, or the failure to provide supportive services to parents in order to avoid such removals, can often be as great or greater. Massachusetts is certainly not unique. Few states mandate judicial or administrative reviews of a child's foster care status. Those that do, have had dramatic success in both reducing the time children spend in foster care and in freeing them, where appropriate, for adoption. For example, in South Carolina approximately 33 percent of children are leaving foster care within six months compared to the 4.8 percent who left such care within a year prior to the review system. In addition, adoptive placements have increased 47 percent. Finally, there is a major fiscal consideration in this review system. Since its implementation, South Carolina social service caseloads have been reduced from 150 to 44 per worker, and the estimated savings for each child leaving foster care has been a minimum of $3,000 per year (Report of the National Commission on Children in Need of Parents).

The Young Lawyers Division sees in H.R. 3434 a critical mechanism to protect the rights of children separated from their parents. That provision, found in Title II of the bill, indicates that for states to receive increased Title IVB Child Welfare Services funding they "shall," as a condition of such funding, provide all children in foster care with administrative or judicial monitoring. H.R. 3434 thus assures that such protection will be put into place. It does this under the unmistakeably clear heading "Foster Care Protections Required for Additional Federal Payments." On the other hand, S. 966 has, in its amendment of Title IVB, a new Section 428(a)(1) which has language making funding for such reforms discretionary: "the appropriation Act . . . may set aside the amount . . . necessary for (such activities as a case review system)." Language which mandates unequivocally such protections and assures adequate funding for them is vital to the success of any new child welfare legislation. In the long run, experiences like those referred to in South Carolina prove that these reforms will be cost-effective.

I would also like to point out one oversight in H.R. 3434 as well as both the original and amended versions of S. 966. None of these bills require that children and parents be provided with an advocate to represent their interests at an administrative case review or with an attorney appointed for them at a judicial review hearing. It seems incomplete to mandate representation for children in abuse and neglect court hearings (as does 42 U.S.C. § 5101, et. seq.) or representation for parents in such cases (as is the trend in both state court decisions and legislation), and yet fail to provide this same representation in the foster care review process. The involvement of counsel and guardians ad litem in this process will help assure that the protections of the bills before the Committee are actually provided. The opportunity for the child and parents to have meaningful participation in the review process, with all the complex factors required by the pending bills, demands that these parties have skilled representation available to them. The protections in these bills should be extended to require that legal assistance also be made available to parents prior to their signing "voluntary" agreements placing their children in foster care.

Fortunately, there are key provisions common to each of the comprehensive child welfare bills before this committee which would, if funded by an adequate appropriation, provide financial incentives for states to complete "case plans" for all children in out-of-home placement. These plans would have to evaluate the continuing need and appropriateness of the placement and list those services which would be provided to improve conditions in the home, facilitate the child's return, or to arrange for permanent adoptive placement.

Both H.R. 3434 and the two versions of S. 966 would also rightfully peg foster care reimbursement on the requirement that no child (except in an emergency situation) would be involuntary removed from home without a judicial determination of the necessity for placement. H.R. 3434 would require a judge to find that the "situation in the home presents a substantial and immediate danger" to the child, while S. 966 contains broader and slightly ambiguous language which could continue to allow unwarranted placements (i.e., to protect the child from "harm or the likelihood of harm" (administration bill); or where remaining at home is "contrary to the welfare" of the child (Cranston/Moynihan/Riegle amendment). H.R. 3434 would also require the judge to consider whether "preventive services" offered to the family could obviate the need for placement and to determine if they have been offered to but refused by the family. Neither of the S. 966 bills contains these provisions which could frequently avoid unnecessary and costly involuntary placements.

H.R. 3434 is also the only legislation pending before the Committee which would financially encourage states to utilize preventive services to avoid the long-term and expensive placement of status offenders or "children in need of supervision" (also commonly referred to as CHINS or PINS). Too many of these young people are being involuntarily institutionalized with the approval of their parents where inten-

sive family counseling could avoid this from happening. H.R. 3434 explicity requires that judges scrutinize each of these cases so that all reasonable efforts are made to avoid such institutional placements. S. 966 simply fails to directly address the plight of these runaways, truants, and so-called ungovernable or stubborn children.

One provision in which both H.R. 3434 and the Administration's version of S. 966 correspond word-for-word, and which we can wholeheartedly endorse, is the requirement for "voluntary placement agreements" used by child welfare agencies to be in writing, signed by both the parents and the agency, and specifying the rights and obligations of all parties while the child is in placement. Such written agreements are not now universally required, resulting in common confusion and misunderstanding as to what is expected of the parents, agency, and child when placement is made pursuant to oral communications. Since, as heretofore mentioned, "voluntary" placement procedures have been abused, the use of standardized written agreements could remedy many of the most common problems which have occurred.

Mention must also be made of the criteria for suitable placements, as expressed in all pending bills. The words "least restrictive setting", "family-like", "proximity to home" and "special needs" are used in all three pieces of legislation as considerations to be applied in the placement process. We believe they are critical to the full protection of the child's rights when placement is necessary. However, there are some differences in how these criteria would be applied H.R. 3434 states that the child "will be placed" in accordance with them, the Administration's S. 966 bill uses similar mandatory language, but the amended S. 966 merely says that the child's case plan shall be "designed to achieve placement" according to such criteria. H.R. 3434 alone adds an additional criteria: Reasonable efforts are to be made to place the child with relatives.

H. R. 3434 also differs from the other bills in its language making the provision of "family reunification services" after placement compulsory so as "to insure the swiftest possible return of the child" to his or her home. The closest S. 966 comes to this are provisions allowing appropriated funds to be set aside specifically for a service program to help children "return to families" or to "facilitate" this return. Once again, H.R. 3434 includes the strongest provisions designed to assure that children do not languish in the limbo of foster care without this critical element of permanency planning.

There is one element of the administration's S. 966 bill which we see as critical and which is absent from H.R. 3434 and the Cranston/Moynihan/Riegle amendments. That is a requirement for judicial or administrative review of all voluntary placements which exceed 180 days. This review must consider whether the placement was and continues to be "in the best interest of the child" and "voluntary on the part of the parents." Such control on the aforementioned abuses of the voluntary child placement system should be included in which ever legislation is finally presented to the Sente.

We conclude our comparative analysis of the due process safeguards contained in the bills before the Committee by noting that all the bills provide encouragement for states to hold judicial, or court-appointed administrative, dispositional hearings no later than 18 or 24 months after the original placement. The 18 month review in H.R. 3434 corresponds with a recommendation made by the Children's Defense Fund in their influential report, "Children Without Homes." Many of the other procedural and substantive safeguards found in the report (pp. 142-144) are contained in H.R. 3434 and have guided us in our consideration and support of this legislation.

In conclusion, we commend Senator Moynihan and Messrs. Stern and Humphreys of this Committee's staff for their prompt action and concern for passage of child welfare legislation in this Congress. There are in each of the bills before you additional progressive measures which will provide long-overdue reforms in the area of child welfare services if they are adequately funded. These include funds to encourage families to adopt children with special needs and continuation of Medicaid coverage for such children after adoption (all bills), and an increase in the Title XX ceiling of $600 million (H.R. 3434). The Young Lawyers Division, and the staff of its National Legal Resource Center for Child Advocacy and Protection, are prepared to assist this Committee's members and staff in connection with the legal issues raised by the pending child welfare bills.

The Young Lawyers Division is pleased to see the Congress address itself to the plight of children placed out of their homes. Many of them have not only been cut off from their families, but have also been abandoned psychologically and sometimes literally by the public systems that have assumed legal responsibility for them. On behalf of the Division, I thank the Chairman of the Subcommittee and the members and staff of the Committee for permitting us to express our views on the legal reforms necessary to remedy this serious national problem.

## APPENDIX I

### RESOLUTION

Whereas, approximately 500,000 American children are presently in foster care, many inappropriately and for excessive periods of time; and

Whereas, such children frequently suffer profound damage to their normal development, are unnecessarily cut off from their families, and find themselves neglected by the very public systems which have assumed legal responsibility for them; and

Whereas, the states have largely failed to provide adequate legal protections to assure that children in the care of the welfare system receive necessary case monitoring, permanent planning, and treatment services; and

Whereas, this serious national problem calls for a comprehensive response by the social service agencies and the juvenile courts, and

Whereas, the child welfare services, foster care, judicial and administrative review, and adoption subsidy provisions of H.R. 3434 promise to meet many of the problems of these children while making the child welfare system more cost-effective,

Now, therefore, be it resolved that the Young Lawyers Division of the American Bar Association calls upon the Congress of the United States to enact, and the President to sign, H.R. 3434, legislation now pending before the 96th Congress. This legislation would: a) provide critically needed funding for child welfare services programs; b) mandate case reviews and concrete plans for all children in foster care; c) encourage states to provide families with adequate preventative services intended to avoid unnecessary out-of-home placements as well as family reunification services designed to help the child make the swiftest possible return home; d) require judicial review and due process protections (including the right of representation) for all children and parents involved in the foster care system; and 3) create adoption assistance programs to help expedite permanent placement of children with special needs.

Be it further resolved that the Legislative Action Committee and the National Legal Resource Center for Child Advocacy and Protection of the Young Lawyers Division of the American Bar Association shall immediately take appropriate action to communicate this Resolution to members of the United States Congress and to the President of the United States.

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NEW JERSEY CATHOLIC CONFERENCE,
*Trenton, N.J., September 21, 1979.*

To: Honorable members of the Subcommittee on Public Assistance Senate Finance Committee.
From: Gerard Thiers, Director, Department of Social Concerns.
Re H.R. 3434.

Mr. Chairman, members of the Committee, I am Gerard Thiers of the Department of Social Concerns at the New Jersey Catholic Conference. The Catholic Conference, representing the five Catholic Dioceses in New Jersey, would like to voice its support for a most important piece of social welfare legislation, H.R. 3434.

This bill will raise the temporary 2.9 billion ceiling in the Title XX social services program to 3.1 billion, strengthen federal safeguards for children in foster care under Title IV-B and encourage the adoption of certain hard-to-place children under Title IV-A.

Presently the State of New Jersey and private social service agencies are in great need of additional Title XX funds, as inflation and a four-year ceiling on this program has led to a decline in real spending for social services. Participating agencies have found it increasingly difficult to employ qualified staff and maintain their level of services. Moreover, new services are required, such as protective services for boarding home residents and homemaker services for the elderly and disabled. In this regard, we strongly support the provision of emergency shelter for adults as a new Title XX service.

The second part of H.R. 3434, which provides safeguards for children in foster care under Title IV-B, is very necessary. This section clearly states that children will not be placed in foster care except in an emergency and that each child will have a written, individualized case plan with periodic judicial reviews. In New Jersey, recognition of the need for such reviews and individualized case plans led to passage of the "Child Placement Review Act" early in 1978. The New Jersey Catholic Conference was a supporter of this legislation.

We ask you to reinstate the entitlement provision in this section of the bill. The IV-B child welfare funds in H.R. 3434, totaling 266 million, would go to states that have complied with the foster care safeguards detailed in the bill. Without the

entitlement provision, states would have no incentive to comply with the foster care safeguards and hence avoid the serious consequences of not fulfilling the bill's requirements.

Title IV-A amendments in H.R. 3434 will require states to maintain an adoption assistance program for hard-to-adopt children eligible for the SSI program. The New Jersey Catholic Conference supports this effort to find permanent homes for more hard-to-adopt foster children. We recommend that the Subcommittee expand the adoption assistance program to include all such children.

In New Jersey, efforts are underway to improve the State's subsidized adoption law for hard-to-adopt children. The New Jersey Catholic Conference has assisted in developing legislation that would encourage more parents to adopt such children.

To conclude, the provisions of H.R. 3434 are urgently needed to assist New Jersey's needy citizens. We urge you to support this legislation.

Thank you.

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THE COMMONWEALTH OF MASSACHUSETTS,
OFFICE OF FEDERAL STATE RELATIONS,
*Washington, D.C., September 26, 1979.*

Hon. DANIEL P. MOYNIHAN,
*Chairman, Subcommittee on Public Assistance, Committee on Finance, U.S. Senate, Dirksen Senate Office Building, Washington, D.C.*

DEAR SENATOR MOYNIHAN: As the Committee on Finance approaches mark-up of H.R. 3434, the Social Services and Child Welfare Amendments of 1979, I would like to briefly outline the impact of several provisions in the legislation on the Commonwealth of Massachusetts.

I would like to urge your support for the deletion of the cap on Title XX training funds. The state is extremely concerned about an arbitrary limit which will severely curtail our training program for the future fiscal years. The state legislature appropriated $9.6 million for fiscal year 1980 for training purposes which will considerably heighten the degree of professionalism and enhance the quality of social services in the Commonwealth. The ability to spend this amount, however, is contingent upon 75 percent federal reimbursement. A cap of three percent would reduce training expenditures by $7.2 million to $2.4 million and result in a major disruption of efforts developed over a two year period under a state training plan. I favor modification of the House-passed version of H.R. 3434 which places a cap on training in fiscal year 1980 except where a state has an approvable state plan. This would allow Massachusetts to implement its training plan which was developed in consultation with HEW.

I have testified several times on the matter of the Title XX allocation formula. The current formula, which is based on states' relative share of the population, clearly does not reflect the Title XX constituency. It is reasonable to allocate a portion of the funds based on each state's share of the AFDC and SSI caseload since Title XX requires that fifty percent of its services be delivered to recipients of these programs.

