

# SOCIAL SECURITY AMENDMENTS OF 1967

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## HEARINGS BEFORE THE COMMITTEE ON FINANCE UNITED STATES SENATE NINETIETH CONGRESS

FIRST SESSION

ON

### H.R. 12080

AN ACT TO AMEND THE SOCIAL SECURITY ACT TO PROVIDE AN INCREASE IN BENEFITS UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM, TO PROVIDE BENEFITS FOR ADDITIONAL CATEGORIES OF INDIVIDUALS, TO IMPROVE THE PUBLIC ASSISTANCE PROGRAM AND PROGRAMS RELATING TO THE WELFARE AND HEALTH OF CHILDREN, AND FOR OTHER PURPOSES

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#### PART 1

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AUGUST 22, 23, AND 24, 1967

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Printed for the use of the Committee on Finance



U.S. GOVERNMENT PRINTING OFFICE

83-281 O

WASHINGTON : 1967

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## SOCIAL SECURITY AMENDMENTS OF 1967

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TUESDAY, AUGUST 22, 1967

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

The committee met, pursuant to notice, at 10:07 a.m., in room 2221, New Senate Office Building, Senator Russell B. Long (chairman) presiding.

Present: Senators Long, Anderson, Gore, Hartke, Ribicoff, Williams, Carlson, Bennett, and Curtis.

The CHAIRMAN. This hearing will come to order.

The Committee on Finance today begins hearings on H.R. 12080, Social Security Amendments of 1967.

This bill involves additional social security, medicare, and welfare benefits, totaling more than \$3½ billion per year. In many respects it reflects recommendations made by the President in his January 23 message to Congress on the matter of, "Aid for the aged", and in his February 8 message on the subject of, "America's children and youth."

The bill before us increases cash benefits under the social security program by about 12½ percent. This is somewhat less than the President's request when he sent his message to Congress. The tax increase provided by the House bill to finance these additional benefits are also lower than the President's recommendation. I stated my views on this subject when the message came up last January. At that time I predicted, "We will undoubtedly pass a social security bill. We will undoubtedly increase benefits. We will increase them as much as we think we can afford to increase social security benefits, the tax part of it being a major item in the minds of a great number of us."

The bill before us today represents the best thinking of the House of Representatives on this important question. No doubt, the House was motivated, to some extent, by the possibility of an income tax increase also being enacted this year. Whether that will in fact occur remains to be seen. We will just have to study it if the House sends it over. In the meantime, we must do the best work we can on the legislation before us.

(H.R. 12080, with the committee press release announcing these hearings, follows:)

90TH CONGRESS  
1ST SESSION

# H. R. 12080

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IN THE SENATE OF THE UNITED STATES

AUGUST 18, 1967

Read twice and referred to the Committee on Finance

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## AN ACT

To amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes.

1        *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*  
3 *That this Act, with the following table of contents, may be*  
4 *cited as the "Social Security Amendments of 1967".*

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1 TITLE I—OLD-AGE, SURVIVORS, DISABILITY,  
2 AND HEALTH INSURANCE

3 PART 1—BENEFITS UNDER THE OLD-AGE, SURVIVORS, AND  
4 DISABILITY INSURANCE PROGRAM

5 INCREASE IN OLD-AGE, SURVIVORS, AND DISABILITY  
6 INSURANCE BENEFITS

7 SEC. 101. (a) Section 215 (a) of the Social Security  
8 Act is amended by striking out the table and inserting in  
9 lieu thereof the following:

\*TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

I (Primary insurance benefit under 1959 Act, as modified)		II (Primary insurance amount under 1959 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (a)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 202(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
	\$13.00	\$44.00		\$67	\$30.00	\$73.00
\$13.00	14.00	45.00	\$65	69	30.70	74.10
14.00	14.00	45.00	70	70	31.00	77.70
14.00	14.00	47.00	71	72	32.50	73.00
14.00	14.00	45.00	72	74	34.00	81.00
14.00	14.00	45.00	73	75	34.50	82.00
14.00	14.00	45.00	74	76	35.00	84.50
14.00	14.00	45.00	75	77	35.50	85.50
14.00	17.00	41.00	76	80	37.00	87.00
17.00	16.00	45.00	81	81	36.50	87.00
16.00	16.00	45.00	82	82	36.70	88.00
16.00	16.00	44.00	84	85	40.00	91.50
16.00	16.00	44.00	85	87	41.00	92.00
16.00	16.00	45.00	86	89	42.00	94.50
16.00	16.00	47.00	88	89	44.50	95.50
16.00	16.00	45.00	89	92	45.50	95.00
16.00	16.00	45.00	90	94	47.00	99.00
16.00	16.00	45.00	91	95	47.50	101.50
16.00	16.00	45.00	92	97	48.00	102.50
16.00	16.00	45.00	93	99	48.50	104.50
16.00	16.00	45.00	100	102	51.00	108.50
16.00	16.00	44.00	101	102	52.50	108.50
16.00	16.00	45.00	102	104	54.00	110.50
16.00	16.00	47.00	103	107	56.00	114.50
16.00	16.00	45.00	104	108	57.00	114.50
16.00	16.00	45.00	105	110	58.50	117.00
16.00	16.00	45.00	106	112	59.00	119.00
16.00	16.00	45.00	107	114	60.50	121.00
16.00	16.00	45.00	108	116	61.50	123.00
16.00	16.00	45.00	109	118	62.50	124.00
16.00	16.00	45.00	110	120	63.50	126.00
16.00	16.00	45.00	111	122	64.50	128.00
16.00	16.00	45.00	112	124	65.50	129.00
16.00	16.00	45.00	113	126	66.50	130.00
16.00	16.00	45.00	114	128	67.50	132.00
16.00	16.00	45.00	115	130	68.50	133.00
16.00	16.00	45.00	116	132	69.50	134.00
16.00	16.00	45.00	117	134	70.50	135.00
16.00	16.00	45.00	118	136	71.50	136.00
16.00	16.00	45.00	119	138	72.50	137.00
16.00	16.00	45.00	120	140	73.50	138.00
16.00	16.00	45.00	121	142	74.50	139.00
16.00	16.00	45.00	122	144	75.50	140.00
16.00	16.00	45.00	123	146	76.50	141.00
16.00	16.00	45.00	124	148	77.50	142.00
16.00	16.00	45.00	125	150	78.50	143.00
16.00	16.00	45.00	126	152	79.50	144.00
16.00	16.00	45.00	127	154	80.50	145.00
16.00	16.00	45.00	128	156	81.50	146.00
16.00	16.00	45.00	129	158	82.50	147.00
16.00	16.00	45.00	130	160	83.50	148.00
16.00	16.00	45.00	131	162	84.50	149.00
16.00	16.00	45.00	132	164	85.50	150.00
16.00	16.00	45.00	133	166	86.50	151.00
16.00	16.00	45.00	134	168	87.50	152.00
16.00	16.00	45.00	135	170	88.50	153.00
16.00	16.00	45.00	136	172	89.50	154.00
16.00	16.00	45.00	137	174	90.50	155.00
16.00	16.00	45.00	138	176	91.50	156.00
16.00	16.00	45.00	139	178	92.50	157.00
16.00	16.00	45.00	140	180	93.50	158.00

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I Primary insurance benefit under 1959 Act, as mod- ified		II Primary insurance amount under 1959 Act	III (Average monthly wage)		IV Primary insur- ance amount	V Maximum family benefit
If an individual's primary insurance benefit (as de- termined under subsec. (a)) is—		Or his primary insurance amount (as deter- mined under subsec. (a)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount returned to in the preceding para- graphs of this subsection shall be—	And the maximum amount of bene- fit payable (as provided in sec. 202(a)) on the basis of his wage and self-employ- ment income shall be—
At least—	But not more than—		At least—	But not more than—		
822.00	824.00	822.00	8170	8174	824.00	841.00
84.00	84.00	84.00	170	170	84.00	132.00
86.00	86.00	86.00	170	170	84.00	144.00
88.00	88.00	88.00	170	170	87.00	156.00
90.00	90.00	90.00	184	184	88.00	168.00
92.00	92.00	92.00	194	194	100.10	180.00
94.00	94.00	94.00	200	200	102.20	192.00
96.00	96.00	96.00	200	200	104.40	204.00
98.00	98.00	98.00	200	200	106.70	216.00
100.00	100.00	100.00	212	212	109.00	228.00
102.00	102.00	102.00	217	217	108.00	240.00
104.00	104.00	104.00	220	220	107.00	252.00
106.00	106.00	106.00	220	220	106.00	264.00
108.00	108.00	108.00	220	220	105.00	276.00
110.00	110.00	110.00	220	220	104.00	288.00
112.00	112.00	112.00	220	220	103.00	300.00
114.00	114.00	114.00	220	220	102.00	312.00
116.00	116.00	116.00	220	220	101.00	324.00
118.00	118.00	118.00	220	220	100.00	336.00
120.00	120.00	120.00	220	220	99.00	348.00
122.00	122.00	122.00	220	220	98.00	360.00
124.00	124.00	124.00	220	220	97.00	372.00
126.00	126.00	126.00	220	220	96.00	384.00
128.00	128.00	128.00	220	220	95.00	396.00
130.00	130.00	130.00	220	220	94.00	408.00
132.00	132.00	132.00	220	220	93.00	420.00
134.00	134.00	134.00	220	220	92.00	432.00
136.00	136.00	136.00	220	220	91.00	444.00
138.00	138.00	138.00	220	220	90.00	456.00
140.00	140.00	140.00	220	220	89.00	468.00
142.00	142.00	142.00	220	220	88.00	480.00
144.00	144.00	144.00	220	220	87.00	492.00
146.00	146.00	146.00	220	220	86.00	504.00
148.00	148.00	148.00	220	220	85.00	516.00
150.00	150.00	150.00	220	220	84.00	528.00
152.00	152.00	152.00	220	220	83.00	540.00
154.00	154.00	154.00	220	220	82.00	552.00
156.00	156.00	156.00	220	220	81.00	564.00
158.00	158.00	158.00	220	220	80.00	576.00
160.00	160.00	160.00	220	220	79.00	588.00
162.00	162.00	162.00	220	220	78.00	600.00
164.00	164.00	164.00	220	220	77.00	612.00
166.00	166.00	166.00	220	220	76.00	624.00
168.00	168.00	168.00	220	220	75.00	636.00
170.00	170.00	170.00	220	220	74.00	648.00
172.00	172.00	172.00	220	220	73.00	660.00
174.00	174.00	174.00	220	220	72.00	672.00
176.00	176.00	176.00	220	220	71.00	684.00
178.00	178.00	178.00	220	220	70.00	696.00
180.00	180.00	180.00	220	220	69.00	708.00
182.00	182.00	182.00	220	220	68.00	720.00
184.00	184.00	184.00	220	220	67.00	732.00
186.00	186.00	186.00	220	220	66.00	744.00
188.00	188.00	188.00	220	220	65.00	756.00
190.00	190.00	190.00	220	220	64.00	768.00
192.00	192.00	192.00	220	220	63.00	780.00
194.00	194.00	194.00	220	220	62.00	792.00
196.00	196.00	196.00	220	220	61.00	804.00
198.00	198.00	198.00	220	220	60.00	816.00
200.00	200.00	200.00	220	220	59.00	828.00

7

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I (Primary insurance benefit under 1959 Act, as modified)		II (Primary insurance amount under 1965 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (a)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 208 (a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
		\$128.00	\$235	\$239	\$123.40	\$262.00
		134.00	239	244	124.80	264.00
		140.00	243	248	126.20	266.00
		146.00	247	253	127.60	268.00
		152.00	251	258	129.00	270.00
		158.00	255	263	130.40	272.00
			259	268	131.80	274.00
			263	273	133.20	276.00
			267	278	134.60	278.00
			271	283	136.00	280.00
			275	288	137.40	282.00
			279	293	138.80	284.00
			283	298	140.20	286.00
			287	303	141.60	288.00
			291	308	143.00	290.00
			295	313	144.40	292.00
			299	318	145.80	294.00
			303	323	147.20	296.00
			307	328	148.60	298.00
			311	333	150.00	300.00
			315		151.40	302.00
			319		152.80	304.00
			323		154.20	306.00
			327		155.60	308.00
			331		157.00	310.00
			335		158.40	312.00

1 (b) Section 203 (a) of such Act is amended by striking  
 2 out paragraph (2) and inserting in lieu thereof the fol-  
 3 lowing:  
 4 “(2) when two or more persons were entitled  
 5 (without the application of section 202 (j) (1) and sec-  
 6 tion 223 (b) ) to monthly benefits under section 202 or  
 7 223 for the second month following the month in which  
 8 the Social Security Amendments of 1967 are enacted on  
 9 the basis of the wages and self-employment income of  
 10 such insured individual, such total of benefits for such

1 second month or any subsequent month shall not be  
2 reduced to less than the larger of—

3 “(A) the amount determined under this sub-  
4 section without regard to this paragraph, or

5 “(B) an amount equal to the sum of the  
6 amounts derived by multiplying the benefit amount  
7 determined under this title (including this subsec-  
8 tion, but without the application of section 222 (b),  
9 section 202 (q), and subsections (b), (c), and (d)  
10 of this section), as in effect prior to such second  
11 month, for each such person for such second month,  
12 by 112.5 percent and raising each such increased  
13 amount, if it is not a multiple of \$0.10, to the next  
14 higher multiple of \$0.10;

15 but in any such case (i) paragraph (1) of this sub-  
16 section shall not be applied to such total of benefits after  
17 the application of subparagraph (B), and (ii) if sec-  
18 tion 202 (k) (2) (A) was applicable in the case of any  
19 such benefits for such second month, and ceases to  
20 apply after such month, the provisions of subpara-  
21 graph (B) shall be applied, for and after the month  
22 in which section 202 (k) (2) (A) ceases to apply, as  
23 though paragraph (1) had not been applicable to such  
24 total of benefits for such second month, or”.

## 9

1 (c) (1) Section 215 (b) (4) of such Act is amended to  
2 read as follows:

3 " (4) The provisions of this subsection shall be ap-  
4 plicable only in the case of an individual—

5 " (A) who becomes entitled, in or after the  
6 second month following the month in which the So-  
7 cial Security Amendments of 1967 are enacted, to  
8 benefits under section 202 (a) or section 223; or

9 " (B) who dies in or after such second month  
10 without being entitled to benefits under section 202 (a)  
11 or section 223; or

12 " (C) whose primary insurance amount is required  
13 to be recomputed under subsection (f) (2)."

14 (2) Section 215 (b) (5) of such Act is repealed.

15 (d) Section 215 (c) of such Act is amended to read as  
16 follows:

17 "Primary Insurance Amount Under 1965 Act

18 " (c) (1) For the purposes of column II of the table  
19 appearing in subsection (a) of this section, an individual's  
20 primary insurance amount shall be computed on the basis  
21 of the law in effect prior to the enactment of the Social  
22 Security Amendments of 1967.

23 " (2) The provisions of this subsection shall be ap-  
24 plicable only in the case of an individual who became en-

1 titled to benefits under section 202 (a) or section 223 before  
2 the second month following the month in which the Social  
3 Security Amendments of 1967 are enacted or who died  
4 before such second month."

5 (e) The amendments made by this section shall apply  
6 with respect to monthly benefits under title II of the  
7 Social Security Act for and after the second month fol-  
8 lowing the month in which this Act is enacted and with  
9 respect to lump-sum death payments under such title in the  
10 case of deaths occurring in or after such second month.

11 (f) If an individual was entitled to a disability insur-  
12 ance benefit under section 223 of the Social Security Act  
13 for the month following the month in which this Act is en-  
14 acted and became entitled to old-age insurance benefits under  
15 section 202 (a) of such Act for the second month following  
16 the month in which this Act is enacted, or he died in such  
17 second month, then, for purposes of section 215 (a) (4) of  
18 the Social Security Act (if applicable), the amount in column  
19 IV of the table appearing in such section 215 (a) for such  
20 individual shall be the amount in such column on the line  
21 on which in column II appears his primary insurance amount  
22 (as determined under section 215 (c) of such Act) instead  
23 of the amount in column IV equal to the primary insurance  
24 amount on which his disability insurance benefit is based.



## 11

1 INCREASE IN BENEFITS FOR CERTAIN INDIVIDUALS AGE 72

2 AND OVER

3 SEC. 102. (a) (1) Section 227 (a) of the Social Secu-  
4 rity Act is amended by striking out "\$35" and inserting in  
5 lieu thereof "\$40", and by striking out "\$17.50" and insert-  
6 ing in lieu thereof "\$20".

7 (2) Section 227 (b) of such Act is amended by striking  
8 out in the second sentence "\$35" and inserting in lieu thereof  
9 "\$40".

10 (b) (1) Section 228 (b) (1) of such Act is amended by  
11 striking out "\$35" and inserting in lieu thereof "\$40".

12 (2) Section 228 (b) (2) of such Act is amended by  
13 striking out "\$35" and inserting in lieu thereof "\$40", and  
14 by striking out "\$17.50" and inserting in lieu thereof "\$20".

15 (3) Section 228 (c) (2) of such Act is amended by  
16 striking out "\$17.50" and inserting in lieu thereof "\$20".

17 (4) Section 228 (c) (3) (A) of such Act is amended by  
18 striking out "\$35" and inserting in lieu thereof "\$40".

19 (5) Section 228 (c) (3) (B) of such Act is amended by  
20 striking out "\$17.50" and inserting in lieu thereof "\$20".

21 (c) The amendments made by subsections (a) and (b)  
22 shall apply with respect to monthly benefits under title II  
23 of the Social Security Act for and after the second month  
24 following the month in which this Act is enacted.

## 12

1 MAXIMUM AMOUNT OF A WIFE'S OR HUSBAND'S INSUR-  
2 ANCE BENEFIT

3 SEC. 103. (a) Section 202 (b) (2) of the Social Secu-  
4 rity Act is amended to read as follows:

5 “(2) Except as provided in subsection (q), such wife’s  
6 insurance benefit for each month shall be equal to whichever  
7 of the following is the smaller: (A) one-half of the primary  
8 insurance amount of her husband (or, in the case of a di-  
9 vorced wife, her former husband) for such month, or (B)  
10 \$105.”

11 (b) Section 202 (c) (3) of such Act is amended to read  
12 as follows:

13 “(3) Except as provided in subsection (q), such hus-  
14 band’s insurance benefit for each month shall be equal to  
15 whichever of the following is the smaller: (A) one-half of  
16 the primary insurance amount of his wife for such month, or  
17 (B) \$105.”

18 (c) Section 202 (e) (4) of such Act is amended by  
19 striking out “50 per centum of the primary insurance amount  
20 of the deceased individual on whose wages and self-employ-  
21 ment income such benefit is based” and inserting in lieu  
22 thereof “whichever of the following is the smaller: (A) one-  
23 half of the primary insurance amount of the deceased indi-  
24 vidual on whose wages and self-employment income such  
25 benefit is based, or (B) \$105”.

26 (d) Section 202 (f) (5) of such Act is amended by

## 13

1 striking out "50 per centum of the primary insurance amount  
2 of the deceased individual on whose wages and self-employ-  
3 ment income such benefit is based" and inserting in lieu  
4 thereof "whichever of the following is the smaller: (A) one-  
5 half of the primary insurance amount of the deceased indi-  
6 vidual on whose wages and self-employment income such  
7 benefit is based, or (B) \$105".

8 (e) The amendments made by subsections (a), (b),  
9 (c), and (d) shall apply with respect to monthly benefits  
10 under title II of the Social Security Act for and after the  
11 second month following the month in which this Act is  
12 enacted.

## 13 BENEFITS TO DISABLED WIDOWS AND WIDOWERS

14 SEC. 104. (a) (1) Subparagraph (B) of section 202  
15 (e) (1) of the Social Security Act is amended to read as  
16 follows:

17 "(B) (i) has attained age 60, or (ii) has attained  
18 age 50 but has not attained age 60 and is under a  
19 disability (as defined in section 223 (d)) which began  
20 before the end of the period specified in paragraph  
21 (5)."

22 (2) So much of section 202 (e) (1) of such Act as  
23 follows subparagraph (E) is amended to read as follows:  
24 "shall be entitled to a widow's insurance benefit for each  
25 month, beginning with—

14

1           “(F) if she satisfies subparagraph (B) by reason  
2 of clause (i) thereof, the first month in which she be-  
3 comes so entitled to such insurance benefits, or

4           “(G) if she satisfies subparagraph (B) by reason  
5 of clause (ii) thereof—

6           “(i) the first month after her waiting period  
7 (as defined in paragraph (6)) in which she be-  
8 comes so entitled to such insurance benefits, or

9           “(ii) the first month during all of which she is  
10 under a disability and in which she becomes so en-  
11 titled to such insurance benefits, but only if she was  
12 previously entitled to insurance benefits under this  
13 subsection on the basis of being under a disability  
14 and such first month occurs (I) in the period speci-  
15 fied in paragraph (5) and (II) after the month in  
16 which a previous entitlement to such benefits on  
17 such basis terminated,

18 and ending with the month preceding the first month in  
19 which any of the following occurs: she remarries, dies,  
20 becomes entitled to an old-age insurance benefit equal to or  
21 exceeding 82½ percent of the primary insurance amount of  
22 such deceased individual, or, if she became entitled to such  
23 benefits before she attained age 60, the third month following  
24 the month in which her disability ceases (unless she attains  
25 age 62 on or before the last day of such third month).”

## 15

1 (3) Section 202 (e) of such Act is further amended by  
2 adding after paragraph (4) the following new paragraphs:

3 “(5) The period referred to in paragraph (1) (B) (ii),  
4 in the case of any widow or surviving divorced wife, is the  
5 period beginning with whichever of the following is the  
6 latest:

7 “(A) the month in which occurred the death of  
8 the fully insured individual referred to in paragraph (1)  
9 on whose wages and self-employment income her bene-  
10 fits are or would be based, or

11 “(B) the last month for which she was entitled to  
12 mother’s insurance benefits on the basis of the wages and  
13 self-employment income of such individual, or

14 “(C) the month in which a previous entitlement  
15 to widow’s insurance benefits on the basis of such wages  
16 and self-employment income terminated because her  
17 disability had ceased,

18 and ending with the month before the month in which she  
19 attains age 60, or, if earlier, with the close of the eighty-  
20 fourth month following the month with which such period  
21 began.

22 “(6) The waiting period referred to in paragraph (1)  
23 (G), in the case of any widow or surviving divorced wife, is  
24 the earliest period of six consecutive calendar months—

1           “(A) throughout which she has been under a dis-  
2           ability, and

3           “(B) which begins not earlier than with whichever  
4           of the following is the later: (i) the first day of the  
5           eighteenth month before the month in which her applica-  
6           tion is filed, or (ii) the first day of the sixth month be-  
7           fore the month in which the period specified in para-  
8           graph (5) begins.”

9           (b) (1) Subparagraph (B) of section 202 (f) (1) of  
10          such Act is amended to read as follows:

11           “(B) (i) has attained age 62, or (ii) has attained  
12           age 50 but has not attained age 62 and is under a dis-  
13           ability (as defined in section 223 (d)) which began  
14           before the end of the period specified in paragraph  
15           (6),”.

16           (2) So much of section 202 (f) (1) of such Act as  
17          follows subparagraph (E) is amended to read as follows:  
18          “shall be entitled to a widower’s insurance benefit for each  
19          month, beginning with—

20           “(F) if he satisfies subparagraph (B) by reason  
21           of clause (i) thereof, the first month in which he  
22           becomes so entitled to such insurance benefits, or

23           “(G) if he satisfies subparagraph (B) by reason  
24           of clause (ii) thereof—

17

1           “(i) the first month after his waiting period  
2           (as defined in paragraph (7)) in which he be-  
3           comes so entitled to such insurance benefits, or  
4           “(ii) the first month during all of which he is  
5           under a disability and in which he becomes so en-  
6           titled to such insurance benefits, but only if he was  
7           previously entitled to insurance benefits under this  
8           subsection on the basis of being under a disability  
9           and such first month occurs (I) in the period  
10          specified in paragraph (6) and (II) after the  
11          month in which a previous entitlement to such  
12          benefits on such basis terminated,  
13          and ending with the month preceding the first month in  
14          which any of the following occurs: he remarries, dies, or  
15          becomes entitled to an old-age insurance benefit equal to or  
16          exceeding 82½ percent of the primary insurance amount of  
17          his deceased wife, or the third month following the month  
18          in which his disability ceases (unless he attains age 62  
19          on or before the last day of such third month).”

20          (3) Section 202 (f) (3) of such Act is amended by  
21          inserting “subsection (q) and” after “provided in”.