Social service programs in Massachusetts and around the country are concerned about the uncertainty of future funding. Each year the program appropriation remains constant, Massachusetts loses approximately $500,000 due to changes in our relative population despite an increase in the need for services. I urge that the Committee approve a phased increase or some form of indexing in the funding level to substantiate a federal commitment for social services.

Finally, I would like to address myself to S. 966 which would impose a ceiling on foster care expenditures which are currently open-ended. I understand the desire on the part of the Congress to limit future federal spending, however, the institution of reforms and improved services set forth in H.R. 3434 would be a far more effective way to accomplish this goal.

I am pleased that the Committee is moving forward with this legislation. I thank you for any consideration given to the concerns I have addressed.

Sincerely,

THOMAS P. O'NEILL III,
*Lieutenant Governor.*

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TESTIMONY OF STANLEY BREZENOFF

Mr. Chairman, members of the subcommittee, I am Stanley Brezenoff, Administrator of the New York City Human Resources Administration. I welcome the opportunity to comment on the three bills the Subcommittee is considering tonight,

S. 1184, S. 966, as amended, and S. 1661. Taken together, they are vitally important to the lives of a million and a half citizens of the City of New York, as well as children and families throughout the United States. I would like to say, first, that we enthusiastically support the goals of each of these bills: Title XX remains unique among federal legislative accomplishments in its comprehensiveness and the flexibility it allows localities in funding social services; the proposed Child Welfare bill, S. 966, as amended, reflects New York's long time emphasis on preventive and reunification as well as foster care services; and S. 1661 represents, in my opinion, an extremely important federal initiative in the area of adoption assistance.

As you know, the City of New York has always been generous in its commitment to providing for the needs of the economically disadvantaged. The ceiling on social services expenditures, which has created fiscal stress in many localities, has thus been especially damaging to us ever since it was first imposed in 1972. During years when inflation has skyrocketed and the City's needy population has grown, we have actually received steadily less federal assistance for essential social services.

In the next fiscal year, the City will spend approximately $866 million to provide such services as protection, adoption, and foster care for children, home care for disabled adults, family planning, shelter for battered women, senior citizens programs, and day care, all of them eligible for funding under Title XX. Yet we will receive from the federal government just $146 million—less than one-fifth of the total. In the category of services to children, which alone consumes over $312 million of the City's social services budget, the federal Title XX share is only $14.5 million, or less than 5 percent.

One strategy we have used to cover such drastic shortfalls in the past has been to transfer many programs, such as foster care and home care, to other funding streams. This is clearly not an adequate solution over the long term, however, and is becoming more troublesome with each passing year. Nearly all of those alternative sources require a substantially greater local share than Title XX. This fact, combined with inflation, the City's fiscal situation, and expanding caseloads, puts us in the painful position of falling further and further behind. Not only can we not meet the growing needs of our poor and dependent residents but we are facing cuts in the current levels of essential services. Meanwhile, the City's taxpayers are forced to assume more than their fair share of the country's social services costs.

New York City is further harmed by the current Title XX allocation formula, which distributes funds based on absolute population figures. In fact, while our overall population has declined by 7.8 percent since 1970, the numbers of those living below the poverty level actually has risen by more than 9 percent. Furthermore, the nationwide proportion of persons below the poverty level in 1978 was 11.5 percent, while in New York City that figure was 21 percent.

I am appealing today for an increase in the Title XX ceiling over the fiscal year 1979 level that will both ensure that we can continue to provide some minimum standard of services to the poor people of New York and serve as a clear signal that the federal government is not, in this economically troubled period, turning its back on those most in need. I also wish to express my support for a revised Title XX allocation formula that is more responsive to the true demographics of poverty in this country.

Beyond that, I would like to address two other specific provisions of the bill. First, the City strongly opposes the imposition of a cap on 1980 Title XX training funds based on our 1978 expenditures. In New York, such a formula would have the effect of cutting in half our current budget for Title XX training, a measure that would be particularly devastating for the City's day care programs. Besides the impact on their existing training, the ceiling would have other implications as well: HEW is proposing new training requirements that would place expanded responsibilities on the individual day care center. Unfortunately, no new HEW training funds will be available for this effort. Should the ceiling be implemented, therefore, the day care centers will be unable to comply with existing requirements, let alone new ones. For these reasons, I would urge that the Subcommittee recommend instead either a cap based on 5 percent of the State's fiscal year 1978 Title XX appropriation or a hold-harmless on the 1979 Title XX training expenditures.

And second, we support enthusiastically S. 1184's provisions for planning and allocations over more than one year at a time. Those of us who have had direct experience with the uncertainties and anxieties of year-to-year funding can affirm that these provisions would allow for better long-range planning and, ultimately, better programs.

Turning to S. 966 and S. 1661, the proposed Child Welfare legislation, I would note first our wholehearted support for the shift in emphasis away from this country's lopsided dependence on foster care maintenance and toward more preven-

tive, reunification, and adoption services for children, as well as our hope that there will be concomitant increases in funding for such programs under Title IV-B.

New York State, as you know, has the toughest foster care laws in the country and has devised under them a series of strict regulations aimed at ensuring that foster care placement is used as the remedy of last resort for families in distress. The regulations require, for example, an individual case plan for each foster child, case reviews every six months, and dispositional hearings in the Family Court 18 months after placement. In effect, then, New York has already instituted the core safeguards proposed in S. 966.

For its part, the City has also taken some positive steps on its own initiative. Besides advocating for the Child Welfare Reform Act when it was pending in the State Legislature, we have created an active Mayoral Task Force on Foster Care, through which public and private providers are coming together to scrutinize the foster care system and set future directions. The Human Resources Administration has begun at the same time a comprehensive review of its vendorized preventive services to assess their effectiveness, identify gaps in service, and set new priorities. In addition, the City's Board of Estimate, when it recently approved a funding package of some $180 million for voluntary foster care providers, passed a resolution tying payment on the contracts to procedural safeguards and performance standards that make those agencies considerably more accountable to the City.

These are important initiatives, and we believe they will help us continue to improve child welfare programs in New York City. Nonetheless, as I'm sure the member of the Subcommittee are aware, Title XX allocations to the City cover only a small portion of the costs of these vital services, and just at the time they should be expanded, we face the imminent necessity of cutting them back if federal support is not forthcoming.

I strongly urge, therefore, as a means both of continuing New York's good programs, and of encouraging other states to institute similar ones, that the Subcommittee recommend that Title IV/B be made an entitlement. Barring that, I would ask that the IV-B authorization be substantially increased as a signal to the Appropriations Committee of your commitment to the expansion of services that provide an alternative to foster care.

In either event, we support the setting of a cap on Title IV/A in order that still additional funds can be made available for alternative services under IV-B. However, we find the specific proposal in the legislation troubling for several reasons. First, despite our efforts, we cannot guarantee that the foster care caseload will not increase. Due to recent State and Federal actions, such as the creation of Intensive Care Facilities for the mentally retarded previously cared for by the State's Office of Mental Health, New York City's foster care caseload has been expanded to include a new population of children. Second, a decrease in the costs of foster care does not necessarily follow a decrease in the foster care caseload. Ours is a caseload which is becoming increasingly older, more handicapped, and in need of longer term care. In short, it is becoming a caseload which is more costly to maintain. It is imperative, therefore, that any cap imposed be constructed in such a way as to offset inflation, protect the quality of foster care maintenance, and provide room for some small growth in the current caseload. In addition, we would urge that any Title IV-A funds which are not spent on foster care maintenance or adoption assistance be specified for use only in preventive and reunification services. We urge that the legislation mandate that the benefits of any surplus be shared by both State and localities at least in proportion to their respective share of the costs of such services.

We are asking for these conditions in recognition of the fact that foster care placements cannot be prevented in every case and that they are, in fact, the most desirable alternative in some situations. We therefore urge sufficient flexibility in the legislative requirements so as to prevent undue obstacles to appropriate foster care placements.

The issue of judicial determination as proposed in S. 966 is critical in this regard. The legislation would continue the curtailment of federal participation by prohibiting the use of title IV-A funds where judicial determination is lacking. It is our position, given the extensive safeguards already proposed, that an administrative mechanism for approving voluntary placements would be adequate to protect the welfare of the child and the rights of the parents. In addition, it would relieve some of the pressure on the Family Courts and may encourage some parents who would be intimidated by the prospect of a court proceeding to agree to voluntary placement when that is in the best interests of the child.

In a related matter, there has been a good deal of discussion concerning potential disallowances for past practices in the area of judicial determinations. I join with New York State Department of Social Services Commissioner Barbara Blum in asking that a provision be inserted in the child welfare legislation that provides

relief to the states against retroactive disallowances for children who were placed in foster care prior to 1973 without court orders. I would note on our behalf that over the last six years, New York State and City have served as exemplars to other jurisdictions in the area of child welfare reform.

On the issue of federal financial participation in foster care maintenance, the City strongly supports the proposal in S. 966 that it be extended to public institutions that house 25 or fewer children. This would not only correct a case of unwarranted discrimination against publicly-operated services for children, but would demonstrate the federal government's commitment to the concepts of small-scale, community-based foster care and of promoting family reunification. We would also urge, however, that S. 966 be amended so that this federal participation includes coverage for those children already in small public facilities, as is called for in HR 3434, as well as for those who will be admitted in the future.

In acknowledging as I did earlier that foster care is in many cases the appropriate response when the welfare of a child is endangered, I did not mean to suggest that the Human Resources Administration believes that foster care is a permanent or even a long-term solution. Where reunification is not feasible, we are now making every effort to find adoptive homes. Indeed, New York has been sponsoring an adoption subsidy program for almost a decade solely with State and City funds. The cost of this program to the City alone has been estimated in excess of $3 million annually. The open-ended funding for adoption subsidies proposed in S. 1661 and S. 966 would allow us to expand that program so that more children could be taken out of the foster care system, and would demonstrate that the Senate is committed to providing every child with a permanent and nurturing home.

Our studies show that the youngsters entering foster care in New York City now both are older and have more emotional and mental problems than those in past years. It is difficult to find homes for such foster children in any case; without the subsidies, the task can be impossible. I would strongly urge that the subsidies and Medicaid be provided for all children passing through the City's adoption program, with the criteria for payment focused on the handicap of the child, not the means of the adoptive parents. In addition, we would support a provision making this adoption subsidies program permanent for at least those persons in the system prior to the date of any future congressional review. I cannot emphasize too strongly what a difference a strong federal initiative in this area could make in the lives of thousands of children in New York City.

I see enormous potential for the Congress, in amending and enacting this legislation, to make a substantial improvement in the quality of social services and child welfare programs in this country, and to extend much-needed additional federal protection and support to two or our most vulnerable populations, the poor and the very young. To do less would be to fail those who need us most.

Thank you very much.

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NATIONAL GOVERNORS' ASSOCIATION,
*September 24, 1979.*

Hon. DANIEL PATRICK MOYNIHAN,
*Chairman, Subcommittee on Public Assistance, Senate Committee on Finance, Dirksen Senate Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: The Subcommittee on Public Assistance will conduct hearings today on H.R. 3434 and other proposals related to the Title XX Social Services program and to foster care, child welfare services, and adoption assistance programs operated under Title IV of the Social Security Act. I am advised that the Committee is scheduled to mark up this legislation later this week.

On behalf of the National Governors' Association, and as Chairman of its Subcommittee on Social Services, I would like to indicate to you that the Governors believe H.R. 3434 is the single most important and valuable piece of social services legislation which will come before the 96th Congress.

The Association has been deeply involved in several years of work which have led to H.R. 3434 coming before the Finance Committee this year. With certain notable exceptions which I will describe subsequently, we believe H.R. 3434 as passed by the House is excellent, responsible legislation—both fiscally and programmatically—which should be reported by the Committee and passed by the Senate with virtually no changes. I will not seek in this letter to comment on every one of its multiple facets. Rather, I will limit my remarks to what we believe are the most critical aspects of the legislation and those very few items which we believe the Committee should alter in the House-passed bill.

TITLE XX

1. *Funding Ceiling.*—In a time when inflation decimates the purchasing power of fixed sums over even a limited period of time, the increase in the Title XX allocation ceiling to $3.1 billion beginning in 1980 is absolutely essential. Since the $2.9 billion temporary ceiling was established last year, inflation at an annual rate of well over 10 percent has seriously eroded the capacity of state and local governments to purchase the desperately-needed social services Title XX finances. A 1980 ceiling of approximately $3.2 billion would be required to fully keep pace with inflation during just this past year; the House bill provides and we endorse only a $3.1 billion ceiling. Title XX is a main line of defense against increased welfare caseloads and expenditures—and the main offensive weapon by which to reduce welfare rolls through assisting recipients toward self-sufficiency. Perhaps the primary reason for the heavy support of Governors for this program is the belief that, if public expenditures will be necessary for those who are not equipped to fully cope with the demands of current-day living, it is far preferable where we still have a choice to provide those funds in programs such as those financed by Title XX leading toward self-sufficiency than in public assistance payments. We are confident this will be your view also.