22          (4) Section 202 (f) of such Act is further amended by  
23          adding after paragraph (5) the following new paragraphs:

24          “(6) The period referred to in paragraph (1) (B) (ii),

1 in the case of any widower, is the period beginning with  
2 whichever of the following is the latest:

3       “(A) the month in which occurred the death of the  
4       fully insured individual referred to in paragraph (1)  
5       on whose wages and self-employment income his bene-  
6       fits are or would be based, or

7       “(B) the month in which a previous entitlement  
8       to widower's insurance benefits on the basis of such  
9       wages and self-employment income terminated because  
10      his disability had ceased,

11 and ending with the month before the month in which he  
12 attains age 62, or, if earlier, with the close of the eighty-  
13 fourth month following the month with which such period  
14 began.

15       “(7) The waiting period referred to in paragraph (1)  
16 (G), in the case of any widower, is the earliest period of  
17 six consecutive calendar months—

18       “(A) throughout which he has been under a dis-  
19       ability, and

20       “(B) which begins not earlier than with whichever  
21       of the following is the later: (i) the first day of the  
22       eighteenth month before the month in which his applica-  
23       tion is filed, or (ii) the first day of the sixth month be-  
24       fore the month in which the period specified in para-  
25       graph (6) begins.”



## 19

1 (c) (1) The heading of section 202 (q) of such Act is  
2 amended to read as follows:

3 "Reduction of Benefit Amounts for Certain Beneficiaries"

4 (2) So much of section 202 (q) (1) of such Act as  
5 precedes subparagraph (A) is amended by striking out "or  
6 widow's" and inserting in lieu thereof "widow's, or wid-  
7 ower's".

8 (3) Subparagraph (A) of section 202 (q) (1) of such  
9 Act is amended by striking out "or widow's" and inserting  
10 in lieu thereof ", widow's, or widower's".

11 (4) Section 202 (q) (1) of such Act is amended by  
12 adding at the end thereof the following:

13 "A widow's or widower's insurance benefit reduced pursuant  
14 to the preceding sentence shall be further reduced by—

15 " (C)  $4\frac{1}{2}\%$  of 1 percent of the amount of such  
16 benefit, multiplied by

17 " (D) (i) the number of months in the additional  
18 reduction period for such benefit (determined under  
19 paragraph (6)), if such benefit is for a month before  
20 the month in which such individual attains retirement  
21 age, or

22 " (ii) the number of months in the additional ad-  
23 justed reduction period for such benefit (determined  
24 under paragraph (7)), if such benefit is for the month

1 in which such individual attains retirement age or for any  
2 month thereafter."

3 (5) Section 202 (q) (3) (A) of such Act is amended—

4 (A) by striking out "or widow's" each place it ap-  
5 pears and inserting in lieu thereof "widow's, or widow-  
6 er's";

7 (B) by striking out "a widow's" and inserting in  
8 lieu thereof "a widow's or widower's"; and

9 (C) by striking out "60" and inserting in lieu  
10 thereof "50".

11 (6) Section 202 (q) (3) (C) of such Act is amended  
12 by striking out "or widow's" each time it appears and insert-  
13 ing in lieu thereof "widow's, or widower's".

14 (7) Section 202 (q) (3) (D) of such Act is amended  
15 by striking out "or widow's" and inserting in lieu thereof  
16 "widow's, or widower's".

17 (8) Section 202 (q) (3) (E) of such Act is amended—

18 (A) by striking out "(or would, but for subsection  
19 (e) (1), be)" and inserting in lieu thereof "(or would,  
20 but for subsection (e) (1) in the case of a widow or  
21 surviving divorced wife or subsection (f) (1) in the case  
22 of a widower, be)";

23 (B) by striking out "widow's" each place it ap-  
24 pears and inserting in lieu thereof "widow's or widow-  
25 er's"; and

## 21

1 (C) by striking out "she" and inserting in lieu  
2 thereof "she or he".

3 (9) Section 202 (q) (3) (F) of such Act is amended—

4 (A) by striking out "(or would, but for subsection  
5 (e) (1), be)" and inserting in lieu thereof "(or would,  
6 but for subsection (e) (1) in the case of a widow or  
7 surviving divorced wife or subsection (f) (1) in the  
8 case of a widower, be)";

9 (B) by striking out "widow's" each place it appears  
10 and inserting in lieu thereof "widow's or widower's"; and

11 (C) by striking out "she" and inserting in lieu  
12 thereof "she or he".

13 (10) Section 202 (q) (3) (G) of such Act is amended—

14 (A) by striking out "(or would, but for subsection  
15 (e) (1), be)" and inserting in lieu thereof "(or would,  
16 but for subsection (e) (1) in the case of a widow or sur-  
17 viving divorced wife or subsection (f) (1) in the case  
18 of a widower, be)";

19 (B) by striking out "widow's" and inserting in lieu  
20 thereof "widow's or widower's"; and

21 (C) by striking out "he" and inserting in lieu  
22 thereof "she or he".

23 (11) Section 202 (q) (6) of such Act is amended to  
24 read as follows:

25 "(6) For the purposes of this subsection—

1           “(A) the ‘reduction period’ for an individual’s old-  
2 age, wife’s, husband’s, widow’s, or widower’s insurance  
3 benefit is the period—

4                   “(i) beginning—

5                           “(I) in the case of an old-age or husband’s  
6 insurance benefit, with the first day of the first  
7 month for which such individual is entitled  
8 to such benefit, or

9                           “(II) in the case of a wife’s insurance  
10 benefit, with the first day of the first month  
11 for which a certificate described in paragraph  
12 (5) (A) (i) is effective, or

13                           “(III) in the case of a widow’s or widow-  
14 er’s insurance benefit, with the first day of the  
15 first month for which such individual is entitled  
16 to such benefit or the first day of the month in  
17 which such individual attains age 60, whichever  
18 is the later, and

19                           “(ii) ending with the last day of the month  
20 before the month in which such individual attains  
21 retirement age; and

22           “(B) the ‘additional reduction period’ for an in-  
23 dividual’s widow’s or widower’s insurance benefit is the  
24 period—

25                           “(i) beginning with the first day of the first

1 month for which such individual is entitled to such  
2 benefit, but only if such individual has not attained  
3 age 60 in such first month, and

4 “(ii) ending with the last day of the month  
5 before the month in which such individual attains  
6 age 60.”

7 (12) Section 202 (q) (7) of such Act is amended—

8 (A) by inserting “or ‘additional adjusted reduction  
9 period’ ” after “the ‘adjusted reduction period’ ”;

10 (B) by striking out “or widow’s” and inserting in  
11 lieu thereof “widow’s, or widower’s”;

12 (C) by inserting “or additional reduction period  
13 (as the case may be)” after “the reduction period”;

14 and

15 (D) by striking out “widow’s” in subparagraph

16 (E) and inserting in lieu thereof “widow’s or widow-

17 er’s”, by striking out “she” each place it appears in

18 such subparagraph and inserting in lieu thereof “she or

19 he”, and by striking out “her” in such subparagraph and

20 inserting in lieu thereof “her or his”.

21 (13) Section 202 (q) (9) of such Act is amended by

22 striking out “widow’s” and inserting in lieu thereof “widow’s

23 or widower’s”.

24 (d) (1) (A) The third sentence of section 203 (c) of

25 such Act is amended by striking out “or any subsequent

1 month" and inserting in lieu thereof "or any subsequent  
2 month; nor shall any deduction be made under this subsec-  
3 tion from any widow's insurance benefit for any month in  
4 which the widow or surviving divorced wife is entitled and  
5 has not attained age 62 (but only if she became so entitled  
6 prior to attaining age 60), or from any widower's insurance  
7 benefit for any month in which the widower is entitled and  
8 has not attained age 62".

9 (B) The third sentence of section 203 (f) (1) of such  
10 Act is amended by striking out "or (D)" and inserting in  
11 lieu thereof the following: "(D) for which such individual  
12 is entitled to widow's insurance benefits and has not attained  
13 age 62 (but only if she became so entitled prior to attain-  
14 ing age 60) or widower's insurance benefits and has not  
15 attained age 62, or (E)".

16 (C) Section 203 (f) (2) of such Act is amended by  
17 striking out "and (D)" and inserting in lieu thereof "(D),  
18 and (E)".

19 (D) Section 203 (f) (4) of such Act is amended by  
20 striking out "(D)" and inserting in lieu thereof "(E)".

21 (2) Section 216 (i) (1) of such Act is amended by  
22 inserting "202 (e), 202 (f)," after "202 (d),".

23 (3) (A) Section 222 (a) of such Act is amended by  
24 inserting "widow's insurance benefits, or widower's insurance  
25 benefits," after "benefits,".

## 25

1 (B) Section 222 (b) (1) of such Act is amended by  
2 striking out "child's insurance benefits or if" and inserting in  
3 lieu thereof "child's insurance benefits, a widow or surviving  
4 divorced wife who has not attained age 60, a widower who  
5 has not attained age 62, or".

6 (4) (A) Section 222 (d) (1) of such Act is amended  
7 by inserting "or" at the end of subparagraph (B), and by  
8 inserting after such subparagraph the following new sub-  
9 paragraphs:

10 " (C) entitled to widow's insurance benefits under  
11 section 202 (e) prior to attaining age 60, or

12 " (D) entitled to widower's insurance benefits under  
13 section 202 (f) prior to attaining age 62,".

14 (B) Section 222 (d) (1) of such Act is further amended  
15 by striking out "who have attained age 18 and are under  
16 a disability," in the first sentence and inserting in lieu  
17 thereof the following: "who have attained age 18 and are  
18 under a disability, the benefits under section 202 (e) for  
19 widows and surviving divorced wives who have not attained  
20 age 60 and are under a disability, the benefits under section  
21 202 (f) for widowers who have not attained age 62,".

22 (5) (A) The first sentence of section 225 of such Act  
23 is amended by inserting after "under section 202 (d)," the  
24 following: "or that a widow or surviving divorced wife who  
25 has not attained age 60 and is entitled to benefits under

1 section 202 (e), or that a widower who has not attained age  
2 62 and is entitled to benefits under section 202 (f),”.

3 (B) The first sentence of section 225 of such Act is  
4 further amended by striking out “223 or 202 (d)” and in-  
5 serting in lieu thereof “202 (d), 202 (e), 202 (f), or 223”.

6 (e) The amendments made by this section shall apply  
7 with respect to monthly benefits under title II of the  
8 Social Security Act for and after the second month fol-  
9 lowing the month in which this Act is enacted, but only  
10 on the basis of applications for such benefits filed in or after  
11 the month in which this Act is enacted.

12 INSURED STATUS FOR YOUNGER DISABLED WORKERS

13 SEC. 105. (a) Subparagraph (B) (ii) of section  
14 216 (i) (3) of the Social Security Act is amended by strik-  
15 ing out “and he is under a disability by reason of blindness  
16 (as defined in paragraph (1))”.

17 (b) Subparagraph (B) (ii) of section 223 (c) (1) of  
18 such Act is amended by striking out “before he attains”  
19 and inserting in lieu thereof “before the quarter in which  
20 he attains”, and by striking out “and he is under a disability  
21 by reason of blindness (as defined in section 216 (i) (1))”.

22 (c) The amendment made by subsection (a) shall  
23 apply only with respect to applications for disability deter-  
24 minations filed under section 216 (i) of the Social Security  
25 Act in or after the month in which this Act is enacted. The



1 amendments made by subsection (b) shall apply with  
2 respect to monthly benefits under title II of such Act for  
3 and after the second month following the month in which  
4 this Act is enacted, but only on the basis of applications for  
5 such benefits filed in or after the month in which this Act is  
6 enacted.

7 BENEFITS IN CASE OF MEMBERS OF THE UNIFORMED  
8 SERVICES

9 SEC. 106. Title II of the Social Security Act is amended  
10 by adding at the end thereof the following new section:

11 "BENEFITS IN CASE OF MEMBERS OF THE UNIFORMED  
12 SERVICES

13 "SEC. 229. (a) For purposes of determining entitle-  
14 ment to and the amount of any monthly benefit for any  
15 month after December 1967, or entitlement to and the  
16 amount of any lump-sum death payment in case of a death  
17 after such month, payable under this title on the basis of  
18 the wages and self-employment income of any individual,  
19 and for purposes of section 216(i)(3), such individual  
20 shall be deemed to have been paid, in each calendar quarter  
21 occurring after 1967 in which he was paid wages for serv-  
22 ice as a member of a uniformed service (as defined in sec-  
23 tion 210(m)) which was included in the term 'employment'  
24 as defined in section 210(a) as a result of the provisions

1 of section 210 (1), wages (in addition to the wages actually  
2 paid to him for such service) of—

3 “(1) \$100 if the wages actually paid to him in  
4 such quarter for such services were \$100 or less,

5 “(2) \$200 if the wages actually paid to him in  
6 such quarter for such services were more than \$100 but  
7 not more than \$200, or

8 “(3) \$300 in any other case.

9 “(b) There are authorized to be appropriated to the  
10 Federal Old-Age and Survivors Insurance Trust Fund, the  
11 Federal Disability Insurance Trust Fund, and the Federal  
12 Hospital Insurance Trust Fund annually, as benefits under  
13 this title and part A of title XVIII are paid after December  
14 1967, such sums as the Secretary determines to be necessary  
15 to meet (1) the additional costs, resulting from subsection  
16 (a), of such benefits (including lump-sum death payments),  
17 (2) the additional administrative expenses resulting there-  
18 from, and (3) any loss in interest to such trust funds re-  
19 sulting from the payment of such amounts. Such additional  
20 costs shall be determined after any increases in such benefits  
21 arising from the application of section 217 have been made.”

22 LIBERALIZATION OF EARNINGS TEST

23 SEC. 107. (a) (1) Paragraphs (1), (3), and (4) (B)  
24 of section 203 (f) of the Social Security Act are each

## 29

1 amended by striking out "\$125" and inserting in lieu thereof  
2 "\$140".

3 (2) Paragraph (1) (A) of section 203 (h) of such  
4 Act is amended by striking out "\$125" and inserting in lieu  
5 thereof "\$140".

6 (b) The amendments made by subsection (a) shall  
7 apply with respect to taxable years ending after December  
8 1967.

9 INCREASE OF EARNINGS COUNTED FOR BENEFIT AND TAX  
10 PURPOSES

11 SEC. 108. (a) (1) (A) Section 209 (a) (4) of the So-  
12 cial Security Act is amended by inserting "and prior to  
13 1968" after "1965".

14 (B) Section 209 (a) of such Act is further amended by  
15 adding at the end thereof the following new paragraph:

16 "(5) That part of remuneration which, after remunera-  
17 tion (other than remuneration referred to in the succeeding  
18 subsections of this section) equal to \$7,600 with respect to  
19 employment has been paid to an individual during any cal-  
20 endar year after 1967, is paid to such individual during  
21 such calendar year;"

22 (2) (A) Section 211 (b) (1) (D) of such Act is  
23 amended by inserting "and prior to 1968" after "1965", and  
24 by striking out "; or" and inserting in lieu thereof "; and".

## 30

1 (B) Section 211 (b) (1) of such Act is further amended  
2 by adding at the end thereof the following new subpara-  
3 graph:

4 (E) For any taxable year ending after 1967,  
5 (i) \$7,600, minus (ii) the amount of the wages  
6 paid to such individual during the taxable year; or”.

7 (3) (A) Section 213 (a) (2) (ii) of such Act is  
8 amended by striking out “after 1965” and inserting in lieu  
9 thereof “after 1965 and before 1968, or \$7,600 in the case  
10 of a calendar year after 1967”.

11 (B) Section 213 (a) (2) (iii) of such Act is amended  
12 by striking out “after 1965” and inserting in lieu thereof  
13 “after 1965 and before 1968, or \$7,600 in the case of a  
14 taxable year ending after 1967”.

15 (4) Section 215 (e) (1) of such Act is amended by  
16 striking out “and the excess over \$6,600 in the case of any  
17 calendar year after 1965” and inserting in lieu thereof “the  
18 excess over \$6,600 in the case of any calendar year after  
19 1965 and before 1968, and the excess over \$7,600 in the  
20 case of any calendar year after 1967”.

21 (b) (1) (A) Section 1402 (b) (1) (D) of the Internal  
22 Revenue Code of 1954 (relating to definition of self-employ-  
23 ment income) is amended by inserting “and before 1968”  
24 after “1965”, and by striking out “; or” and inserting in lieu  
25 thereof “; and”.

## 31

1 (B) Section 1402(b)(1) of such Code is further  
2 amended by adding at the end thereof the following new  
3 subparagraph:

4 " (E) for any taxable year ending after 1967,  
5 (i) \$7,600, minus (ii) the amount of the wages  
6 paid to such individual during the taxable year; or".

7 (2) Section 3121(a)(1) of such Code (relating to  
8 definition of wages) is amended by striking out "\$6,600"  
9 each place it appears and inserting in lieu thereof "\$7,600".

10 (3) The second sentence of section 3122 of such Code  
11 (relating to Federal service) is amended by striking out  
12 "\$6,600" and inserting in lieu thereof "\$7,600".

13 (4) Section 3125 of such Code (relating to returns  
14 in the case of governmental employees in Guam, American  
15 Samoa, and the District of Columbia) is amended by striking  
16 out "\$6,600" each place it appears and inserting in lieu  
17 thereof "\$7,600".

18 (5) Section 6413(c)(1) of such Code (relating to  
19 special refunds of employment taxes) is amended—

20 (A) by inserting "and prior to the calendar year  
21 1968" after "the calendar year 1965";

22 (B) by inserting after "exceed \$6,600," the fol-  
23 lowing: "or (D) during any calendar year after the  
24 calendar year 1967, the wages received by him during  
25 such year exceed \$7,600,"; and

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1 (C) by inserting before the period at the end  
2 thereof the following: "and before 1968, or which ex-  
3 ceeds the tax with respect to the first \$7,600 of such  
4 wages received in such calendar year after 1967".

5 (6) Section 6413 (c) (2) (A) of such Code (relating  
6 to refunds of employment taxes in the case of Federal em-  
7 ployees) is amended by striking out "or \$6,600 for any  
8 calendar year after 1965" and inserting in lieu thereof  
9 "\$6,600 for the calendar year 1966 or 1967, or \$7,600 for  
10 any calendar year after 1967".

11 (c) The amendments made by subsections (a) (1) and  
12 (a) (3) (A), and the amendments made by subsection (b)  
13 (except paragraph (1) thereof), shall apply only with re-  
14 spect to remuneration paid after December 1967. The  
15 amendments made by subsections (a) (2), (a) (3) (B),  
16 and (b) (1) shall apply only with respect to taxable years  
17 ending after 1967. The amendment made by subsection (a)  
18 (4) shall apply only with respect to calendar years after  
19 1967.

20 CHANGES IN TAX SCHEDULES

21 SEC. 109. (a) (1) Section 1401 (a) of the Internal  
22 Revenue Code of 1954 (relating to rate of tax on self-  
23 employment income for purposes of old-age, survivors, and

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1 disability insurance) is amended by striking out paragraphs  
2 (1), (2), (3), and (4) and inserting in lieu thereof the  
3 following:

4       “(1) in the case of any taxable year beginning after  
5       December 31, 1966, and before January 1, 1969, the  
6       tax shall be equal to 5.9 percent of the amount of the  
7       self-employment income for such taxable year;

8       “(2) in the case of any taxable year beginning after  
9       December 31, 1968, and before January 1, 1971, the  
10      tax shall be equal to 6.3 percent of the amount of the  
11      self-employment income for such taxable year;

12      “(3) in the case of any taxable year beginning after  
13      December 31, 1970, and before January 1, 1973, the  
14      tax shall be equal to 6.9 percent of the amount of the  
15      self-employment income for such taxable year; and

16      “(4) in the case of any taxable year beginning after  
17      December 31, 1972, the tax shall be equal to 7.0 percent  
18      of the amount of the self-employment income for such  
19      taxable year.”

20      (2) Section 3101 (a) of such Code (relating to rate  
21 of tax on employees for purposes of old-age, survivors, and  
22 disability insurance) is amended by striking out paragraphs

1 (1), (2), (3), and (4) and inserting in lieu thereof the  
2 following:

3 " (1) with respect to wages received during the cal-  
4 endar years 1967 and 1968, the rate shall be 3.9 percent;

5 " (2) with respect to wages received during the  
6 calendar years 1969 and 1970, the rate shall be 4.2  
7 percent;

8 " (3) with respect to wages received during the  
9 calendar years 1971 and 1972, the rate shall be 4.6  
10 percent; and

11 " (4) with respect to wages received after Decem-  
12 ber 31, 1972, the rate shall be 5.0 percent."

13 (3) Section 3111(a) of such Code (relating to rate  
14 of tax on employers for purposes of old-age, survivors, and  
15 disability insurance) is amended by striking out paragraphs  
16 (1), (2), (3), and (4) and inserting in lieu thereof the  
17 following:

18 " (1) with respect to wages paid during the cal-  
19 endar years 1967 and 1968, the rate shall be 3.9 per-  
20 cent;

21 " (2) with respect to wages paid during the cal-  
22 endar years 1969 and 1970, the rate shall be 4.2 per-  
23 cent;

24 " (3) with respect to wages paid during the cal-



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1       endar years 1971 and 1972, the rate shall be 4.6 per-  
2       cent; and

3               “(4) with respect to wages paid after December  
4       31, 1972, the rate shall be 5.0 percent.”

5       (b) (1) Section 1401 (b) of such Code (relating to  
6       rate of tax on self-employment income for purposes of hos-  
7       pital insurance) is amended by striking out paragraphs (1)  
8       through (6) and inserting in lieu thereof the following:

9               “(1) in the case of any taxable year beginning  
10       after December 31, 1966, and before January 1, 1969,  
11       the tax shall be equal to 0.50 percent of the amount of  
12       the self-employment income for such taxable year;

13               “(2) in the case of any taxable year beginning  
14       after December 31, 1968, and before January 1, 1973,  
15       the tax shall be equal to 0.60 percent of the amount of  
16       the self-employment income for such taxable year;

17               “(3) in the case of any taxable year beginning  
18       after December 31, 1972, and before January 1, 1976,  
19       the tax shall be equal to 0.65 percent of the amount of  
20       the self-employment income for such taxable year;

21               “(4) in the case of any taxable year beginning  
22       after December 31, 1975, and before January 1, 1980,  
23       the tax shall be equal to 0.70 percent of the amount of  
24       the self-employment income for such taxable year;

1           “(5) in the case of any taxable year beginning  
2           after December 31, 1979, and before January 1, 1987,  
3           the tax shall be equal to 0.80 percent of the amount of  
4           the self-employment income for such taxable year; and

5           “(6) in the case of any taxable year beginning  
6           after December 31, 1986, the tax shall be equal to 0.90  
7           percent of the amount of the self-employment income  
8           for such taxable year.”

9           (2) Section 3101 (b) of such Code (relating to rate of  
10          tax on employees for purposes of hospital insurance) is  
11          amended by striking out paragraphs (1) through (6) and  
12          inserting in lieu thereof the following:

13           “(1) with respect to wages received during the cal-  
14          endar years 1967 and 1968, the rate shall be 0.50 per-  
15          cent;

16           “(2) with respect to wages received during the cal-  
17          endar years 1969, 1970, 1971, and 1972, the rate shall  
18          be 0.60 percent;

19           “(3) with respect to wages received during the cal-  
20          endar years 1973, 1974, and 1975, the rate shall be 0.65  
21          percent;

22           “(4) with respect to wages received during the cal-  
23          endar years 1976, 1977, 1978, and 1979, the rate shall  
24          be 0.70 percent;

25           “(5) with respect to wages received during the cal-

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1       endar years 1980, 1981, 1982, 1983, 1984, 1985, and  
2       1986, the rate shall be 0.80 percent; and

3       “ (6) with respect to wages received after Decem-  
4       ber 31, 1986, the rate shall be 0.90 percent.”

5       (3) Section 3111 (b) of such Code (relating to rate  
6 of tax on employers for purposes of hospital insurance) is  
7 amended by striking out paragraphs (1) through (6) and  
8 inserting in lieu thereof the following:

9       “ (1) with respect to wages paid during the cal-  
10       endar years 1967 and 1968, the rate shall be 0.50  
11       percent;

12       “ (2) with respect to wages paid during the cal-  
13       endar years 1969, 1970, 1971, and 1972, the rate shall  
14       be 0.60 percent;

15       “ (3) with respect to wages paid during the cal-  
16       endar years 1973, 1974, and 1975, the rate shall be  
17       0.65 percent;

18       “ (4) with respect to wages paid during the cal-  
19       endar years 1976, 1977, 1978, and 1979, the rate shall  
20       be 0.70 percent;

21       “ (5) with respect to wages paid during the cal-  
22       endar years 1980, 1981, 1982, 1983, 1984, 1985, and  
23       1986, the rate shall be 0.80 percent; and

24       “ (6) with respect to wages paid after December  
25       31, 1986, the rate shall 0.90 percent.”