2. *Title XX Training Funds.*—The Governors recognize that it may have become necessary to apply an artificial constraint to the expenditure of funds for Title XX-authorized training. First, we must say that the $75 million cap on such expenditures placed in the fiscal year 1980 Labor/HEW Appropriations Bill (which we believe is not allowed when a program is established in law as an entitlement) is wholly unacceptable to state governments. It is an unrealistically low figure, the shock of which is compounded by its fully unanticipated advent. Although the H.R. 3434 language on this subject is unquestionably an improvement over this harsh limitation, we would suggest that additional flexibility is needed. If a limit is unavoidable, it should be above three percent of each state's general Title XX allocation, and a hold harmless should be provided to those states whose 1979 training expenditures were above the level which is set. We would also suggest that any limitations (and exceptions thereto) should be instituted for only one year, during which we believe the Finance Committee should carefully examine this area before proposing legislaton to care for this situation in the long term.

3. *Consultation with Local Officials.*—While strongly supporting full and open discussion with all affected and interested parties during preparation of a state's Title XX plan, we see the requirement for a separate and special consultative process for local officials to be unnecessary and bureaucratically wasteful. We would maintain that consultation with such officials—valuable and essentital—now occurs without such explicit and confining requirements.

4. *Title XX Goals Statement.*—While we do not quarrel with the idea that Title XX funds should be used for needs not already being met, we are very concerned, in view of the fact that virtually every state in 1979 has obligated every penny of Title XX funds and no proposal has been forthcoming for even a full cost-of-living increase in the 1979 allocations, that there will be no funds to make available to new services except by cutting existing services by more than must be cut in any event to offset inflation. Giving the impression there are Title XX funds for new services, and encouraging those not now receiving XX funds to push for them, is cruel and misleading.

With the three exceptions noted above, we strongly urge you to accept the House's work on the Title XX provisions.

CHILD WELFARE SERVICES (TITLE IV-B); ADOPTION SUBSIDY PROGRAM; TITLE IV-A FOSTER CARE

1. It has been established that many children currently in foster care should be returned to their families (and, in many cases, should never have been removed from them), or they should be placed in permanent adoptive settings. One of the main reasons for this problem is the insufficiency of funding for preventive care and "protections" or safeguards which assure that children's needs are more carefully ascertained (as are the needs of their families which often are even more critical factors in foster care placements), that children's needs are met in their own homes when possible, that careful and regular attention is given to children in foster care pointed toward returning them to their homes at the earliest possible date or placing them in permanent adoptive homes if return to their families is impossible, etc. The program which would have provided funds for this purpose, Title IV-B, has for many years been authorized at a level of $226 million as suggested by your Committee, while appropriations have been limited to $56.5 million per year. Setting in place the protections, safeguards, and preventive services simply cannot and

will not be accomplished on such limited funding. The House Committee on Ways and Means wisely proposed altering this program so that it would become an entitlement rather than being subject to annual appropriations. We strongly affirms the wisdom of that choice and ask that you also take that step (despite the action of the House to delete this change in H.R. 3434). Only if the full amount of funds is provided—and provided in a manner where state governments are assured they will be available—can states move to set up the costly but badly needed protections and preventive service systems—which will have the two-fold positive effect of greatly improving the circumstances of some of this nation's most pitiful children and providing savings resulting from elimination of public expenditures for unneeded or inappropriate foster care. We hasten to add that, unlike the charges of House opponents, this program will not, if transformed to entitlement status, become a source of "uncontrollable expenditures". First, this Committee will perpetually retain the power to propose to the Congress that it alter or delete this program. Second, this is not a personal entitlement, where the total amount to be expended in any year cannot be accurately predicted and depends on such uncertainties as economic conditions, etc. It would be a capped entitlement, the maximum expenditure from which is absolutely certain. Third, under the Ways and Means proposal, the full amount of any state's share of the funds will be provided to it only when and if the state sets acceptably into place (spending only a portion of the funds made available initially) the protections and preventive services to which I made earlier reference. This is not a proposal to throw money away. It calls for expenditures in 1980 of only $84 million above the amount expended this year. Its impact on the federal budget will be minor—while its impact on children will be profound. It is reasoned, it is controlled, and we urge you to support it.

2. We strongly support the establishment of an adoption subsidy program under Title IV as accomplished by H.R. 3434. The need is great, and the benefits of such a program are irrefutable. It must be recognized that the Congressional Budget Office estimates the cost of this proposal to be nothing—since any additional expenditures will be offset by savings.

3. It has come to our attention that some members of the Finance Committee may be contemplating placing a cap on the amount of federal funding which can be provided to states under Title IV-A for foster care. We see this possibility as tragically detrimental to the best interests of the children who are deprived of the kind of humane treatment or of any kind of family which most of us take for granted. Many states are already seeking to remove inappropriately placed children from foster care rolls, and to prevent addition of others. The way for the federal government to hasten and enhance this effort is to provide the funding for the preventive services and protections under Title IV-B described above. An artificial cap will make it difficult or impossible for states to provide adequate foster care for those children for whom it is necessary and appropriate: victims of continual child abuse; previous residents of juvenile corrections facilities who are judged to be more responsive to concentrated attention in foster care than to incarceration in an institutional setting; children for whom adoptive homes simply have not been found regardless of effort (a need exacerbated by but not wholly attributable to the absence of an adoption subsidy program for hard-to-place children); etc. Putting a cap on allowable federal reimbursement of foster care expenditures to accomplish the reforms we all acknowledge are needed is like punishing one man for the transgressions of another—when the man being punished was trying to help the transgressor. And putting a cap on federal reimbursement to save federal funds is to decide that our society will allow the heaviest burden of inflation to fall on defenseless children who do not even have strong families within which to find support and protection. That, we would submit, is unforgivable.

In closing comment on the child welfare services/adoption subsidy/foster care provisions of H.R. 3434, let me make one statement picking up threads from earlier comments: Not reinserting the entitlement for IV-B services will be detrimental to federal and state efforts to establish needed protections and preventive services both for children at risk of foster care and those receiving it and for their families. It will also harmfully impede efforts to remove inappropriately-placed children and prevent the future inappropriate placement of others in foster care. If states cannot depend on the availability of the increased amount of federal funding needed for this effort, they cannot afford to begin to set these expensive services in place. A cap on federal participation in IV-A foster care expenses would cripple state efforts to adequately care for abused and neglected children for whom foster care is truly needed and appropriate—particularly in view of recent trends finding foster care as a temporary setting for juvenile offenders to be more appropriate in some cases than institutions, seeing temporary foster care for child abuse victims to be needed, etc.

While either not transforming IV-B to an entitlement or placing a cap on IV-A foster care expenditures would be substantially damaging, both would be devastating to state governments and to the children and families they seek to serve. A bill of this nature is unacceptable to state governments.

In closing, I would like to reassert our view that this legislation is fiscally responsible in a time when all levels of government are beset with fiscal limitations. In the scheme of the entire federal budget, the increases above current funding levels being sought here are minimal. They are, in fact, only in the range of the increases which have occurred in the cost of living. Further, most of the federal increases will involve concomitant State funding increases through match requirements. The Governors are firmly committed to not letting those who depend on and benefit from the services provided under these programs shoulder an inequitable portion of the burden of controlling inflation.

We urge your support for H.R. 3434, with the Title XX training, planning, and goal modifications noted above and with reinstitution of the language converting Title IV-B to an entitlement. You can take no more important action in this session of the Congress on behalf of this nation's critical social services programs and their strides toward reducing dependency and promoting self-sufficiency.

Sincerely yours,

GOVERNOR JOHN CARLIN,
*Chairman, Subcommittee on Social Services,*
*Committee on Human Resources.*

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STATEMENT ON RONALD F. GIBBS, ASSOCIATE DIRECTOR FOR HUMAN RESOURCES ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES [1]

Mr. Chairman, Members of the Subcommittee, I am pleased to submit written testimony on behalf of the National Association of Counties (NACo) in support of H.R. 3434 regarding the social services, adoptions, and foster care programs. These are vital issue to county officials across the country who have both fiscal and administrative responsibility for welfare and social services. In 1978, counties spent $8 billion on welfare and social services—more than on any other county service. Over 1,250 counties administer welfare programs which serve half of the recipients of Aid to Families With Dependent Children (AFDC). Counties are also the major providers of social services at the local level. These statistics display the county commitment and vital role in providing income maintenance and social services to poor and low income families and individuals.

As Senators Moynihan and Cranston have reminded us, the House of Representatives and the Senate Finance Committee passed legislation in the 95th Congress that contained most of the provisions before us today. NACo testified before your committee in the 95th Congress on the Title XX and Child Welfare issues, and NACo very actively supported H.R. 12973 and H.R. 7200 in both the House and Senate. Our organization's positions have not changed, so I will enumerate the positive aspects of the bills before us, and elaborate a bit on new issues that were not a part of the 95th Congress Debate.

TITLE XX

NACo continues to support the Title XX block grant approach to service delivery. It permits state and county governments to provide services reflective of the needs and priorities of their population. Under these carefully planned program networks, counties and providing a wide variety of social services such as homemaker services to prevent institutionalization, meals on wheels, day activity centers for mentally retarded children, day care, family planning, employment support, and protective services to children and adults.

Despite this array of programs, services have been cut back in recent years because the bite of inflation erodes our ability to continue the service delivery under the fixed ceiling. This regressive effect can be remedied only by regular increases in the Title XX ceiling to keep pace with the costs of inflation. The $2.9 billion level enacted last year is beneficial to be sure. But Mr. Chairman, I submit for the record a statement from Hennepin County (Minnesota) documenting that the $2.9 billion is

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[1] The National Association of Counties is the only national organization representing county government in the United States. Through its membership, urban, suburban, and rural counties join together to build effective, responsive county government. The goals of the organization are: to improve county governments; to serve as the national spokesman for county governments; to act as a liaison between the Nation's counties and other levels of government; and, to achieve public understanding of the role of counties in the federal system.

only the 1972 equivalent of $1.5 billion in 1980 dollars. When inflation is taken into account, if 1980 social services must operate on $2.9 billion, then we have only half of what was thought to be a valid measure of federal support for social services in 1972!

Without question, then, the National Association of Counties will continue to strongly support increasing the spending authorization. We recommend $3.15 billion for 1980 and $3.45 billion for 1981.

In addition, for Title XX, NACo supports provisions that:

Require state officials to consult with chief elected officials of local government in the development of the state's comprehensive services plan;

Permit up to three year planning cycles. Combined with increased funding, this will strengthen our long range planning;

Permit use of Title XX funds for emergency shelter for adults in danger of physical or mental harm;

Make permanent the use of Title XX funds for services to drug addicts and alcoholics and the WIN Tax Credit for employing welfare recipients in day care; and

Provide for reallocation of unused funds from any state not utilizing its share to states and counties that over-match Title XX services.

Mr. Chairman, NACo does not support continued earmarking of the $200 million child care funds. Any such earmarking contradicts the flexibility concept inherent in the block grant approach. An alternative means of assuring maintenance of effort in day care services, would be to continue the non-matching provision of day care services, up to $200 million or some other figure, as an incentive.

NACo opposes the Administration's proposal to cap Title XX training funds at 3 per cent of a state's Title XX allocation. The 3 per cent figure appears to be purely arbitrary. It would immediately cut back or freeze services training in a number of states.

Mr. Chairman, training is the key of breaking through the cycles of problems that confront the users of social services. Without good quality staff, we cannot hope to intervene effectively in the complex problems that lead to family breakup, or impede progress toward self sufficiency and employment.

Our county program managers cite as an example the need for retraining staff to cope with changing demands on the services systems created by legal changes affecting the status of children. For instance, recent changes in the mental health laws requiring deinstitutionalization of mentally ill children have increased the caseload of welfare agencies, and created need for very specialized social services which require special training for staff and foster parents. A similar example of stress on our child caring systems comes from recently enacted requirements to divert children from the juvenile justice system into family and small group home settings. The special circumstances and needs of these older, adolescent children, result in need for greater training.

If a cap on Title XX training is necessary, we think it should be postponed until the Administration provides study results on the effectiveness and/or abuses of the funding. Rather than curtail the ability of all the states and counties to provide training, we prefer an approach that slows down expenditures of states using in excess of some reasonable figure, such as 10 per cent.

Also, unless the Title XX allocation is indexed for cost of living increases, the buying power of the capped training funds will quickly be eroded by inflation to a substandard level.

### ADOPTION SUBSIDY

NACo supports federal subsidies for adoption of hard to place children. In addition to the cash subsidy, medicaid coverage should be continued until maturity for children with medical obstacles to adoption. Although we do not support imposing an income limit for parents seeking to adopt hard to place children, the proposed 150 per cent of states median income contained in Senate Amendment 392 is certainly preferable to the 115 per cent proposed by the administration.

Further, we do support the provision for states to waive this income limit in special circumstances, as well as the provision that continued medical assistance not be subject to means-testing.

### CHILD WELFARE AND FOSTER CARE

NACo actively supported child welfare reform and full authorization of $266 million in the 95th Congress. Essentially, we support the increased funding and expanded emphasis on placement preventive services contained in H.R. 3434. We support federal reimbursement for foster care in public institutions caring for 25 or fewer children. And we support converting the Title IV-B services into an entitle-

ment program, in order to assure that adequate funding is available to states once the new protections are in place.

NACo has long supported federal matching for voluntary, non-court ordered foster care. Court intervention should be reserved for those children who cannot be protected without resort to these legal means. Many children are in foster care with the full cooperation of their parents, and many would be otherwise federally eligible. To waste our legal resources to gain federal matching is unacceptable public policy—yet this has become the practice in many jurisdictions across the country.