1 (c) The amendments made by subsections (a) (1)  
2 and (b) (1) shall apply only with respect to taxable years  
3 beginning after December 31, 1967. The remaining amend-  
4 ments made by this section shall apply only with respect  
5 to remuneration paid after December 31, 1967.

6 ALLOCATION TO DISABILITY INSURANCE TRUST FUND

7 SEC. 110. (a) Section 201 (b) (1) of the Social Secu-  
8 rity Act is amended—

9 (1) by inserting “(A)” after “(1)”;

10 — (2) by striking out “1954, and” and inserting in  
11 lieu thereof “1954, (B)”;

12 (3) by inserting “and before January 1, 1968,”  
13 after “December 31, 1965,”; and

14 (4) by inserting after “so reported,” the following:  
15 “and (C) 0.95 of 1 per centum of the wages (as so de-  
16 fined) paid after December 31, 1967, and so reported,”.

17 (b) Section 201 (b) (2) of such Act is amended—

18 (1) by inserting “(A)” after “(2)”;

19 (2) by striking out “1966, and” and inserting in  
20 lieu thereof “1966, (B)”;

21 (3) by inserting after “December 31, 1965,” the  
22 following: “and before January 1, 1968, and (C)  
23 0.7125 of 1 per centum of the amount of self-employ-  
24 ment income (as so defined) so reported for any taxable  
25 year beginning after December 31, 1967,”.

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1 **PART 2—COVERAGE UNDER THE OLD-AGE, SURVIVORS,**  
2 **AND DISABILITY INSURANCE PROGRAM**

3 **COVERAGE OF MINISTERS**

4 **SEC. 115. (a)** The last sentence of section 211 (c) of  
5 the Social Security Act is amended to read as follows:

6 “The provisions of paragraph (4) or (5) shall not apply  
7 to service performed by an individual unless an exemption  
8 under section 1402 (e) of the Internal Revenue Code of 1954  
9 is effective with respect to him.”

10 (b) (1) The last sentence of section 1402 (c) of the  
11 Internal Revenue Code of 1954 (relating to definition of  
12 trade or business) is amended to read as follows:

13 “The provisions of paragraph (4) or (5) shall not apply  
14 to service performed by an individual unless an exemption  
15 under subsection (e) is effective with respect to him.”

16 (2) Section 1402 (e) of such Code (relating to min-  
17 isters, members of religious orders, and Christian Science  
18 practitioners) is amended to read as follows:

19 “(e) **MINISTERS, MEMBERS OF RELIGIOUS ORDERS,**  
20 **AND CHRISTIAN SCIENCE PRACTITIONERS.—**

21 “(1) **EXEMPTION.—**Any individual who is (A)  
22 a duly ordained, commissioned, or licensed minister of a  
23 church or a member of a religious order or (B) a Chris-  
24 tian Science practitioner, upon filing an application (in  
25 such form and manner, and with such official, as may be

1 prescribed by regulations made under this chapter) to-  
2 gether with a statement that he is conscientiously op-  
3 posed to the acceptance (with respect to services  
4 performed by him as such minister, member, or prac-  
5 titioner) of any public insurance which makes pay-  
6 ments in the event of death, disability, old age, or  
7 retirement or makes payments toward the cost of, or  
8 provides services for, medical care (including the bene-  
9 fits of any insurance system established by the Social  
10 Security Act), shall receive an exemption from the tax  
11 imposed by this chapter with respect to services per-  
12 formed by him as such minister, member, or practi-  
13 tioner. Notwithstanding the preceding sentence,  
14 an exemption may not be granted to an individual  
15 under this subsection if he had filed an effective waiver  
16 certificate under this section as it was in effect before  
17 its amendment in 1967.

18       “(2) TIME FOR FILING APPLICATION.—Any indi-  
19 vidual who desires to file an application pursuant to  
20 paragraph (1) must file such application on or before  
21 whichever of the following dates is later: (A) the due  
22 date of the return (including any extension thereof) for  
23 the second taxable year for which he has net earnings  
24 from self-employment (computed without regard to  
25 subsections (c) (4) and (c) (5)) of \$400 or more, any

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1 part of which was derived from the performance of  
2 service described in subsection (c) (4) or (c) (5);  
3 or (B) the due date of the return (including any ex-  
4 tension thereof) for his second taxable year ending after  
5 1967.

6 “(3) **EFFECTIVE DATE OF EXEMPTION:**—An ex-  
7 emption received by an individual pursuant to this sub-  
8 section shall be effective for the first taxable year for  
9 which he has net earnings from self-employment (con-  
10 sidered without regard to subsections (c) (4), and (c)  
11 (5)) of \$400 or more, any part of which was derived  
12 from the performance of service described in subsection  
13 (c) (4) or (c) (5), and for all succeeding taxable years.  
14 An exemption received pursuant to this subsection shall  
15 be irrevocable.”

16 (c) The amendments made by subsections (a) and (b)  
17 shall apply only with respect to taxable years ending after  
18 1967.

19 **COVERAGE OF STATE AND LOCAL EMPLOYEES**

20 **SEC. 116.** (a) Section 218(d) (6) (D) of the Social  
21 Security Act is amended by inserting “(i)” after “(D)”,  
22 and by adding at the end thereof the following:

23 “(ii) Notwithstanding clause (i), the State may, pur-  
24 suant to subsection (c) (4) (B) and subject to the conditions  
25 of continuation or termination of coverage provided for in

1 subsection (c) (7), modify its agreement under this section  
2 to include services performed by all individuals described in  
3 clause (i) other than those individuals to whose services the  
4 agreement already applies. Such individuals shall be deemed  
5 (on and after the effective date of the modification) to be  
6 in positions covered by the separate retirement system  
7 consisting of the positions of members of the division or part  
8 who desire coverage under the insurance system established  
9 under this title."

10 (b) (1) (A) Section 218 (c) (3) of such Act is amended  
11 by striking out subparagraph (A), and by redesignating  
12 subparagraphs (B) and (C) as subparagraphs (A) and  
13 (B), respectively.

14 (B) Paragraphs (4) and (7) of section 218 (c) of  
15 such Act, and paragraph (5) (B) of section 218 (d) of such  
16 Act, are each amended by striking out "paragraph (3) (C)"  
17 wherever it appears and inserting in lieu thereof "paragraph  
18 (3) (B)".

19 (C) Paragraph (4) (C) of section 218 (d) of such  
20 Act is amended by striking out "subsection (c) (3) (C)"  
21 and inserting in lieu thereof "subsection (c) (3) (B)".

22 (2) Section 218 (c) (6) of such Act is amended—

23 (A) by striking out "and" at the end of subpara-  
24 graph (C) ;

25 (B) by striking out the period at the end of sub-



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1 paragraph (D) and inserting in lieu thereof “, and”;  
2 and

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

5 “(E) service performed by an individual as an  
6 employee serving on a temporary basis in case of fire,  
7 storm, snow, earthquake, flood, or other similar  
8 emergency.”

9 (3) The amendments made by this subsection shall be  
10 effective with respect to services performed on or after  
11 January 1, 1968.

12 (c) Section 218 (c) of such Act is amended by adding  
13 at the end thereof the following new paragraph:

14 “(8) Notwithstanding any other provision of this sec-  
15 tion, the agreement with any State entered into under this  
16 section may at the option of the State be modified on or  
17 after January 1, 1968, to exclude service performed by elec-  
18 tion officials or election workers if the remuneration paid in a  
19 calendar quarter for such service is less than \$50. Any modi-  
20 fication of an agreement pursuant to this paragraph shall be  
21 effective with respect to services performed after an effective  
22 date, specified in such modification, which shall not be  
23 earlier than the last day of the calendar quarter in which the  
24 modification is mailed or delivered by other means to the  
25 Secretary.”

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1 INCLUSION OF ILLINOIS AMONG STATES PERMITTED TO  
2 DIVIDE THEIR RETIREMENT SYSTEMS

3 SEC. 117. Section 218 (d) (6) (C) of the Social Secu-  
4 rity Act is amended by inserting "Illinois," after "Georgia,".

5 TAXATION OF CERTAIN EARNINGS OF RETIRED PARTNER

6 SEC. 118. (a) Section 1402 (a) of the Internal Reve-  
7 nue Code of 1954 (relating to definition of net earnings  
8 from self-employment) is amended—

9 (1) by striking out "and" at the end of paragraph  
10 (8);

11 (2) by striking out the period at the end of para-  
12 graph (9) and inserting in lieu thereof "; and"; and

13 (3) by inserting after paragraph (9) the following  
14 new paragraph:

15 "(10) there shall be excluded amounts received by  
16 a partner pursuant to a written plan of the partnership,  
17 which meets such requirements as are prescribed by the  
18 Secretary of the Treasury or his delegate, and which  
19 provides for payments on account of retirement, on a  
20 periodic basis, to partners generally or to a class or  
21 classes of partners, such payments to continue at least  
22 until such partner's death, if—

23 "(A) such partner rendered no services with  
24 respect to any trade or business carried on by such

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1 partnership (or its successors) during the taxable  
2 year of such partnership (or its successors), end-  
3 ing within or with his taxable year, in which such  
4 amounts were received, and

5 “(B) no obligation exists (as of the close of  
6 the partnership’s taxable year referred to in sub-  
7 paragraph (A)) from the other partners to such  
8 partner except with respect to retirement payments  
9 under such plan, and

10 “(C) such partner’s share, if any, of the capital  
11 of the partnership has been paid to him in full before  
12 the close of the partnership’s taxable year referred  
13 to in subparagraph (A).”

14 (b) Section 211(a) of the Social Security Act is  
15 amended—

16 (1) by striking out “and” at the end of paragraph  
17 (7);

18 (2) by striking out the period at the end of para-  
19 graph (8) and inserting in lieu thereof “; and”; and

20 (3) by inserting after paragraph (8) the following  
21 new paragraph:

22 “(9) There shall be excluded amounts received  
23 by a partner pursuant to a written plan of the partner-  
24 ship, which meets such requirements as are prescribed

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1 by the Secretary of the Treasury or his delegate, and  
2 which provides for payments on account of retirement,  
3 on a periodic basis, to partners generally or to a class  
4 or classes of partners, such payments to continue at least  
5 until such partner's death, if—

6 “(A) such partner rendered no services with  
7 respect to any trade or business carried on by such  
8 partnership (or its successors) during the taxable  
9 year of such partnership (or its successors), ending  
10 within or with his taxable year, in which such  
11 amounts were received, and

12 “(B) no obligation exists (as of the close of  
13 the partnership's taxable year referred to in sub-  
14 paragraph (A)) from the other partners to such  
15 partner except with respect to retirement payments  
16 under such plan, and

17 “(C) such partner's share, if any, of the cap-  
18 ital of the partnership has been paid to him in full  
19 before the close of the partnership's taxable year  
20 referred to in subparagraph (A).”

21 (c) The amendments made by this section shall apply  
22 only with respect to taxable years ending on or after De-  
23 cember 31, 1967.

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## 1           PART 3—HEALTH INSURANCE BENEFITS

2   METHOD OF PAYMENT TO PHYSICIANS UNDER SUPPLE-  
3           MENTARY MEDICAL INSURANCE PROGRAM4           SEC. 125. (a) Section 1842(b)(3)(B) of the Social  
5 Security Act is amended—

6           (1) by striking out “(i)”; and

7           (2) by striking out “and (ii)” and all that fol-  
8 lows and inserting in lieu thereof the following: “and  
9 such payment will be made—

10           “(i) on the basis of a receipted bill; or

11           “(ii) on the basis of an assignment under the  
12 terms of which the reasonable charge is the full  
13 charge for the service; or14           “(iii) on the basis of an itemized bill (I) to  
15 the physician or other person providing the service,  
16 if such bill is submitted by him in such form and  
17 manner as the Secretary may prescribe and within  
18 such time as may be specified in regulations and the  
19 full charge is found not to exceed the reasonable  
20 charge for the service, or (II) to the individual  
21 receiving the service, if payment is not made in  
22 accordance with clause (I) (either because the  
23 charge made is found to exceed the reasonable

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1 charge for the service, or because the physician or  
2 other person providing the service fails to submit  
3 the bill under clause (I) within the time specified  
4 or directs that payment be made to the individual  
5 receiving the service) and the bill is submitted in  
6 such form and manner as the Secretary may pre-  
7 scribe;

8 but only if the bill is submitted, or a written request for  
9 payment is made in such other form as may be per-  
10 mitted under regulations, no later than the close of the  
11 calendar year following the year in which such service  
12 is furnished (deeming any service furnished in the last  
13 3 months of any calendar year to have been furnished  
14 in the succeeding calendar year);”.