We do support provision of this match only when accompanied by adequate preplacement services to avoid unnecessary removal from home, and a sound system for periodic administrative review to insure the timely return of children into their own home or a suitable permanent arrangement such as adoption. Such provisions are contained in the bills before us.

To illustrate the effectiveness of periodic administrative review, I offer a Los Angeles County example. Within two years after firming up its administrative review process, the county reduced its foster care caseload from over 11,000 children to fewer than 9,000. Several years into the review process, their caseload continues to decrease slightly, .2 per cent per month. These figures are especially significant considering that 73 per cent of the caseload was of voluntary placements. In the past two years, Los Angeles county began to process *new* foster care cases through the court in order to gain federal matching. As a result, the percent of federally eligible children is up from 27 per cent (1976–77) to 39 per cent (1978–79). Most of this 12 per cent increase in court cases can be attributed to the need for federal matching since the total caseload decreased. If federal matching for voluntary foster care is made available, jurisdictions like Los Angeles that have high rates of voluntary placements and effective periodic reviews should be able to claim matching for children already in foster care. Therefore, we recommend that the provisions of H.R. 3434 regarding voluntary foster care be adopted to ensure this availability.

NACo questions the wisdom of placing a ceiling on the yearly maximum number of children in foster care, and of placing foster care expenditures within a cap. If these provisions are enacted, the Congressional review of the programs by 1985, as proposed in S. 392, will definitely be needed.

Mr. Chairman, NACo urges prompt action by the Senate on these measures. In particular, action on the Title XX ceiling is critical to prevent its dropping back to $2.5 billion on October 1. Needless to say, that occurrence would impose drastic cutbacks in the programs provided to needy individuals throughout the nation.

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STATEMENT OF EUGENE J. JOHNSON

TITLE XX FUNDING

In July of 1972 a ceiling of $2.5 billion was set on Federal financial participation in social services provided under Titles I, IV-A, X, XIV, and XVI of the Social Security Act. Beginning in October of 1975 this same maximum was continued under Title XX until the current Federal fiscal year, when it was increased to $2.7 billion plus $200 million earmarked for child care.

According to the January 29, 1979, issue of "County News" in commenting on 1980 Federal Budget requests for Title XX: "The one year increase enacted in 1978 will be continued as a permanent entitlement program of $2.9 billion, without the earmarking and nonmatching of funds for day care. The entire authorization will be subject to 75 percent-25 percent matching."

Although $2.9 billion is 16 percent more than $2.5 billion it has not kept up with the declining purchasing power of the dollar caused by inflation.

Estimating a 10 percent a year increase from the United States City Average Consumer Price Index of 196.7 (1967=100) for July of 1978, the July of 1980 CPI will be 238.0, an increase of 90 percent from the 125.5 in July of 1972.

It will take $4.7 billion in 1980 to have the same purchasing power as $2.5 billion in 1972 as measured by the CPI.

If $2.5 billion in 1972 was a valid measure of Federal support of social services, inflation has eroded that level of support as shown in the following tabulation:

| 1980 Dollars: | 1972 Equivalent: |
|---|---|
| $2.5 billion | $1.3 billion |
| $2.7 billion | $1.4 billion |
| $2.9 billion | $1.5 billion |

Although for Federal fiscal 1980 an additional $400 million has been requested for Title XX, in terms of constant dollars the Federal support of social services will decrease $1.0 billion from 1972. The shrinkage in Federal support has resulted in

increased demands upon both county and state funds to maintain needed levels of social services. Unfortunately the heavily burdened property tax is the mainstay of county tax revenues.

Personal social services are needed by a great many dysfunctioning persons in our nation. Personal social services are not a luxury—in fact some may be cost effective alternatives to more expensive forms of care. For example: in-home support services may serve the needs of persons who would otherwise require institutionalization, which is costly both in terms of money and in terms of human values.

In our Federal-state-county social service system it is imperative that the Federal support of social services keep pace with inflation and the needs for service.

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STATEMENT BY CAROL BELLAMY, NEW YORK CITY COUNCIL PRESIDENT

As President of the New York City Council, I want to thank the Senate Finance Committee for this opportunity to comment on the Social Services Amendments of 1979, S1184, and the Adoption Assistance, Foster Care and Child Welfare Services Amendments of 1979, S966.

The need for drastic reforms in the child welfare system has been evident for more than a decade. In New York City the Board of Estimate recently adopted two resolutions on Foster Care which I submitted together with City's Comptroller. These Resolutions mandate that every foster child be placed in an appropriate placement in the borough or vicinity in which his or her parents reside. They also require that contracts with voluntary foster care agencies have administrative, programmatic and fiscal performance standards, and that they specify a system of appropriate financial and/or placement sanctions and incentives linked to such standards of performance. We intend that these reforms contribute to make foster care agencies more accountable, and to improve services to children.

Such reforms, however, only represent the beginning of what is needed to right a system long in need of basic reform. I say this because we are only treating the symptoms of the disease, not the disease itself when we ignore the causes of placing children into care. In New York City, for example, 65 percent of all children placed in care enter for family-related reasons, such as lack of adequate housing, drug or alcohol abuse, or a sheer inability to cope with the stresses of poverty. The need for preventive services is further exemplified by the fact that 60 percent of all foster care children are from AFDC families. This group of New York City families has not had an increase in its basic grants level since 1974 when benefits were indexed to the cost of living two years earlier.

Moreover, we ought to define preventive services more broadly than in the narrow sense of counseling. Prevention should also focus on improving family life by improved housing and the training for and location of adequate employment. Preventive Services should also focus on Day Care services and the provision of Homemakers. These services provide the concrete services necessary, which increase the likelihood of families remaining intact.

The reforms before you today, in S966 and S1184, represent additional steps in improving the child welfare system. I urge you to support these bills.

There are several provisions in S1184 of particular importance to New York City. I strongly support the proposed distribution formula for "new" funds, above the core $2.5 billion Title XX appropriation. The current distribution formula, based solely on population, has been attacked by cities such as New York where overall population is decreasing but the percentage of Title XX eligibile families is rising. This bill will distribute new funds according to a formula giving equal weight to the AFDC caseload in a state, the population young and old in a state, and the number of persons who are members of families with incomes below the national non-farm poverty line. Indeed, I encourage the use of this formula for the distribution of all Title XX funds.

I also support S1184's proposal to redefine the poverty line to exclude from determination income publicly-funded cash transfer payments based on need. This provisoini will insure that states are not penalized for providing a higher welfare grant level to eligible citizens. The provision also provides a more accurate index of the number of eligible families, since cash transfer benefits in some states artificially place families above what is currently defined as the poverty line.

I have serious concerns however about the plan to cap Title XX training funds at 1978 levels. The New York City Agency for Child Development, which administers our day care program, receives 35 percent of Title XX training funds allocated to New York State. If the proposed cap of $75 million, plus 3 percent of ceiling at the 1978 allocation level is placed on training funds, ACD alone will lose up to $3 million in training funds. This, in turn, would result in a $1.9 million loss of

potential income for participants who without training will not be in a position to upgrade their employment lines.

As you well know, day care is a critical service to low-income working families. It is, moreover, a critical social service in the context of New York City's hard pressed human services Budget, because low-cost day care has been demonstrated to prevent the breakup of families which results in the placement of children in high-cost foster care. Adequate training dollars are, in turn, essential to the quality of services provided in local day care programs. Day care centers must be able to provide attractive employment opportunity for competent workers by offering potential for both personal and income growth.

In addition, the capping of training funds at 1978 levels instead of the 1979 levels represents a step backwards. New York State's training programs were not fully implemented until 1979, and as a result, actual needs are not reflected by 1978 levels of expenditures. The figures for 1979 more accurately reflect the needs of our state.

I urge therefore that a 5 percent or hold-harmless on 1979 expenditures provision be substituted for the 3 percent allotment ceiling or the 1978 ceiling currently proposed. A 5 percent level more accurately reflect current expenditures and needs.

With reference to the Adoption Assistance, Foster Care, and Child Welfare Services Amendments of 1979 (S966), I urge that the Senate Finance Committee adopt this important legislation and the reforms embodied in its provisions.

Specifically, I support the provisions of adoption subsidies for children with special needs when they are adopted by parents whose income is less than 150 percent of the state's median income. This income limit will allow families who cannot otherwise afford to do so, to adopt children out of foster care.

Again, I thank the Senate Finance Committee for this opportunity to testify, and I urge you to support both the foster care reforms as presented in S966 and the raising of the Title XX ceiling and the distribution of funds based on needs as presented in S1184.

Thank you.

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SEPTEMBER 24, 1979.

Hon. DANIEL P. MOYNIHAN,
*Chairman, Subcommittee on Public Assistance,*
*Committee on Finance,*
*Dirksen Senate Office Building,*
*Washington, D.C.*

DEAR SENATOR MOYNIHAN: The American Academy of Pediatrics, an international medical association and children's advocate representing nearly 20,000 pediatricians dedicated to the care of infants, children and adolescents, wishes to submit the following written testimony for inclusion in the record of hearings held on S. 1184 and H.R. 3434 and other proposals related to the social services program established by Title XX of the Social Security Act, and to foster care, child welfare services and adoption assistance under Title IV of that Act.

Since its establishment in 1953, The Academy's Committee on Adoption and Dependent Care has been actively involved and concerned with the issues that affect children in adoption and foster care. We have testified on several occasions in support of model adoption legislation, adoption subsidization for children with special needs and a system of advocacy for children in foster care. We were heartened by the passage of Public Law 95-266, "The Child Abuse Prevention and Adoption Reform Act of 1978," which was an important step towards developing a desperately needed National Information Exchange System and statewide model of adoption legislation.

Today we are submitting testimony in support of Amendment 392 to S. 966. This proposal represents a significant achievement in adoption reform legislation, addressing several of the most critical problems which underlie our adoption and foster care systems. Further, it represents a real change from the deficit model of intervention characteristic of so many past efforts. Clearly, the need for such comprehensive reforms is long overdue and we commend the respective authors for such a comprehensive reform package.

Sincerely yours,

S. NORMAN SHERRY, M.D.,
*Chairman, Committee on Adoption*
*and Dependent Care.*

STATEMENT BY THE AMERICAN ACADEMY OF PEDIATRICS

There are approximately 500,000 children presently in foster care, many of whom do not belong there, many of whom are there too long.[1] For the most part, foster care was designed to meet a child's immediate needs. A recent study indicated that 40 per cent of the children reviewed remained in foster care from one to five years, some changing placements as often as 18 times. The psychological and physical impact of such peripatetic activity may be devastating. Too often, children who might have responded favorably to the stable environment provided in adoption are lost in the maze of foster care. Hence the Academy strongly endorses Section 470(b)(1) of Amendment 392: "that it will be the express policy of the Federal Government . . . that foster care should not ordinarily be regarded as the desirable form of permanent child care (but) should ordinarily be regarded as a temporary status." In this same light, the Academy firmly agrees that all reasonable efforts should be made to keep the child in his own home or to return him there as soon as possible. We support provisions for child welfare services as an integral component necessary for the success of this adoption and foster care reform program.

However, while the Academy commends the Committee for shifting financial incentives away from perpetuating unnecessary foster care placements, those placements which are necessary and beneficial should not lose full federal support. We understand the rationale for placing a ceiling on foster care funding, but the Academy is concerned that this may curtail the necessary and beneficial aspects of the foster care system.

An integral part of the foster care system is the health care of the child in foster care. Foster children comprise a population at high risk. At the time of placement, most of these children have had no constancy of physical and emotional care and little or no preventive medical care. One recent study revealed handicaps in 40 per cent of the children monitored. Of these, 15 per cent had multiple handicaps, 33 per cent had various physical ills and 20 per cent had not even been evaluated.[2]

When the ability to parent breaks down, the community may assume or accept the responsibility for a child's care through the mechanism of court order and/or voluntary agreement with natural parents. The implied promise of such a move is the satisfaction of apparently unfulfilled needs. The implication is that a period of planned substitute family care can serve as a positive rehabilitative force. Reality rarely supports this contention. At this time we find that a majority of children in foster home placement are not having their needs fully met. In many ways, there is a seeming substitution of community neglect for parental neglect. For example, in one state, 40 per cent of foster children have health problems and more than 25 per cent have not had a recommended treatment program implemented.[2] These figures illustrate that the needs of our foster care children are given a low priority in the overall context of all our societal needs.

We recognize that the health needs of the child will depend upon the type of emergency, with short-term placement of a healthy child very different from those of a long-term placement of a handicapped child. However, the Academy's Committee on Adoption and Dependent Care strongly recommends, as a minimum, the following guideline: The adequate provision for safeguarding and promoting the health of children in routine foster care should include periodic health supervision examinations, appropriate medical care for the ill child or child with special health problems, and dental care.

We urge that foster families having access to adequate, continuing medical care for themselves and their children should incorporate their foster child into their family health care system. By using the health services utilized by the foster family, the child would not be singled out for different treatment, and would become a more integrated part of the family life. When this is not possible, basic medical services should be provided through the agency or other resources whose services are coordinated with a total plan for the child, thus providing continuity of medical care.

Health services for the child should include preplacement examinations (when possible) and periodic medical examinations for appraisal of the child's physical growth and development, health status, and the effect of emotional and social factors upon the child. These services should include immunizations and administration of routine diagnostic laboratory procedures. Accordingly, we urge that the regulations established according to Section 472 of the bill require that such specifi-

[1] Persico, Joseph E.: Who Knows? Who Cares? Forgotten Children in Foster Care. 1979 Report of the National Commission on Children in Need of Parents. New York, Institute of Public Affairs, 1979.

[2] Gruber, A. R.: Foster Home Care in Massachusetts: A Study of Foster Children—Their Biological and Foster Parents. Commonwealth of Massachusetts, Governor's Commission on Adoption and Dependant Care, 1973.

cations for the child's health care be included in the written individualized case plan as described in Section 472(a)(5).

The requirements for dispositional hearings as specified in Section 428(c) of the bill provide a necessary vehicle for permanent placement of the child. We know that children in need of adoption may be held in foster care or in institutional care for inappropriate lengths of time, frequently drifting from setting to setting, unable to obtain even the rudiments of appropriate medical care. Here again, state and local laws in this regard are so variable that medical care for the child both before and after placement is too often crisis-oriented and splintered. Too often, record keeping is minimal. The simple need to keep immunizations up to date is easily neglected. Lack of continuity in medical care is only one of the many problems facing this group of children. Therefore, we recommend that the requirement as specified in Section 428(c) for a dispositional hearing to be held "no later than 24 months after the original placement" not become the standard, but rather that 24 months be the exception and not the rule. Too often, in an effort to protect everyone's rights, occurs after initial placement and the best interests of the child are too often ignored.

Section 473 is of utmost importance if barriers to adoption are to be removed, particularly for the physically or emotionally handicapped child. Children with such "special needs" have tremendous requirement but little opportunity for early placement. The extra cost of medical care and education required by such children has often precluded adoption by couples otherwise willing and eager to accept such a child into their families. The success of such a subsidization plan for children with "special needs," however, will depend on the development of a care plan for that child. This plan should be included in the "adoption assistance agreement" as described in Section 475 of the new part E to the Social Security Act. In addition, we are particularly pleased that this legislation would entitle foster care children who are adopted to continue Medicaid eligibility under Title XIX of the Social Security Act. This is truly a landmark provision that corrects a serious flaw in the present system that often perpetuated a child's stay in foster care in lieu of adoption.

The Academy commends this Committee for its advocacy role on behalf of children in need of adoption and pledges its support in working toward the passage and implemetation of this Act.

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STATEMENT SUBMITTED BY BRUCE A. MORRISON, EXECUTIVE DIRECTOR, NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

Thank your for providing me with the opportunity to submit this statement regarding H.R. 3434 and related bills pertaining to the Title XX program. The bulk of my testimony concerns the operation and funding of the Title XX training program.

I have been a legal services attorney in New Haven for more than 6 years. Since 1976, I have been the Executive Director of New Haven Legal Assistance Association, Inc. The Connecticut Title XX services plan has included legal services at a funding level in excess of $1 million since 1976. These funds are allocated to four local programs which provide coverage for the entire state. Over the past three years, these four programs have cooperated to develop a comprehensive training and staff development program using Title XX training funds. As a participant in this development, I have gained a good perspective on the strengths and weaknesses of the Title XX training program.

The focus of our use of Title XX training funds has been on staff development activities. In contrast to the funding of academic degree programs, our training activities have focused on the specific development of necessary skills and substantive knowledge for legal services workers. In addition, we have assisted other Title XX agencies by providing lay advocacy and community legal education training to their staff members.

The particular training activities in which we have engaged include the following:

1. The development of a comprehensive training support center for the legal services programs in the state. This program, the Legal Services Training and Advocacy Project, organizes and presents approximately a dozen training programs each year for legal services staff members. It publishes a monthly newsletter which updates legal services workers on the latest developments in legal areas required for legal services practice. In addition, it publishes a number of handbooks, including an 800-page general reference on legal services issues in Connecticut, which are provided to attorneys and paralegals in the four local programs.

2. Each of the four local programs has a designated training coordinator who oversees the provision of staff development programs at the local level. These

programs involve seminars, consultations, and formal presentations to instruct staff members in the relevant issues of poverty law and the proper approaches to client representation. All staff development work carried on in the local program is directly related to the needs of the service providers in their daily representation of clients.

3. Through the Legal Services Training and Advocacy Project, the four local programs have sent members of their staffs to training programs presented by outside agencies. These are selected for their direct relevance to the job responsibilities of the staff members involved. They do not involve degree-oriented programs, although workshops directed toward the needs of our staff members at local educational institutions have been employed from time to time.

4. Community legal education programs operated by the four local legal services organizations are also partially supported by Title XX training funds. these activities focus on community social service agencies which receive funding through Title XX. By instructing staff members of these agencies in legal matters, we are able to reduce the demand for Title XX legal services and expand the capacity of lay advocates in other Title XX agencies to assist with routine legal problems.

We are aware that there is a substantial reason for concern about the potentially unlimited availability of Title XX training funds under present law. However, we urge that the remedy adopted for this problem be designed to retain those aspects of the present Title XX program which has proven most effective. We believe that staff development activities located in and directed by the service-providing agencies are by far the most important and most effective aspect of Title XX training. The pursuit of degree programs by actual and potential social service workers, while worthwhile, cannot compare in priority to the importance of giving social service workers the direct training in the skills needed to effectively provide services on the job.

General educational programs should be funded through traditional educational assistance to institutions of higher education. The Title XX training budget should be focused on the much more directly relevant staff development activities. Such activities are not susceptible to the same unlimited growth in expenditure which has characterized the use of Title XX training funds by institutions of higher education. Similarly, the interest of programs in developing an effective staff will assure that the provision of staff development training will be monitored for cost effectiveness. We have definitely demanded accountability in all of our training programs in order to satisfy our needs for a well trained staff. This is an especially pressing problem for us since law schools do not provide any substantial training in actual advocacy or in the areas of the law handled by legal services programs. Similarly, our paralegal staff members come to us without formal training and require preparation in order to effectively provide services.

It may well be that a limitation of Title XX training costs to staff development activities might provide the necessary limit on expenditures without more restrictions. If a limit is imposed, it is critical that priority be given to staff development activities in the use of the reduced funds to be available. We believe that the limit should be no lower than 100 percent of the fiscal 1979 expenditures. Such a limitation, coupled with a priority for staff development activities, will provide efficient control on future expenditures without crippling the worthwhile staff development activities which have been developed in Connecticut and elsewhere over the past several years. If the limitation is set at a lower level, it will be even more important that the staff development priority be established in the legislation.

Thus, we believe that the limitation imposed by H.R. 3434 is deficient in two respects. The "hold-harmless" level is lower than we would recommend. In addition, the legislation fails to give priority to staff development activities operated by service-providing agencies and would be subject to a continuing use of these funds for the luxury of degree programs for some social service workers at the expense of more critical staff development activities which improve the quality of services to Title XX service recipients. It is the latter purpose for which the legislation was originally intended and this priority should be clearly expressed in any amended legislation.

In addition, H.R. 3434 takes an unsatisfactory approach to determining funding levels after 1980. By delegating complete authority and responsibility to H.E.W. to approve training plans, the legislation introduces an unnecessary and unwise lack of predictability into the program. In the past, H.E.W. has failed to demonstrate the capacity or interest in Title XX training to effectively discharge the responsibility confered by H.R. 3434. Whatever limitation on Title XX training expenditures is imposed in the final legislation should be applicable on an ongoing basis rather than delegated to H.E.W.'s discretionary process. The role of H.E.W. should be limited to the approval of training plans within a statutorily determined funding allocation.

Only through such a mechanism can programs in the various states have a reasonable expectation of funding on which good planning can be done from year to year.

In closing, I note that H.R. 3434 also includes provisions to increase the statutory limit on Title XX services funding. The legal services programs in Connecticut together with other Title XX service providers are in dire need of increased resources to cover inflationary cost increases and to expand the level of services to meet needs which far exceed our capacity to respond. Therefore, we strongly support the proposed increases in the Title XX services ceiling.

I appreciate the opportunity to provide the committee with this information. I will be pleased to respond to questions which my testimony might raise.

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DEPARTMENT OF HUMAN RESOURCES,
SOCIAL SERVICES ADMINISTRATION,
*Baltimore, Md., September 25, 1979.*

MICHAEL STERN,
*Staff Director, Senate Finance Committee,*
*Dirksen Senate Building, Washington, D.C.*

SENATORS: This letter is in reference to the bill under consideration by the Senate Finance Committee, HR 3434, concerning Title XX training funds.

The Division of Day Care, State of Maryland Department of Human Resources, holds the position that the appropriations ceiling of 75 million dollars for training must be replaced by allocations based on a formula of at least 4 percent of the states Title XX services allocation ceiling. Regarding Title XX day care services in particular, a 75 million dollar ceiling nationwide would under-cut an already inadequate training capacity. This capacity to provide training is crucial to the delivery of quality day care services to Title XX families and children, and must be funded at a more realistic level. Allocations for training based on a formula of at least 4 percent of the States' Title XX services allocation ceiling would serve as a reasonable effort to maintain this essential training capacity.

Sincerely,

FRANK SULLIVAN,
*Supervisor, Division of Day Care.*

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TESTIMONY OF JEROME CHAPMAN, COMMISSIONER, STATE DEPARTMENT OF HUMAN RESOURCES, THE STATE OF TEXAS

Mr. Chairman, distinguished members of the Committee. My name is Jerome Chapman and I am Commissioner of the Texas Department of Human Resources. It is a pleasure for me to have an opportunity to discuss the relevance and need for the provisions of H.R. 3434.

We, in Texas, have actively supported integrated social services. For many years, the Texas Legislature has funded Texas social services at more than the required match. The passage of Title XX of the Social Security Act in 1975 has allowed the states to develop a network of community-based and supported services providers. This network of contract providers has become the back-bone of the Title XX social service system through which hundreds of thousands of needy Texans have received the necessary services.

The passage of H.R. 3434 is critical to the continued availability of appropriate and high quality social services. The changes in Title XX are needed ones. Most important is the increase in the ceiling from its present statutory level of $2.5 billion to $3.1 billion in fiscal year 1980. Texas has been spending all of the available Title XX funds for some time. While the $2.5 billion ceiling has been adjusted temporarily over the last four years, these adjustments have not been sufficient for Texas to catch up with the effects of inflation and other factors which have diminished the amount of funds actually available to provide services. The increase in the ceiling will allow Texas to continue to serve thousands of needy individuals who would otherwise not receive those services.

A number of the provisions of H.R. 3434 will assist Texas in strengthening its social services program. The special allocation for child day care services has been an effective tool in the past for securing adequate child day care services to support the employment programs funded by Title XX. The continued use of that tool during the 80's will guarantee that the family that wants to be self-sufficient can be and the children who receive state supported day care will receive quality developmental care.

H.R. 3434 makes several changes in the eligible services. These modifications are essential to a balanced social service program. The current temporary authority

relating to the use of Title XX funds for certain services provided to alcoholics and drug addicts would be made permanent, effective October 1, 1979. Since many low income individuals who need state aid have also had difficulty with one form of substance abuse or another, the states must be able to treat not only the presenting problem but the root problem, such as alcohol abuse, as well. The provisions of H.R. 3434 will allow states to do this.

The country has done an effective job in identifying and developing a response to the problem of child abuse. A similar effort is now underway in the area of spouse abuse. Title XX is seen as an appropriate funding source for this important service. However, Title XX does not currently allow states to provide emergency shelter to adults. Shelter service is an integral part of any protective service, whether for a child or an adult. The provisions of H.R. 3434 will give states the authority to integrate its programs which address the abuse of both adults and children.

We in Texas have actively provided financial support to graduate social work education since 1971. The passage of Title XX of the Social Security Act in 1975 permitted the expansion of our support to undergraduate programs by increasing the federal funds which were available. It also enabled us to enhance the training and development of Department personnel through the establishment of formula grant workshops, siminars, and short courses. The refinement of Title XX in 1976 further expanded the program and led to a larger number of schools requesting support through Title XX funding.

Until a few days ago, our Department had educational contracts with 28 schools with a face value of $8 million. These contracts enable the institutions to provide us with a trained cadre of individuals who were committed to work for the Department upon graduation in return for stipend and tuition support. The agreements also afforded the schools the opportunity to expand their work education curricula, supported the development of training materials of various types, and paid the salaries of faculty who were engaged in teaching full-time students and our staff. The bulk of these educational activities under Title XX have now been eliminated as a result of the Congressional conference committee report which places a $75 million ceiling on Title XX training in fiscal year 1980.

Based on the estimates provided to me by the Department of Health, Education, and Welfare, Texas' share of the $75 million will be between $4.0 million and $5.1 million in fiscal year 1980. This is significantly below the $10.1 million projection of need which was furnished to DHEW earlier this year. Considering this information, I had no choice but to cancel all of our Title XX educational contracts effective September 30, 1979. This was necessary since the funds to be made available were sufficient only to insure the training of our staff and of provider personnel.

I would not wish to leave you with the impression that I am opposed to the establishment of a ceiling on Title XX training money. This is not the case. I support the need for fiscal responsibility and for limitations on the support of these types of activities. This type of restriction, however, needs to be carried out in an orderly, planned manner with as much advance notice as can realistically be provided. In this way all parties, both State and the academic institutions, can establish priorities for phasing down activities.