15 (b) The amendments made by subsection (a) shall  
16 apply with respect to payments made under part B of title  
17 XVIII of the Social Security Act on the basis of bills re-  
18 ceived after December 31, 1967.

19 ELIMINATION OF REQUIREMENT OF PHYSICIAN CERTIFICA-  
20 TION IN CASE OF CERTAIN HOSPITAL SERVICES

21 SEC. 126. (a) Section 1814 (a) of the Social Security  
22 Act (as amended by section 129 (c) (5) of this Act) is  
23 amended—

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1 (1) by striking out subparagraph (A) of para-  
2 graph (2);

3 (2) by redesignating subparagraphs (B), (C),  
4 (D), and (E) of paragraph (2) as subparagraphs  
5 (A), (B), (C), and (D), respectively;

6 (3) by redesignating paragraphs (3), (4), (5),  
7 and (6) as paragraphs (4), (5), (6), and (7), re-  
8 spectively;

9 (4) by inserting immediately after paragraph (2)  
10 the following new paragraph:

11 “(3) with respect to inpatient hospital services  
12 (other than inpatient psychiatric hospital services and  
13 inpatient tuberculosis hospital services) which are fur-  
14 nished over a period of time, a physician certifies that  
15 such services are required to be given on an inpatient  
16 basis for such individual's medical treatment, or that  
17 inpatient diagnostic study is medically required and such  
18 services are necessary for such purpose, except that (A)  
19 such certification shall be furnished only in such cases,  
20 with such frequency, and accompanied by such sup-  
21 porting material, appropriate to the cases involved, as  
22 may be provided by regulations, and (B) the first such

1 certification required in accordance with clause (A)  
2 shall be furnished no later than the 20th day of such  
3 period;"; and

4 (5) by striking out "(D), or (E)" in the last  
5 sentence and inserting in lieu thereof "or (D)".

6 (b) Section 1835 (a) (2) (B) of such Act is amended  
7 by inserting after "medical and other health services," the  
8 following: "except services described in subparagraphs (B)  
9 and (C) of section 1861 (s) (2)".

10 (c) The amendments made by this section shall apply  
11 with respect to services furnished after the date of the enact-  
12 ment of this Act.

13 **INCLUSION OF PODIATRISTS' SERVICES UNDER SUP-**  
14 **PLEMENTARY MEDICAL INSURANCE PROGRAM**

15 **SEC. 127. (a) Section 1861 (r) of the Social Security**  
16 **Act is amended—**

17 (1) by striking out "or (2)" and inserting in lieu  
18 thereof "(2)"; and

19 (2) by inserting before the period at the end thereof  
20 the following: ", or (3) except for the purposes of sec-  
21 tion 1814 (a), section 1835, and subsection (k) of this  
22 section, a doctor of podiatry or surgical chiropody, but  
23 (unless clause (1) of this subsection also applies to him)  
24 only with respect to functions which he is legally author-



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1 ized to perform as such by the State in which he per-  
2 forms them”.

3 (b) Section 1862 (a) of such Act is amended—

4 (1) by striking out “or” at the end of paragraph  
5 (11);

6 (2) by striking out the period at the end of para-  
7 graph (12) and inserting in lieu thereof “; or”; and

8 (3) by adding after paragraph (12) the follow-  
9 ing new paragraph:

10 “(13) where such expenses are for—

11 “(A) the treatment of flat foot conditions and  
12 the prescription of supportive devices therefor,

13 “(B) the treatment of subluxations of the foot,

14 or

15 “(C) routine foot care (including the cutting  
16 or removal of corns, warts, or calluses, the trimming  
17 of nails, and other routine hygienic care).”

18 (c) The amendments made by subsections (a) and  
19 (b) shall apply with respect to services furnished after  
20 December 31, 1967.

21 **EXCLUSION OF CERTAIN SERVICES**

22 **SEC. 128.** Section 1862 (a) (7) of the Social Security  
23 Act is amended by inserting after “changing eyeglasses,” the  
24 following: “procedures performed (during the course of any

1 eye examination) to determine the refractive state of the  
2 eyes.”.

3 **TRANSFER OF ALL OUTPATIENT HOSPITAL SERVICES TO**  
4 **SUPPLEMENTARY MEDICAL INSURANCE PROGRAM**

5 **SEC. 129. (a) Section 1861 (s) (2) of the Social Secu-**  
6 **rity Act is amended—**

7 (1) by inserting “(A)” after “(2)”;

8 (2) by striking out “physicians’ bills” and all that  
9 follows and inserting in lieu thereof the following:  
10 “physicians’ bills;

11 “(B) hospital services (including drugs and bio-  
12 logicals which cannot, as determined in accordance with  
13 regulations, be self-administered) incident to physicians’  
14 services rendered to outpatients; and

15 “(C) diagnostic services which are—

16 “(i) furnished to an individual as an outpatient  
17 by a hospital or by others under arrangements with  
18 them made by a hospital, and

19 “(ii) ordinarily furnished by such hospital (or  
20 by others under such arrangements) to its out-  
21 patients for the purpose of diagnostic study;”.

22 (b) Section 1861 (s) of such Act is further amended  
23 by adding at the end thereof (after and below paragraph  
24 (11)) the following new sentence:

25 “There shall be excluded from the diagnostic services speci-

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1 fied in paragraph (2) (C) any item or service (except  
2 services referred to in paragraph (1) ) which—

3 “(12) would not be included under subsection (b)  
4 if it were furnished to an inpatient of a hospital; or

5 “(18) is furnished under arrangements referred to  
6 in such paragraph (2) (C) unless furnished in the hos-  
7 pital or in other facilities operated by or under the  
8 supervision of the hospital or its organized medical staff.”

9 (c) (1) Section 226(b) (1) of such Act is amended  
10 by striking out “post-hospital home health services, and out-  
11 patient hospital diagnostic services” and inserting in lieu  
12 thereof “and post-hospital home health services”.

13 (2) Section 1812 (a) of such Act is amended—

14 (A) by adding “and” at the end of paragraph (2) ;

15 (B) by striking out “; and” at the end of para-  
16 graph (3) and inserting in lieu thereof a period; and

17 (C) by striking out paragraph (4).

18 (3) Section 1813 (a) of such Act is amended by strik-  
19 ing out paragraph (2), and by redesignating paragraphs  
20 (3) and (4) as paragraphs (2) and (3), respectively.

21 (4) (A) Section 1813 (b) (1) of such Act is amended  
22 by striking out “or diagnostic study”.

23 (B) The first sentence of section 1813 (b) (2) of such  
24 Act is amended by striking out “or diagnostic study”.

25 (5) (A) Section 1814 (a) (2) of such Act is amended—

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1 (i) by adding "or" at the end of subparagraph  
2 (D);

3 (ii) by striking out "or" at the end of subpara-  
4 graph (E); and

5 (iii) by striking out subparagraph (F).

6 (B) The last sentence of section 1814 (a) of such Act  
7 is amended by striking out "(E), or (F)" and inserting  
8 in lieu thereof "or (E)".

9 (6) Section 1814 (d) of such Act is amended by strik-  
10 ing out "or outpatient hospital diagnostic services".

11 (7) Section 1833 (b) of such Act is amended—

12 (A) by striking out "(or regarded under clause  
13 (2) as incurred in such preceding year with respect to  
14 services furnished in such last three months)"; and

15 (B) by striking out ", and (2)" and all that  
16 follows and inserting in lieu thereof a period.

17 (8) Section 1833 (d) of such Act is amended by strik-  
18 ing out "other than subsection (a) (2) (A) thereof".

19 (9) (A) Section 1835 (a) of such Act is amended by  
20 striking out "Payment" and inserting in lieu thereof "Ex-  
21 cept as provided in subsection (b), payment".

22 (B) Section 1835 of such Act is further amended by  
23 redesignating subsection (b) as subsection (c), and by  
24 inserting after subsection (a) the following new subsection:

25 "(b) Payment may also be made to any hospital for

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1 services described in subparagraph (C) of section 1861 (s)  
2 (2) furnished to an individual entitled to benefits under this  
3 part even though such hospital does not have an agreement  
4 in effect under this title if (A) such services were emergency  
5 services and (B) the Secretary would be required to make  
6 such payment if the hospital had such an agreement in  
7 effect and otherwise met the conditions of payment here-  
8 under. Such payments shall be made only in the amounts  
9 provided under section 1833 (a) (2) and then only if such  
10 hospital agrees to comply, with respect to the emergency  
11 services provided, with the provisions of section 1866 (a)."

12 (C) Section 1861 (e) of such Act is amended—

13 (i) by striking out "except for purposes of sec-  
14 tion 1814 (d)," and inserting in lieu thereof "except  
15 for purposes of sections 1814 (d) and 1835 (b),"; and

16 (ii) by striking out "(including determination of  
17 whether an individual received inpatient hospital serv-  
18 ices for purposes of such section)" and inserting in lieu  
19 thereof "and 1835 (b) (including determination of  
20 whether an individual received inpatient hospital serv-  
21 ices or diagnostic services for purposes of such sections)".

22 (10) Section 1861 (p) of such Act is repealed.

23 (11) Section 1861 (y) (3) of such Act is amended by  
24 striking out "1813 (a) (4)" and inserting in lieu thereof  
25 "1813 (a) (3)".

1 (12) (A) Section 1866 (a) (2) (A) of such Act is  
2 amended—

3 (i) by striking out “, (a) (2), or (a) (4)” and  
4 inserting in lieu thereof “or (a) (3)”; and

5 (ii) by striking out “or, in the case of outpatient  
6 hospital diagnostic services, for which payment is made  
7 under part A”.

8 (B) Section 1866 (a) (2) (C) of such Act is amended  
9 by striking out “1813 (a) (3)” and inserting in lieu thereof  
10 “1813 (a) (2)”.

11 (13) Section 21 (a) of the Railroad Retirement Act  
12 of 1937 is amended by striking out “post-hospital home  
13 health services, and outpatient hospital diagnostic services”  
14 and inserting in lieu thereof “and post-hospital home health  
15 services”.

16 (d) The amendments made by this section shall apply  
17 with respect to services furnished after December 31, 1967.

18 BILLING BY HOSPITAL FOR SERVICES FURNISHED TO

19

OUTPATIENTS

20 SEC. 130. (a) Section 1835 (a) of the Social Security  
21 Act (as amended by section 129 (c) (9) (A) of this Act)  
22 is further amended by striking out “Except as provided in  
23 subsection (b).” and inserting in lieu thereof “Except as

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1 provided in subsections (b) and (c)".

2 (b) Section 1835 of such Act (as amended by section  
3 129 (c) (9) (B) of this Act) is amended by redesignating  
4 subsection (c) (as redesignated) as subsection (d), and by  
5 inserting after subsection (b) the following new subsection:

6 " (c) Notwithstanding the provisions of this section and  
7 sections 1832, 1833, and 1866 (a) (1) (A), a hospital may,  
8 subject to such limitations as may be prescribed by regula-  
9 tions, collect from an individual the customary charges for  
10 services specified in subparagraphs (B) and (C) of sec-  
11 tion 1861 (s) (2) and furnished to him by such hospital,  
12 but only if such charges for such services do not exceed  
13 \$50, and such customary charges shall be regarded as ex-  
14 penses incurred by such individual with respect to which  
15 benefits are payable in accordance with section 1833 (a) (1).  
16 Payments under this title to hospitals which have elected  
17 to make collections from individuals in accordance with the  
18 preceding sentence shall be adjusted periodically to place  
19 the hospital in the same position it would have been had it  
20 instead been reimbursed in accordance with section 1833  
21 (a) (2)."

22 (c) The amendments made by this section shall apply  
23 with respect to services furnished after December 31, 1967.

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1 PAYMENT OF REASONABLE CHARGES FOR RADIOLOGICAL  
2 OR PATHOLOGICAL SERVICES FURNISHED BY CERTAIN  
3 PHYSICIANS TO HOSPITAL INPATIENTS

4 SEC. 131. (a) Section 1833 (a) (1) of the Social Secu-  
5 rity Act is amended—

6 (1) by striking out “except that” and inserting  
7 in lieu thereof “except that (A)”, and

8 (2) by striking out “of subsection (b)” and in-  
9 serting in lieu thereof “of subsection (b), and (B) with  
10 respect to expenses incurred for radiological or patho-  
11 logical services for which payment may be made under  
12 this part, furnished to an inpatient of a hospital by a  
13 physician in the field of radiology or pathology, the  
14 amounts paid shall be equal to 100 percent of the rea-  
15 sonable charges for such services”.

16 (b) Section 1833 (b) of such Act (as amended by sec-  
17 tion 129 (c) (7) of this Act) is amended by inserting before  
18 the period at the end thereof the following: “, and (2) such  
19 total amount shall not include expenses incurred for radio-  
20 logical or pathological services furnished to such individual  
21 as an inpatient of a hospital by a physician in the field of  
22 radiology or pathology”.

23 (c) The amendments made by this section shall apply  
24 with respect to services furnished after December 31, 1967.



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1           **PAYMENT FOR PURCHASE OF DURABLE MEDICAL**  
2                                   **EQUIPMENT**

3           SEC. 132. (a) Section 1861 (s) (6) of the Social Se-  
4           curity Act is amended by striking out "rental of", and by  
5           inserting before the semicolon at the end thereof the follow-  
6           ing: ", whether furnished on a rental basis or purchased".

7           (b) Section 1833 of such Act is amended by adding  
8           at the end thereof the following new subsection:

9           "(f) In the case of the purchase of durable medical  
10           equipment included under section 1861 (s) (6), by or on  
11           behalf of an individual, payment shall be made in such  
12           amounts as the Secretary determines to be equivalent to pay-  
13           ments that would have been made under this part had such  
14           equipment been rented and over such period of time as the  
15           Secretary finds such equipment would be used for such in-  
16           dividual's medical treatment, except that with respect to  
17           purchases of inexpensive equipment (as determined by the  
18           Secretary) payment may be made in a lump sum if the  
19           Secretary finds that such method of payment is less costly  
20           or more practical than periodic payments."

21           (c) The amendments made by this section shall apply  
22           only with respect to items purchased after December 31,  
23           1967.

## 60

1 PAYMENT FOR PHYSICAL THERAPY SERVICES FURNISHED  
2 BY HOSPITAL TO OUTPATIENTS

3 SEC. 133. (a) Subparagraph (B) of section 1861 (s)  
4 (2) of the Social Security Act (as amended by section  
5 129 (a) (2) of this Act) is amended by striking out “; and”  
6 and inserting in lieu thereof “and physical therapy furnished  
7 to an outpatient, in a place of residence used as such out-  
8 patient’s home, by a hospital or by others under arrangements  
9 with them made by such hospital if such therapy is under  
10 the supervision of such hospital; and”.

11 (b) The amendment made by subsection (a) shall  
12 apply to services furnished after December 31, 1967.

13 PAYMENT FOR CERTAIN PORTABLE X-RAY SERVICES

14 SEC. 134. (a) Section 1861 (s) (3) of the Social Secu-  
15 rity Act is amended by striking out “diagnostic X-ray tests,”  
16 and inserting in lieu thereof the following: “diagnostic X-ray  
17 tests (including tests under the supervision of a physi-  
18 cian, furnished in a place of residence used as the patient’s  
19 home, if the performance of such tests meets such condi-  
20 tions relating to health and safety as the Secretary may find  
21 necessary),”.

22 (b) The amendment made by subsection (a) shall  
23 apply with respect to services furnished after December 31,  
24 1967.

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## 1    BLOOD DEDUCTIBLES

2            SEC. 135. (a) (1) Section 1813 (a) (2) of the Social  
3 Security Act (as redesignated by section 129 (c) (3) of this  
4 Act) is amended to read as follows:

5            “(2) The amount payable to any provider of services  
6 under this part for services furnished an individual during  
7 any spell of illness shall be further reduced by a deduction  
8 equal to the cost of the first three pints of whole blood (or  
9 equivalent quantities of packed red blood cells, as defined  
10 under regulations) furnished to him as part of such services  
11 during such spell of illness.”

12            (b) Section 1866 (a) (2) (C) of such Act (as amended  
13 by section 129 (c) (12) (B) of this Act) is amended—

14            (1) by striking out “may also charge” and insert-  
15            ing in lieu thereof “may in accordance with its customary  
16            practice also appropriately charge”;

17            (2) by inserting after “whole blood” the following:  
18            “(or equivalent quantities of packed red blood cells, as  
19            defined under regulations)”;

20            (3) by inserting after “blood” where it appears  
21            in clauses (i), (ii), and (iii) the following: “(or  
22            equivalent quantities of packed red blood cells, as so  
23            defined)”;

24            (4) by adding at the end thereof the following new

1 sentence: "For purposes of clause (iii) of the preceding  
2 sentence, whole blood (or equivalent quantities of packed  
3 red blood cells, as so defined) furnished an individual  
4 shall be deemed replaced when the provider of services  
5 is given one pint of blood in addition to the number of  
6 pints of blood (or equivalent quantities of packed red  
7 blood cells, as so defined) furnished such individual with  
8 respect to which a deduction is imposed under section  
9 1813 (a) (2)."

10 (c) Section 1833 (b) of such Act (as amended by sec-  
11 tions 129 (c) (7) and 131 (b) of this Act) is amended by  
12 adding at the end thereof the following new sentence: "The  
13 total amount of the expenses incurred by an individual as de-  
14 termined under the preceding sentence shall, after the reduc-  
15 tion specified in such sentence, be further reduced by an  
16 amount equal to the expenses incurred for the first three pints  
17 of whole blood (or equivalent quantities of packed red blood  
18 cells, as defined under regulations) furnished to the indi-  
19 vidual during the calendar year, except that such deductible  
20 for such blood shall in accordance with regulations be ap-  
21 propriately reduced to the extent that there has been a  
22 replacement of such blood (or equivalent quantities of  
23 packed red blood cells, as so defined); and for such  
24 purposes blood (or equivalent quantities of packed red  
25 blood cells, as so defined) furnished such individual shall be

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1 deemed replaced when the institution or other person fur-  
2 nishing such blood (or such equivalent quantities of packed  
3 red blood cells, as so defined) is given one pint of blood in  
4 addition to the number of pints of blood (or equivalent quan-  
5 tities of packed red blood cells, as so defined) furnished such  
6 individual with respect to which a deduction is made under  
7 this sentence."

8 (d) The amendments made by this section shall apply  
9 with respect to payment for blood (or packed red blood  
10 cells) furnished an individual after December 31, 1967.

11 ENROLLMENT UNDER SUPPLEMENTARY MEDICAL INSUR-  
12 ANCE PROGRAM BASED ON ALLEGED DATE OF ATTAIN-  
13 ING AGE 65

14 SEC. 136. (a) Section 1837 (d) of the Social Security  
15 Act is amended by adding at the end thereof the following  
16 new sentence: "Where the Secretary finds that an individual  
17 who has attained age 65 failed to enroll under this part dur-  
18 ing his initial enrollment period (based on a determination  
19 by the Secretary of the month in which such individual at-  
20 tained age 65), because such individual (relying on docu-  
21 mentary evidence) was mistaken as to his correct date of  
22 birth, the Secretary shall establish for such individual an ini-  
23 tial enrollment period based on his attaining age 65 at the  
24 time shown in such documentary evidence (with a coverage

1 period determined under section 1838 as though he had  
2 attained such age at that time)."

3 (b) The amendment made by subsection (a) shall ap-  
4 ply to individuals enrolling under part B of title XVIII in  
5 months beginning after the date of the enactment of this Act.

6 EXTENSION OF MAXIMUM DURATION OF BENEFITS FOR  
7 INPATIENT HOSPITAL SERVICES TO 120 DAYS

8 SEC. 137. (a) (1) Section 1812 (a) (1) of the Social  
9 Security Act is amended by striking out "up to 90 days"  
10 and inserting in lieu thereof "up to 120 days".

11 (2) Section 1812 (b) (1) of such Act is amended by  
12 striking out "for 90 days" and inserting in lieu thereof "for  
13 120 days".

14 (b) The second sentence of section 1813 (a) (1) of  
15 such Act is amended to read as follows: "Such amount shall  
16 be further reduced by a coinsurance amount equal to—

17 "(A) one-fourth of the inpatient hospital deduc-  
18 tible for each day (before the 91st day) on which such  
19 individual is furnished such services during such spell  
20 of illness after such services have been furnished to him  
21 for 60 days during such spell; and

22 "(B) one-half of the inpatient hospital deductible  
23 for each day (before the 121st day) on which such in-  
24 dividual is furnished such services during such spell of

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1 illness after such services have been furnished to him for  
2 90 days during such spell;  
3 except that the reduction under this sentence for any day  
4 shall not exceed the charges imposed for that day with re-  
5 spect to such individual for such services (except that, if  
6 the customary charges for such services are greater than  
7 the charges so imposed, such customary charges shall be  
8 considered to be the charges so imposed)."

9 (c) The amendments made by subsections (a) and  
10 (b) shall apply with respect to services furnished after  
11 December 31, 1967.

12 **LIMITATION ON SPECIAL REDUCTION IN ALLOWABLE DAYS**  
13 **OF INPATIENT HOSPITAL SERVICES**

14 **SEC. 138.** (a) Section 1812 (c) of the Social Security  
15 Act is amended by striking out "in the 90-day period im-  
16 mediately before such first day shall be included in deter-  
17 mining the 90-day limit under subsection (b) (1) (but not  
18 in determining the 190-day limit under subsection (b)  
19 (3))" and inserting in lieu thereof "in the 120-day period  
20 immediately before such first day shall be included in  
21 determining the 120-day limit under subsection (b) (1) in-  
22 sofar as such limit applies to (1) inpatient psychiatric hos-  
23 pital services and inpatient tuberculosis hospital services, or

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1 (2) inpatient hospital services for an individual who is an  
2 inpatient primarily for the diagnosis or treatment of mental  
3 illness or tuberculosis (but shall not be included in determin-  
4 ing such 120-day limit insofar as it applies to other inpatient  
5 hospital services or in determining the 190-day limit under  
6 subsection (b) (3) )”.

7 (b) The amendment made by subsection (a) shall ap-  
8 ply with respect to payment for services furnished after  
9 December 31, 1967.

10 **TRANSITIONAL PROVISION ON ELIGIBILITY OF PRESENTLY**  
11 **UNINSURED INDIVIDUALS FOR HOSPITAL INSURANCE**  
12 **BENEFITS**

13 **SEC. 139.** Section 103 (a) (2) of the Social Security  
14 Amendments of 1965 is amended by striking out “1965”  
15 in clause (B) and inserting in lieu thereof “1966”.

16 **ADVISORY COUNCIL TO STUDY COVERAGE OF THE DISABLED**  
17 **UNDER TITLE XVIII OF THE SOCIAL SECURITY ACT**

18 **SEC. 140.** (a) The Secretary of Health, Education, and  
19 Welfare shall appoint an Advisory Council to study the need  
20 for coverage of the disabled under the health insurance pro-  
21 gram of title XVIII of the Social Security Act.

22 (b) The Council shall be appointed by the Secretary  
23 during 1968 without regard to the provisions of title 5,  
24 United States Code, governing appointments in the competi-  
25 tive service and shall consist of 12 persons who shall, to



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1 the extent possible, represent organizations of employers and  
2 employees in equal numbers, and represent self-employed  
3 persons and the public.

4 (c) The Council is authorized to engage such technical  
5 assistance, including actuarial services, as may be required  
6 to carry out its functions, and the Secretary shall, in addition,  
7 make available to such Council such secretarial, clerical, and  
8 other assistance and such actuarial and other pertinent data  
9 prepared by the Department of Health, Education, and Wel-  
10 fare as it may require to carry out such functions.

11 (d) Members of the Council, while serving on the busi-  
12 ness of the Council (inclusive of travel time), shall receive  
13 compensation at rates fixed by the Secretary, but not exceed-  
14 ing \$100 per day and, while so serving away from their  
15 homes or regular places of business, they may be allowed  
16 travel expenses, including per diem in lieu of subsistence, as  
17 authorized by section 5703 of title 5, United States Code, for  
18 persons in the Government employed intermittently.