In and of itself the proposed legislation cannot completely undo all that has been done by the reductions contained in the fiscal year 1980 Appropriation Bill. H.R. 3434 can, however, have an ameliorating effect if it passed.

The possibility exists since the provisions of the legislation ties training funds under Title XX to a percentage equal to 3 percent of a State's fiscal 1980 service allocation. In States, such as Texas, where there were more federal training dollars spent in fiscal year 1979 than there are provided for fiscal year 1980, there is an opporunity to exceed the fiscal year 1980 ceiling by permitting two-thirds of the fiscal year 1979 expenditure to be spent for training. Such a move can afford dramatic relief for the short term.

Giving the States additional training money in fiscal year 1980 will permit them to accomplish the realistic advance planning which I believe is essential to an orderly decrease in Title XX expenditures for educational activities. Such a move could allow careful contract negotiations which would provide beneficial to both state agencies and to the schools. Student support could be reappraised so that personnel and dollar needs could be realistically aligned to manpower requirements.

The other provisions within the pending legislation which permits a better approach to Title XX educational expenditures is the section which establishes the requirement for submission of an annual state plan for Title XX training. By specifying the type and amount of training, indicating how the need for this training was determined, the cost effectiveness of its delivery, and an evaluation of its effect once it has been provided, the State and Federal government can gain a better grasp on the totality of the educational effort. Plan approval by DHEW helps

insure that the funds are well spent. This type of action can insure the thoroughness of needs assessment and the direct contribution of training to improve service delivery.

I would like to underscore the importance of adequate, planned, effective training of service delivery personnel. Without this base we are unable to provide adequate, timely care for those in need. By the same token, without federal support for educational activities of this type neither the welfare agencies nor the schools can insure that there will be advances in social work education which are needed to better tomorrow's workers to provide the services required. The delicate balance between training and services can only be maintained if we have a secure fiscal base from which to place. H.R. 3434 offers the opportunity for the establishment of such a base and I recommend its passage.

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NATIONAL LEAGUE OF CITIES,
*Washington, D.C., Sepiember 24, 1979.*

Hon. DANIEL P. MOYNIHAN,
*Subcommittee on Public Assistance, Committee on Finance, U.S. Senate, Dirksen Senate Office Building, Washington, D.C.*

DEAR CHAIRMAN MOYNIHAN: The National League of Cities would like to submit the following statement to be included in the hearings of the Subcommittee on Public Assistance on pending legislation dealing with Title XX Social Services and Child Welfare Services.

Thank you for the consideration of our views.

Sincerely,

ALAN BEALS, *Executive Director.*

The National League of Cities strongly supports legislation to strengthen the Title XX social services program. We believe this program is critical to the Nation's efforts to deal with a wide range of social problems, which are particularly widespread in our cities. We offer the following recommendations.

First, funding. NLC supports a permanent ceiling of $2.9 billion for the Title XX program. The old limit of $2.5 billion is clearly inadequate in view of the severe impact of inflation in recent years. We also support a set-aside of $16.1 million for Puerto Rico and the Territories needed to enable these areas to plan the use of funds more effectively.

NLC believes that States should be given an incentive to expand their donated funds programs, and that additional Title XX funds should be targeted to states which do so. These programs, in states such as Massachusetts and Michigan, have involved local public and private agencies to a greater extent in the Title XX planning process and augmented the funds available in these states for social services, and consequently, should be encouraged.

Provisions in S. 1184 would change the Title XX distribution formula from one based on population to one based on welfare caseload and the number of children and elderly in a state. Efforts to redirect scarce resources to areas of need must be weighed against the possibility of creating new and serious inequities for other states. NLC favors increased targeting to areas of low income and high concentrations of dependent individuals.

Second, local participation. NLC strongly supports provisions of the House-passed legislation requiring local government participation in the state social services planning process.

The case for local participation is a forceful one, as pointed out recently in the April 1979 GAO Report on Title XX and Older Americans Act services. It would assure that Title XX funds are targeted to areas of need; that such funds do not duplicate similar services being carried on at the local level; and that greater coordination among projects and funding organizations—public, private, and nonprofit—takes place. Recent efforts in Massachusetts and Connecticut to involve localities more fully in the State planning process have paid substantial dividends in more efficient program administration and increased contributions by local governments and nonprofit organizations. As an added incentive to states to involve local elected officials in the development of sub-state regional and local plans, the Federal Government should increase the federal match for social services from seventy-five to eighty percent in states which develop the local plans.

NLC believes that the need for stronger local participation in the social services planning process should take precedence over multi-year planning proposals. While the latter is obviously an important goal, we believe that moving to multi-year planning without first strengthening the local role would further remove cities from effective participation in the program.

Third, use of funds. NLC supports the use of Title XX funds from emergency shelter for adults whose physical or mental health is endangered. We regard this as a modest first step in dealing with what appears to be a steadily increasing level of domestic violence in many cities.

We also support making permanent the authority to use Title XX funds for services to drug addicts and alcoholics. Under this authority, funds can be used to finance, for up to seven days, the cost of medical or remedial care and room and board associated with the initial detoxification of alcoholics and drug addicts. This is a very essential authority and will remain so until alcoholism and drug addiction subside subtantially from present levels.

Fourth, training. NLC supports the use of Title XX funds to train non-state employees who supervise Title XX providers. Currently, only State supervisors and staff actually providing services can be trained with Title XX funds. This new authority would allow local governments involved in the administration of Title XX programs to be partially reimbursed for their training costs.

NLC believes that the Administration's proposal to cap Title XX training funds at 3 percent of a state's Title XX allotment is ill-conceived. Under current law, States are eligible (on an open-ended basis) for 75 percent Federal Matching funds for Title XX training.

While there may have been abuses in a few states, the 3 percent cap per state proposed by the President and the $75 million cap nationally imposed by the House and Senate Appropriations Committee punishes all states and Title XX trainers. As you know, current training expenses for fiscal year 1979 are $90 million. A cap of 6 percent, in conjunction with the issuance of revised training regulations, would be a more appropriate way to promote accountability and insure needed training funds.

Finally, foster care and child welfare services. NLC supports legislation to provide preventive and protective services for abused and neglected children. The Federal Government should take greater responsibility for the development of a continuum of services for children and families of troubled children. We support provisions in H.R. 3434 that make Title IV-B of the Social Security Act, which funds child welfare services, a permanent state grant entitlement program. This action would improve and expand services to all children in foster care. The additional $209.5 million would fully fund the authorization and bring better care and administrative remedies to the increasing number of children requiring foster care and child welfare services.

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UNIVERSITY OF MARYLAND AT BALTIMORE,
SCHOOL OF SOCIAL WORK AND COMMUNITY PLANNING,
*Baltimore, Md., September 25, 1979.*

Hon. DANIEL PATRICK MOYNIHAN,
*Russell Senate Office Building,*
*Washington, D.C.*

DEAR SENATOR MOYNIHAN: Last evening, September 24, at the hearings on "Social and Child Welfare Services" of the Subcommittee on Public Assistance, you asked Dean Joseph Heffernon, testifying for the Council on Social Work Education, to provide you, immediately, with more specific information on the impact of the October 1, 1979 ceiling on Title XX Training funds on educational institutions under State contract. I can demonstrate the grave consequences to many schools by showing what such a cut would mean to the University of Maryland School of Social Work and Community Planning and why we anticipate such a cut.

We received a letter September 18, 1979 from the Secretary of the State of Maryland Department of Human Resources saying that the Conference Report on the Labor-HEW Appropriation for Federal Fiscal Year 1980 containing the $75 million ceiling for Title XX training expenditures if enacted would:

"Reduce the State's fiscal year 1980 training program by 50 percent or more. We are currently committed, for Federal Fiscal Year 1980, to Title XX training programs which will require $2.5 million in Federal monies. In sharp contrast with our needs, if no additional funds are made available, we can expect to receive somewhere between $900,000 and $1.3 million, depending on the allocation formula used by the HEW.

"A reduction of this magnitude would Force the Department to reduce its current training programs under Title XX by more than a million dollars."

Since the University of Maryland School of Social Work and Community Planning is the largest contractor with the State Department of Human Resources for training, this would have major disruptive impact on our program. It could mean a loss of $354,884 in support in the middle of the semester. This would imperil 8.5 of the 17 faculty we have funded under Title XX contract. In addition, there are 5.5

clerical persons out of 11 supported by the grant and 20 out of 40 graduate student stipends that would be lost.

It is difficult to overstate the impact of this potential loss in mid-year. We have taken into account the impending permanent training ceiling to begin fiscal year 1981 in our planning discussions with the State Department of Human Resources, and we are preparing to respond to it. However, the imposition of this interim cut, unrelated to the future contract, mocks the idea of rational educational and social services planning.

From your response last night to the realization that schools all over the country are facing a mid-semester (not even mid-year) curtailment of faculty positions and student support, I am hoping that you will move to enact a ceiling that we can plan for.

Sincerely,

MALINDA B. ORLIN, PH. D.,
*Acting Dean.*

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STATEMENT OF THE AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES

Title XX general social services and Title IV foster care and child welfare assistance are long-standing AFSCME concerns. Approximately 100,000 of our more than one million members are caseworkers, income maintenance personnel, aides and clericals who work in every aspect of the nation's public assistance and social services program. They see first-hand the human toll of broken homes, neglected children, alcoholism, drug addiction and violence wrought by poverty and deprivation.

Unfortunately, at the very time that there is a growing recognition of the need to redirect and expand service programs for children and their families, there also have been mounting political pressures from the Administration and within Congress to reduce the current federal commitment to domestic programs.

This approach does not make sense. We cannot solve the problems of the disadvantaged by cutting back on our financial commitments to them.

Outlined below is a series of proposals that we believe constitutes a bare minimum responsible public policy.

TITLE XX

Title XX has provided important federal resources for a wide variety of services ranging from day care for children and adults, to protective services, to adoption services, to health and employment related services.

The history of Title XX funding and utilization since 1976 has been one of steady increases in the states' usage of their allocations and of periodic temporary increases over the $2.5 billion permanent ceiling. HEW estimates that in fiscal year 1979 all 50 states will use their full allotment under the $2.5 billion ceiling and that up to 40 states will use their full allotment under the $2.9 billion available that year. The increases approved by Congress have been partly attributable to a perceived need for additional funds for child care services, which is a major priority service under the Title XX program.

This year, the Administration has proposed holding Title XX funding to last year's level of $2.9 billion. The Senate Budget Committee has recommended an actual cut of $200 million in its Second Budget Resolution, although the House, we have been pleased to see, has consistently recommended a fiscal year 1980 program level of $3.1 billion.

S. 1184 similarly would hold national spending to $2.9 billion. Just as serious, however, is the fact that, in establishing $2.9 billion as a permanent ceiling, S. 1184 also eliminates the special $200 million currently intended for child care and available to the states without the 25 percent matching requirement applicable to the rest of Title XX funds. Thus, S. 1184 weakens the federal commitment to child care which has proven to be an effective and critical support service for low income mothers wishing to work, The bill also would throw onto state governments an additional matching requirement if they wished to continue to receive the same amount of money they received in fiscal year 1979.

Even if the states were to receive the same amount of money they have been getting this year, there would likely be a significant cutback in the number of people served by Title XX and in the quality of the services provided. With inflation currently running at an annual rate of 14 percent and energy cost increasing at an annual rate of 24 percent, it will be inevitable that Title XX will reach fewer people less effectively just as the recession will be adding to the number of people needing help.

Even at current levels Title XX is a woefully inadequate response to the need for day care alone in many places. In New York City, for example, the 1975 fiscal crisis closed some 75 centers and left many others with growing enrollments that caused a tripling of teacher-child ratios. The centers lost their family counselors in 1976 and saw their teacher aides cut from full to part-time. More recently, supplies have become more and more scarce; sometimes our members bring materials from their own homes. Similarly, Philadelphia has a long waiting list for its centers.

AFSCME, therefore, strongly urges the Finance Committee to adopt a $3.1 billion funding level for Title XX, $200 million of which would be intended for child care without any local matching requirement. Such action would simply continue existing policies. This funding level is indeed moderate in view of the fact that a $200 million increase will not even keep up with inflation.

AFSCME is also concerned about a Title XX cost-saving proposal that has been advanced by the Administration: namely, the proposal to limit Title XX training funding to three percent of each state's Title XX allocation.

A three percent cap would mean cutbacks in the training programs of many states at a time when there is a clearly-perceived need to improve the skills of case workers, day care workers and others involved in the delivery of social welfare services, especially child welfare services. Particularly hard-hit would be training programs in rural states where the need to travel long distances means greater program costs. Additionally, the pending Federal Interagency Day Care Requirements anticipate greater emphasis on much-needed training for day care workers. The only appropriate source of funds for this kind of practical inservice training for child care workers as well as for providers of child welfare and other social services is the Title XX training program.

AFSCME, therefore, strongly opposes any cap on Title XX training funds. If some kind of cap must be enacted, however, a more preferable proposal to the Administration's, is the general approach contained in H.R. 3434, which places a one-year-only cap training funds and then provides for subsequent annual reviews of training activities by HEW. The alternative in S. 1184 also is one that merits consideration if the base year were changed to Fiscal Year 1979, the 3 percent limit were raised slightly and other needed reforms in the Title XX training program were implemented.

AFSCME believes that the present HEW Title XX training regulations need to be overhauled. These regulations limit direct contracts to educational institutions. Direct contracts cannot be made to the very groups that have the day-to-day experience delivering services and that are most familiar with the practical realities and application of service delivery. Universities, in fact, often sub-contract with these organizations in order to utilize their expertise.

The near monopoly on social service training by educational institutions has produced training programs that are often far too general and academic to be valuable to social service workers. This is a weakness about which our members in New York City's day care centers are particularly concerned. They do not believe they have received the kind of practical training necessary to deal with children with special needs or to understand changes in federal or state program rules and regulations.

Workers, we believe, must be closely involved in the development of training programs. Present rules that discriminate against unions and other non-educational institutions by means of discriminatory reimbursement procedures must be changed.

For over a year HEW has been preparing a revision of these regulations which, we believe, would result in more practical inservice training. However, we doubt that they will be issued unless this panal, like the House Ways and Means Committee, presses for immediate promulgation.

Reforms in the Title XX training regulations, stronger HEW standards and oversight over the use of Title XX training funds, and sufficient funding will result in better services to Title XX clients. Adequate funding also will help the social welfare system respond to and implement the much needed child welfare reforms envisaged in H.R. 3434 and S. 966, which will place significant new demands on caseworkers.

### CHILD WELFARE

AFSCME is pleased to see an emerging consensus developing over the need for and general outlines of reform in the present child welfare system.

Children need permanent, secure settings for healthy growth, yet out child welfare system does not place enough emphasis on measures that encourage permanency for them.

As numerous studies have shown, children are spending unnecessarily long periods in foster care. Those same studies document that the longer children remain in foster care, the less likely they are to return to their original home setting.

Some unnecessary foster care placements could be averted if social services agencies had adequate resources for preventive services that may keep children at home with their parents are often unavailable because of lack of resources. Caseworkers frequently do not have the resources or the time to help families alleviate the problems that often lead to a child's placement in foster care.

By the same token, agencies are failing to provide adequate services for children already in foster care. They do not have the time to review regularly the child's foster care status—a proven procedure that greatly increases the chances of placing the child back home or in a permanent adoption situation.

AFSCME believes that the best way to encourage reforms is to guarantee child welfare agencies reliable and expanded federal support which is conditioned on the implementation of improved preventive and protective services. We strongly support the conversion of Title IV-B into a limited entitlement program with a requirement that any new money must be used for services rather than income maintenance. Further, states should receive the new money only if they implement procedural reforms and services designed to insure that no child is placed in foster care unless services aimed at preventing the need for placement have been provided or refused by the family; that the least restrictive family-like setting in the closest location possible is provided; that reunification services are provided, and that periodic case reviews and a dispositional hearing 18 months case placement are required. These provisions, combined with a federal adoption subsidy effort, will, we believe, help reduce the number of children requiring foster care and improve the quality of care for those in foster care.

We strongly oppose the main alternative to limiting foster care arrangements which was proposed this year by the Administration and which is contained in S. 966: that is, placing a cap on Title IV-A foster care. As part of the AFDC program, federal foster care aid is an open-ended program meant to serve all vulnerable children who need to be removed from their homes. An arbitrary cap will not necessarily ensure that the right children will be screened out of the foster care system, especially if there is not an alternative source of guaranteed funding for services. It will not allow for legitimate increases in caseloads nor will it take account of increases in inflation. As a consequence, it is likely to reduce the quality of foster care services and make foster care unavailable for children who need it.

Except for the provisions making Title IV-A funds available to public group homes serving 25 children or less, which AFSCME strongly supports as a way to encourage innovative foster care arrangements by public institutions, S. 966 generally takes the approach of cutting back funding for foster care activites at the same time that it fails to provide the resources or requirements necessary to reduce the need for and improve the quality of foster care. Indeed, it appears that "reform", in this case, will become just another name for "budget-cutting."

AFSCME strongly urges the Finance Committee to reject this approach by removing the Title IV-A cap in S. 966 and by converting Title IV—B into a limited entitlement with strong requirements that the states implement the services and procedures which the bill now recognizes as desirable but not mandatory.

We believe that these child welfare reforms, combined with the extremely modest increases which we have recommended for Title XX, will, at a minimum, prevent the deterioration of existing services designed to improve the economic well-being and stability of many disadvantaged and trouble-torn families in this country.

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STATEMENT SUBMITTED BY CAROL R. LUBIN, ON BEHALF OF UNITED NEIGHBORHOOD CENTERS OF AMERICA, INC. AND NEW YORK STATE ASSOCIATION OF SETTLEMENT HOUSES AND NEIGHBORHOOD CENTERS, INC.

The following statement, submitted on behalf of the United Neighborhood Centers of America, as well as the New York State settlement houses and neighborhood centers, is limited to those issues, of special concern to these agencies, where there is a substance difference between the provisions of S. 1661, S. 1184, Amendment 392 and H.R. 3434.

A copy of earlier detailed testimony, presented to the SubCommittee on Public Assistance and Unemployment Compensation, is attached to this statement.

*1. Title XX ceiling*

We support the formula proposed by Senator Moynihan, in S. 1184, which provides for a regular rise in the ceiling over the next six years. However we obviously

prefer the initial figure of $3.1 billion for 1980, as provided in H.R. 3434. We would like to see the two combined?

*2. Distribution of title XX funds*

We also support the new distribution formula outlined in S. 1184 which relates service funds to the size of the "poverty population" of a State and the 1980 Census of the Department of Commerce. The three factors to be included should result in a more equitable distribution of funds between the states.

*3. Restricted use of donated funds*

We welcome the proposal, in S. 1184, to remove some of the existing restrictions on the use of "donated funds" at least with respect to training funds, and urge that the same changes be made in the use of donated funds to provide the match required under other provisions of Title XX.

We would like to make an additional suggestion with respect to a formula change to be applied to both programs. Our formula change is designed to increase accountability in the use of funds and to ensure that the use of "donated" funds would be equally available to large and small agencies, and to new inexperienced groups as well as to the more established agencies.

We suggest that States be required to report both in their Comprehensive Social Services Plans and their State Training Plans on:

(*a*) The proportion (and/or amount) of Title XX and Title XX federal training money that is matched by government (State and/local) funds and the amount that is based on a "donated" fund match;

(*b*) The specific programs financed in part or in whole through the use of "donated" funds;

(*c*) The characteristics (to be defined by regulation) of the agencies having purchase of service contracts based on "donated" funds;

(*d*) In each case an indication whether the source of the "donated" funds was a foundation (contributing on the basis of a specified program or specific agency); an agency endowment or agency operating budget (whether a single agency or consortium of agencies) or from the United Way (or similar collection agency such as a central church)

If each State was required to make reports of this kind—and if such reports were monitored and evaluated by the federal government, it would be possible to ascertain the affect of using "donated" funds on the availability of services to those benefitting from the services derived from the funds. It would become possible to compare what services are in fact funded from private as against public funds, and what agencies are the recipients (public or private) of the funds to service their clients. It should also make it possible to prove or disprove the allegation that a large portion of such public/private funds were being allocated to large well established agencies.

*4. Training provisions*

We are pleased to see that S. 1184 requires a comprehensive State Training Plan. We would prefer, however, that it be incorporated in full in the Comprehensive Services Plan and be made subject to the same public participation, comment and publication requirements.

We also urge, as we have in previous testimony, that States be authorized—or mandated—to include training of "provider volunteers" in the same way that such volunteers may now be trained if they are attached to governmental agencies. Moreover experienced training agencies, with proved "track records" should be authorized to serve directly as the training agencies, without the necessity of being accredited educational institutions, or sub-contracting with such institutions. This current restriction has frequently relegated training programs to higher educational institutions which do not have the appropriate experience or sensitivity to deal with the programs, issues or individuals concerned with Title XX services. In addition current restrictions prevent use of Title XX training funds for training programs in administration and fiscal accountability—areas which are most needed by administrators, directors and boards of "provider" agencies delivering services under purchase of service contracts paid from Title XX funds.

*5. Title IV-B funding*

We hope that the concept of "entitlement" can be reintroduced, even if it has to be at a lower figure so that the appropriation process does not have to be undertaken each year. We believe that the entitlement character of Title XX has greatly facilitated state service planning. We realize however that actual expenditure may differ in either case!

*6. Foster care administration and maintenance*

While H.R. 3434 represents a substantial improvement over the present situation, we support the provisions of S. 966, as amended by Amendment 392. We believe this text is closer to the former text of HR 7200 which we strongly supported last year. We hope that the current text can be adopted with as little change as possible since it is the result of so much study—and would be of great assistance to foster children and foster parents. We particularly welcome the provisions designed to further permanency planning and discouraging the retention of children in foster care when this is not fully necessary.

*7. Adoption assistance payments*

We support S. 1661 which apparently fills some gaps left in the provisions both of S. 966 and HR 3434. We are particularly glad to see the provisions broadening the income eligibility of adoptive parents and those extending the age for the provision of assistance to adopted children. We believe both are important—and had urged their adoption in the hearings before the Ways and Means Committee. It is good to know that the Senate now has a chance to review them and liberalize what is already a good bill.

In conclusion, we hope that our suggestions—in particular those relating to donated funds and to training—can be given full consideration in the final drafting of the bill. We believe we speak for many agencies, individuals, and clients in urging their adoption.

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TESTIMONY SUBMITTED BY MRS. CAROL R. LUBIN, EXECUTIVE DIRECTOR, NEW YORK STATE ASSOCIATION OF SETTLEMENT HOUSES AND NEIGHBORHOOD CENTERS, INC., ON BEHALF OF UNITED NEIGHBORHOOD CENTERS OF AMERICA, INC., AND NEW YORK STATE ASSOCIATION OF SETTLEMENT HOUSES AND NEIGHBORHOOD CENTERS, INC.

Mr. Chairman and members of the Subcommittee, I am pleased to be authorized and enabled to present to you the views of the voluntary agencies I represent with respect to the Social Services, AFDC and Foster Care and Child Welfare Service Programs that are undertaken in consequence of the appropriate Titles of the Social Security Act. I am including in my testimony discussion of some of the bills that are currently before you and some of the regulations that have been issued or proposed by the Administration for the operation of these programs.

My name is Carol R. Lubin and I am the Executive Director of the New York State Association of Settlement Houses and Neighborhood Centers, Inc. I am providing this testimony both on behalf of the New York State Association and on behalf of the United Neighborhood Centers of America, Inc., (formerly known as the National Federation of Settlement Houses and Neighborhood Centers, Inc.). The New York State Association of Settlements comprises 72 settlement houses and neighborhood centers located throughout New York State. Of these, 36 are in the City of New York. All of the settlement houses provide social services relating to some aspects of Title XX, many of which are funded under Title XX. In addition, almost all of the settlements are involved in child welfare, prevention of child abuse, youth programs, programs for the elderly and day care programs that are funded either through the Social Security Act or under grants from New York State or foundations.

The United Neighborhood Centers of America, Inc., is a federation of 360 accredited settlement houses and neighborhood centers in 80 cities and in 30 states of the United States of America. The social services provided by the individual settlements outside of New York State are approximately equivalent to those in New York State, and almost all of the affiliated agencies provide one or more of the services governed by this hearing.

On behalf of the New York State Association, I work directly with the settlements in New York State and I participate in numerous coalitions of voluntary agencies around the State which are concerned with the issues that are the object of this hearing. Finally, I represent the national settlement system on a series of national coalitions and, in particular, I am a member of the Title XX Task Force set up by the National Assembly of National Voluntary Health and Social Welfare Organizations.

The testimony that I am presenting is based upon the day-to-day experience of the settlements over the past ten years, and the conclusions reached on many of these issues in the discussions of the State and National Coalitions and Task Forces.

I. TITLE XX

I shall begin my testimony by discussing the bills before the Subcommittee that propose to amend Title XX and indicate some of the additional areas which we believe should be included in whatever bill is finally adopted.

HR 2724, submitted by Congressman Corman, comes closest to meeting recommendations for changes in legislation that have been agreed upon by our respective organizations both National and State. However, even this bill does not fully meet our recommendations.

We strongly support the proposals for increasing the funds set forth in Section 2002(a)(2)(A) in HR 2724, but we would prefer to see the sum for Fiscal Year 1980 raised from 3.1 billion to 3.5 billion as proposed in Congressman Green's bill (HR 1666). We understand that the lower figure was included to ensure conformity with the Budget Resolution for 1980, but we hope that a change can be made in the Budget Resolution rather than in the bill. We are delighted to see that both of these bills increase the amount over that proposed in current legislation and in Congressman Stark's bill as well as in the Administration proposals. We also support the proposal in the Corman bill to tie the amount on or after September 30, 1981, under a percentum increase based on expected increases in the cost of living. We agree that the figure of 107 percentum is probably a fair level for 1981 and assume that if the increase in the cost of living or inflation by that time should be higher than the 107 percentum, that the legislation could be amended at that point.

We also welcome the inclusion of specific dollar amounts for Social Services funding for territorial jurisdictions, if our interpretation is correct. We assume that these allocations are outside of the ceiling. We would also like to have a further amendment along the lines of that contained in Mr. Green's bill, HR 1666, which alters the basis for allocation of funds and provides for re-allocation of unused funds from one State to another. We recognize that there may be little available as increasing numbers of States have used their full allocations.

We support the provisions appearing in the Corman bill for permanent extension of the special allocation for child day care services. We hope that our interpretation is correct that these earmarked funds continue to be on the basis of 100 percentum federal funding so as to provide an incentive for both the provision of higher quality day care and for providers of day care to employ welfare recipients. We would like, however, to see some specific requirements added to these provisions.

First, we believe that there would be substantial advantage in having the federal government define more narrowly the use of the day care allocation so as to insure that it is used specifically for day care services and not "in connection with" the provision of day care services. This has resulted, we find, in the use of these funds for administrative purposes at the State or local level or has permitted the State to retain the funds for the staff of their own administration and supervision of day care operations. We believe that the concept of use of the funds for improvement of the quality and enlargement of day care should be required in the law.

Second, we believe that the law should specify not only that the funds are to go to a "qualified provider of day care services," but should be used to insure that any welfare recipient being employed to provide day care receives adequate training to become a qualified employee. Without this training, experience indicates that unqualified welfare recipients may be used and may be a hazard to the well being of the children. We shall deal with the training provisions of Title XX separately since they are not dealt with in any of the bills before us. I would only add here that I would hope that training of welfare recipients to make them qualified for employment should be funded either under the training funds that are outside the ceiling or through use of CETA training funds.

We strongly support the addition of the new sub-section after Section 2004 requiring consultation with the chief elected officials of the political sub-divisions of the State in the development of the plan and the requirement that each of these officials have a reasonable opportunity to present their views prior to publication. However, we urge that this provision be enlarged to require that States give notice of their intent to consult not only with locally elected officials, but with other public and private organizations, including voluntary non-profit agencies such as ours, and that the views of these organizations as well as those of the locally elected officials should be summarized in each proposed Title XX State Plan.

We strongly support the provisions in the Corman bill which would give States the option of establishing the State's service program at the beginning of the State's fiscal year and, if desired, extending the program period for two fiscal years. We also support the requirement that a two-year comprehensive service program plan is only acceptable if provision is made for additional public comment on the plan at least 45 days immediately preceeding the beginning of the second year. The development of a two year plan should permit more effective provision of services under

Title XX. We believe for maximum effectiveness that this should be related to another change permitting funds that were not spent or adequately committed during the first year to be carried over into the second year. Such a carryover would obviate the frequent practice of hasty expenditure of funds at the close of the year in order not to lose them.

We also urge that a requirement be included that States publish within a period of up to 180 days after the conclusion of the program year an Annual Service Program Report which describes the extent to which the State service program was carried out during that year, in conformity with the States service program plan, and the extent to which the goals and objectives of the plan have been achieved. Many of us who have served on State Advisory Committees or worked with the State and local officials administering the State Plan have found that the lack of information concerning actual expenditures and services rendered have made the monitoring and planning processes unrealistic.

We also support the new provision in the Corman bill relating to emergency shelter. This open-ended provision seems to us better than the provision introduced by Congressman Miller (HR 1711) which limits the amount that may be paid to any one shelter for these purposes to $25,000 in any fiscal year. In case of a disaster, this figure might be inadequate. However, we would like to see added to the Corman provision the clear specification in Mr. Miller's bill that there would be no income eligibility requirements in cases of emergency shelter.

We also welcome the provisions in the Corman bill for the permanent extension of services to alcoholics and drug addicts.

In addition to the above provisions concerning Title XX, we support HR 2423 introduced by Congresman Weiss of New York to assist the deinstitutionalization of persons in mental institutions by the provision of federal funding at a 90 percent federal rate for "community based, home based care, or other forms of less intensive care and by providing for alternative housing, sheltered employment and related items." We note that this amendment to Title XX is part of a three-part program, the balance of which deals with Titles XIX and XVI, which we also support.

Related to our earlier discussion of the employment of day care workers, we support the identical bills introduced by Congressman Gradison (HR 2649) and Senator Long (S. 257) providing an incentive to employers to provide work for public assistance recipients on a part as well as full time basis. We believe the smaller part-time incentive figure will be particulary helpful in providing for substitute workers in day care. This is a need that has been seriously felt ever since the various cuts that have taken place.

Finally, with respect to Title XX funding, we urge that an amendment be made in the act to make it possible for non-profit provider agencies to donate the 25% non-federal share directly to the State without having to resort to the third-party subterfuge now required. We also urge that it should be possible for non-profit provider agencies to make this "up front" donation in kind as well as in cash.

We hope that this Subcommittee, when analyzing the various bills and proposals dealing with Title XX, will take into consideration the many specific proposals that we have outlined above. We believe that they are justified by experience with Title XX and urge their approval.

### II. TITLE XX TRAINING PROGRAM

None of the current bills dealing with Title XX refer to the special training funds that have been made available outside of the Title XX ceiling and based on open-ended appropriations. It will be recalled that last year Congressmen Corman and Brodhead had submitted a bill which included provisions dealing with the training program. We understood that, at that time, these provisions were withdrawn following correspondence of June 7, 1978, with HEW in which a promise was made that new training regulations which would be issued not later than October 1978. Many of the provisions in the existing or former regulations were strongly objected to by voluntary agencies and, in particular, by agencies such as settlement houses which experience the need for training and have a long track record in providing such training when funding was available. We have expressed our views on these issues on numerous occasions—both federal and State—when the training regulations or Title XX plans were up for hearing at the Federal, Regional and State level. Although sympathetic comments were made, at no time did we obtain satisfactory changes in the regulations, and we were, therefore, pleased last year to see the Corman bill.

We were also privileged to see the draft regulations that had been prepared by HEW in accordance with the agreement and found that they meet our needs approximately 50 percent. We, therefore, again urged HEW to broaden their scope, but obtained no response from HEW. We were also discouraged to learn that these

regulations, even in so far as they went had been held up initially in IMB and later in the Office of the Secretary. We currently have no information as to their future. Consequently, we urge further legislation with respect to Title XX training that would:

A. Broaden the type of institution that would be permited to contract for training funds to include non-profit agencies which are not necessarily accredited educational institutions, but which have a satisfactory record in the field of training.

B. Enlarge the definition of persons that may be trained to include volunteers in non-profit agencies (currently only volunteers in public agencies are covered) and board membership.

C. Include within the list of staff of provider agencies who may be trained, those dealing with the administration (including fiscal administration) of provider agencies so as to permit increased accountability.

D. Extend the scope of the subject matter on which persons may be trained to include administrative, supervisory and fiscal issues.

E. Permit stipends and travel expenses to be permitted for persons being trained, whether they come from public or non-profit organizations and whether the training is on the basis of short or long term. At the present time, such stipends are not authorized and substitutes cannot be paid for. It is, therefore, very difficult to provide the extra expenditure. Purchase of Service contracts in most programs do not cover such payments so that it is frequently impossible for persons most in need of training to receive the training.

We believe that the extension of the training program along the lines outlined above would not only be of assistance to providers and clients, but would also add to the accountability of the agencies and the cost effectivenss of the use of Title XX funds.

Finally, with respect to training, we hope that the Ways and Means Committee will, as indicated in their budget discussions, keep the training program open-ended and not accept either the Finance Committee or the Administration's proposals to "cap" the funds available for training. We strongly urge that the requirement of a 25 percent match will remain an adequate limitation on the use of training funds and that where this match can be obtained, there is a clear incentive for the provision of vital training to make Title XX effective.

### III. AMENDMENTS TO TITLES IV-A AND B OF THE SOCIAL SECURITY ACT

We strongly support both HR 1291 as introduced by Congressman Brodhead and HR 1523 introduced by Congressman Miller. Both these bills contain many of the provisions that formerly appeared in HR 7200 as adopted by the House.

We prefer the definition, which is a reflection of the emphasis that is found in the Miller bill which reads: "To provide improved assistance to children and families in need of services, to promote greater accountability for children in foster care, to promote greater permanency for children, to facilitate the adoption of children who would otherwise remain in indeterminent foster placement, and to reduce the wasteful expenditure of federal funds." The cost savings in the avoidance of foster care are evidenced in some of the provisions of the Miller bill. We are very aware, as providers of services, of the enormous differences in the costs to the taxpayers and, indeed, to the families concerned of the higher expenditures involved in foster care. We also believe that while foster care is usually better, and indeed less expensive than institutional care, funds used to provide the support services necessary to enable a child to remain in his own home are a far wiser and more satisfactory mechanism. Our settlement houses have provided this kind of support services for almost a century, and we know the effectiveness of using the funds in the community for community based operations.

There is one provision in the Miller bill which will involve a major increase in reimbursable expenditure, and we support this provision. It would permit adoption subsidies to be continued for persons from 18 years to 21 if they are attending school. This expenditure is vitally needed for our young people, especially because it is hard to adopt the child who is most likely to come under this category, and it's need to attend school is frequently vital. Without this provision, families may be hesitant or unable to adopt or care for such older children.

Both bills include provisions which we warmly support, requiring States to make available preventive services which include home maker services, day care, 24-hour crisis intervention, emergency care, technical services, emergency temporary shelter, group homes for adolescents and emergency counseling. Moreover, both bills amend existing legislation to ensure compliance with child day care standards and requirements as imposed under Title XX. All of our settlements provide one or more of these services and many provide them all. We believe they are indispensable assistance to children and families in need.

I would like to digress a moment here to comment on the provision with respect to child care standards. This is another area where we in the settlement movement have been unhappy at many of the proposed changes by HEW and by the States which tend to lower licensing standards and to distinguish between standards for publicly funded programs and private or proprietary programs. We feel these distinctions are dangerous and, while we know that some of the standards and requirements of the original federal inter-agency day care requirements were unrealistic and need alteration, we do not support many of the new proposals that are under consideration, and we hope that the Congress will take a further look at these standards before they are implemented.

To return to the discussion of the Miller/Brodhead bills, we are delighted to find that both would change Title IV-B from an authorization and appropriation to a specific entitlement fixed at $266 million per year. This had been the original level that we supported in HR 7200, and we hope that this time it may be legislated.

We also support the additional amendment (HR 2684) of the Downey/Rangel bill which would add a new section to Title IV-B requiring States to develop a written individual case plan for each child receiving foster care and to establish procedures for an impartial review of each case plan by an experienced persons "not directly involved in the provisions of services to the family" no less frequently then once every six months. This provision and the specifications concerning the review are in agreement with draft bills that are now under consideration in New York State and which have been the result of long negotiation.

We also agree with the addition which would, in fact, "grandfather" in more children who were voluntarily removed from the home of a relative prior to February 1, 1979. This again is an addition which will be of great help in the fair adminstration of the Act.

In concluding my discussion of the current bills, I again wish to urge that these bills including their higher funding should take preference over the administration proposals which, while agreeing to adoption subsidies, would tend to make less federal funds available than those under the bill. We believe children need the protection that would be funded in this manner.

### IV. RELATED SOCIAL SERVICE PROVISIONS

In concluding my testimony, I would like to call attention to some areas directly related to the services discussed above—or to Title XX—but which are authorized under separate legislation.

We were pleased, last year, at Congressional Action in establishing or authorizing new programs in the areas of prevention of child abuse, prevention of teenage pregnancy, and programs to increase community assistance and employment services for the aging. We have been disappointed that the delay with respect to 1979 HEW appropriations prevented availability of any additional funds for these programs. We know from direct experience the importance of these programs and how badly funding is needed. We still hope Congress makes funds available—and that HEW provides for their expenditure. We would also hope to receive "Requests for Proposals" to provide these services.

Further, we are dismayed to see that no additional funds have been requested in the HEW budget for extending youth programs generally, or for runaway youth in particular. This is another area where funding can provide most significant "preventive" services—and where voluntary multi-purpose agencies play an important role.

We also hope the Congress, this year, will enact legislation to help prevent domestic violence, and that funds will be made available to implement appropriate programs.

Finally, we are on record in support of the new child care bill (S. 4 in the Senate) and hope to have an opportunity to testify with respect to some changes that might appropriately be made when its financing is considered in the House.

Thank you, Mr. Chairman, and members of the Committee, for giving me this opportunity to express the views of the settlement house movement on the numerous issues you are considering. I believe I can speak for the boards, staff and even more significantly for their extensive locally-based clientele in supporting your concerns.

We represent primarily low-income individuals seeking to maintain themselves in dignity, who can and do benefit from the many programs you have under consideration.

STATEMENT OF CLARA VALIENTE BARKSDALE, EXECUTIVE DIRECTOR, NEW YORK COUNCIL ON ADOPTABLE CHILDREN

I am Clara Valiente Barksdale, Executive Director of the New York Council on Adoptable Children.

On behalf of our organization made up by hundreds of adoptive, prospective adoptive parents: White, Black and Hispanic and the thousands of children in public care I want to bring to the attention of the Senate Finance Committee the need for progressive legislation affecting families and children.

We are in support of HR 3434 and strongly recommend that Child Welfare Services Program, Title 1VB, be an entitlement program so that it will not require annual reconsideration which we consider a slow, inefficient and wasteful process.

As a citizen's action group interested in the welfare of all children we would like to see Federal legislation offering all homeless children coming into public care more opportunities for finding permanent homes although we believe that the subsidy should be attached to the child to guarantee his/her welfare throughout childhood and adolescence regardless of the financial means of the adoptive parents. We consider the adoption assistance bill S. 1661 as a first step towards achieving our goal of subsidized adoption for all homeless children in our nation.

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# [Errata Sheet]

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