19 (e) The Council shall make findings on the unmet need  
20 of the disabled for health insurance, on the costs involved in  
21 providing the disabled with insurance protection to cover the  
22 cost of hospital and medical services, and on the ways of  
23 financing this insurance. The Council shall submit a report  
24 of its findings to the Secretary not later than January 1,  
25 1969, together with recommendations on how such protec-

1 tion should be financed and, if such financing is to be accom-  
2 plished through the trust funds established under title XVIII  
3 of the Social Security Act, on the extent to which each of  
4 such trust funds should bear the cost of such financing. Such  
5 report shall thereupon be transmitted to the Congress and  
6 to the Boards of Trustees created by sections 1817 (b) and  
7 1841 (b) of the Social Security Act. After the date of trans-  
8 mittal to the Congress of the report, the Council shall cease  
9 to exist.

10 STUDY TO DETERMINE FEASIBILITY OF INCLUSION OF CER-  
11 TAIN ADDITIONAL SERVICES UNDER PART B OF TITLE  
12 XVIII OF THE SOCIAL SECURITY ACT

13 SEC. 141. The Secretary shall make a study relating to  
14 the inclusion under the supplementary medical insurance  
15 program (part B of title XVIII of the Social Security Act)  
16 of services of additional types of licensed practitioners per-  
17 forming health services in independent practice. The Secre-  
18 tary shall make a report to the Congress prior to January  
19 1, 1969, of his finding with respect to the need for cover-  
20 ing, under the supplementary medical insurance program,  
21 any of the various types of services such practitioners per-  
22 form and the costs to such program of covering such addi-  
23 tional services, and shall make recommendations as to the  
24 priority and method for covering these services and the  
25 measures that should be adopted to protect the health and

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1 safety of the individuals to whom such services would be  
2 furnished.

3 **PART 4—MISCELLANEOUS AND TECHNICAL AMENDMENTS**

4 **ELIGIBILITY OF ADOPTED CHILD FOR MONTHLY**

5 **BENEFITS**

6 **SEC. 150. (a)** The second sentence of section 216 (e)  
7 of the Social Security Act is amended by striking out “before  
8 the end of two years after the day on which such individual  
9 died or the date of enactment of this Act” and inserting in  
10 lieu thereof “only if (A) proceedings for the adoption of  
11 the child had been instituted by such individual before his  
12 death, or (B) such child was adopted by such individual’s  
13 surviving spouse before the end of two years after (i) the  
14 day on which such individual died or (ii) the date of  
15 enactment of the Social Security Amendments of 1958”.

16 (b) The amendment made by subsection (a) shall  
17 apply with respect to monthly benefits payable under title  
18 II of the Social Security Act for and after the second  
19 month following the month in which this Act is enacted,  
20 but only on the basis of an application filed in or after the  
21 month in which this Act is enacted.

22 **CRITERIA FOR DETERMINING CHILD’S DEPENDENCY ON**

23 **MOTHER**

24 **SEC. 151. (a)** Section 202 (d) (3) of the Social Se-  
25 curity Act is amended—

1           (1) by inserting "or his mother or adopting moth-  
2           er" after "his father or adopting father" in the first  
3           sentence; and

4           (2) by striking out ", if such individual is the  
5           child's father," in the second sentence.

6           (b) Section 202 (d) (4) of such Act is amended by  
7           inserting "or stepmother" after "stepfather" each place it  
8           appears.

9           (c) Section 202 (d) of such Act is further amended by  
10          striking out paragraph (5), and by redesignating para-  
11          graphs (6) through (10) as paragraphs (5) through (9),  
12          respectively.

13          (d) (1) The paragraph of section 202 (d) of such Act  
14          redesignated as paragraph (9) by subsection (c) of this  
15          section is amended by striking out "under paragraph (9)"  
16          and inserting in lieu thereof "under paragraph (8)".

17          (2) Paragraphs (2) and (3) of section 202 (s) of  
18          such Act are each amended by striking out "(d) (6)," and  
19          inserting in lieu thereof "(d) (5),".

20          (3) Section (5) (1) (1) of the Railroad Retirement  
21          Act of 1937 is amended—

22                (A) by striking out "(3), (4), or (5)" in the  
23                third sentence and inserting in lieu thereof "(3) or  
24                (4)"; and

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1           (B) by striking out "paragraph (8)" in the ninth  
2 sentence and inserting in lieu thereof "paragraph (7)".

3           (e) The amendments made by this section shall apply  
4 with respect to monthly benefits payable under title II of  
5 the Social Security Act (and annuities accruing under the  
6 Railroad Retirement Act of 1937) for and after the second  
7 month following the month in which this Act is enacted,  
8 but only on the basis of applications filed in or after the  
9 month in which this Act is enacted.

## 10   UNDERPAYMENTS

11           SEC. 152. (a) Section 204 (d) of the Social Security  
12 Act is amended to read as follows:

13           “(d) Notwithstanding the provisions of subsection (a),  
14 if an individual dies before any payment due him under this  
15 title is completed, payment of the amount due (including  
16 the amount of any unnegotiated checks) shall be made—

17                   “(1) to the surviving spouse of the deceased indi-  
18 vidual who was, for the month in which the deceased  
19 individual died, entitled to a monthly benefit on the basis  
20 of the same wages and self-employment income as was  
21 the deceased individual;

22                   “(2) if there is no person who meets the require-  
23 ments of paragraph (1), or if the person who meets  
24 such requirements dies before the payment due him

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1 under this title is completed, to the child or children, if  
2 any, of the deceased individual who were, for the month  
3 in which the deceased individual died, entitled to monthly  
4 benefits on the basis of the same wages and self-em-  
5 ployment income as was the deceased individual (and,  
6 in case there is more than one such child, in equal parts  
7 to each such child) ;

8 “(3) if there is no person who meets the require-  
9 ments of paragraph (1) or (2), or if each person who  
10 meets such requirements dies before the payment due  
11 him under this title is completed, to the parent or parents,  
12 if any, of the deceased individual who were, for the  
13 month in which the deceased individual died, entitled  
14 to monthly benefits on the basis of the same wages and  
15 self-employment income as was the deceased individual  
16 (and, in case there is more than one such parent, in  
17 equal parts to each such parent) ;

18 “(4) if there is no person who meets the require-  
19 ments of paragraph (1), (2), or (3), or if each person  
20 who meets such requirements dies before the payment  
21 due him under this title is completed, to the legal repre-  
22 sentative of the estate of the deceased individual ;

23 “(5) if there is no person who meets the require-  
24 ments of paragraph (1) (2), (3), or (4), or if each  
25 person who meets such requirements dies before the pay-

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1       ment due him under this title is completed, to the person,  
2       if any, determined by the Secretary to be the surviving  
3       spouse of the deceased individual; or

4           “(6) if there is no person who meets the require-  
5       ments of paragraph (1), (2), (3), (4), or (5), or  
6       if each person who meets such requirements dies before  
7       the payment due him under this title is completed, to the  
8       person or persons, if any, determined by the Secretary  
9       to be the child or children of the deceased individual  
10      (and, in case there is more than one such child, in equal  
11      parts to each such child).”

12      (b) The heading of section 1870 of such Act is amended  
13      by adding at the end thereof “AND SETTLEMENT OF CLAIMS  
14      FOR BENEFITS ON BEHALF OF DECEASED INDIVIDUALS”.

15      (c) Section 1870 of such Act is amended by adding  
16      after subsection (d) the following new subsections:

17           “(e) If an individual who received medical and other  
18       health services for which payment may be made under sec-  
19       tion 1832 (a) (1) dies, and payment for such services was  
20       made (other than under this title) and the individual died  
21       before any payment due with respect to such services was  
22       completed, payment of the amount due (including the  
23       amount of any unnegotiated checks) shall be made—

24           “(1) if the payment for such services was made  
25       by a person other than the deceased individual, to the

1 person or persons determined by the Secretary under  
2 regulations to have paid for such services; or

3 “(2) if the payment for such services was made  
4 by the deceased individual before his death, or if there  
5 is no person to whom payment can be made under para-  
6 graph (1) (or each such person dies before such pay-  
7 ment is completed) —

8 “(A) to the legal representative of the estate  
9 of such deceased individual, if any;

10 “(B) if there is no legal representative, to the  
11 person, if any, determined by the Secretary to be  
12 the surviving spouse of the deceased individual and  
13 to have been living in the same household with the  
14 deceased at the time of his death;

15 “(C) if there is no person who meets the re-  
16 quirements of subparagraph (A) or (B), or if each  
17 person who meets such requirements dies before the  
18 payment due him under this title is completed, to  
19 the surviving spouse of the deceased individual who  
20 was, for the month in which the deceased individual  
21 died, entitled to a monthly benefit under title II on  
22 the basis of the same wages and self-employment  
23 income as was the deceased individual; or

24 “(D) if there is no person who meets the re-  
25 quirements of subparagraph (A), (B) or (C), or



1 if each person who meets such requirements dies  
2 before the payment due him under this title is com-  
3 pleted, to the person or persons, if any, determined  
4 by the Secretary to be the child or children of such  
5 deceased individual (and in case there is more than  
6 one such child, in equal parts to each such child).

7 “(f) If an individual who received medical and other  
8 health services for which payment may be made under sec-  
9 tion 1832 (a) (1) dies, and—

10 “(1) no assignment of the right to payments was  
11 made by such individual before his death, and

12 “(2) payment for such services has not been made,  
13 payment for such services shall be made to the physician or  
14 other person who provided such services, but payment shall  
15 be made under this subsection only in such amount and sub-  
16 ject to such conditions as would have been applicable if the  
17 individual who received the services had not died, and only  
18 if the person or persons who provided the services agrees  
19 that the reasonable charge is the full charge for the services.”

20 (d) Section 1842 (b) (3) (B) of such Act (as amended  
21 by section 128 (a) of this Act) is amended by striking out  
22 “and such payment will be made” and inserting in lieu  
23 thereof “and such payment will (except as otherwise pro-  
24 vided in section 1870 (f) ) be made”.

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1 **SIMPLIFICATION OF COMPUTATION OF PRIMARY INSUB-**  
2 **ANCE AMOUNT AND QUARTERS OF COVERAGE IN**  
3 **CASE OF 1937-1950 WAGES**

4 **SEC. 153. (a) (1) Section 215 (d) (1) of the Social**  
5 **Security Act is amended to read as follows:**

6 **“Primary Insurance Benefit Under 1939 Act**

7 **“(d) (1) For purposes of column I of the table ap-**  
8 **pearing in subsection (a) of this section, an individual’s**  
9 **primary insurance benefit shall be computed as follows:**

10 **“(A) The individual’s average monthly wage shall**  
11 **be determined as provided in subsection (b) (but with-**  
12 **out regard to paragraph (4) thereof) of this section,**  
13 **except that for purposes of paragraph (2) (C) and (3)**  
14 **of such subsection, 1936 shall be used instead of 1950.**

15 **“(B) For purposes of subparagraphs (B) and (C)**  
16 **of subsection (b) (2), an individual whose total wages**  
17 **prior to 1951 (as defined in subparagraph (C) of this**  
18 **subsection) —**

19 **“(i) do not exceed \$27,000 shall be deemed to**  
20 **have been paid such wages in equal parts in nine**  
21 **calendar years after 1936 and prior to 1951;**

22 **“(ii) exceed \$27,000 and are less than**  
23 **\$42,000 shall be deemed to have been paid (I)**  
24 **\$3,000 in each of such number of calendar years**  
25 **after 1936 and prior to 1951 as is equal to the**

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1 integer derived by dividing such total wages by  
2 \$3,000, and (II) the excess of such total wages  
3 over the product of \$3,000 times such integer, in  
4 an additional calendar year in such period; or

5 “(iii) are at least \$42,000 shall be deemed to  
6 have been paid \$3,000 in each of the fourteen  
7 calendar years after 1936 and prior to 1951.

8 “(C) For the purposes of subparagraph (B),  
9 ‘total wages prior to 1951’ with respect to an indi-  
10 vidual means the sum of (i) remuneration credited to  
11 such individual prior to 1951 on the records of the  
12 Secretary, (ii) wages deemed paid prior to 1951 to such  
13 individual under section 217, and (iii) compensation  
14 under the Railroad Retirement Act of 1937 prior to  
15 1951 creditable to him pursuant to this title.

16 “(D) The individual’s primary insurance benefit  
17 shall be 45.6 per centum of the first \$50 of his average  
18 monthly wage as computed under this subsection, plus  
19 11.4 per centum of the next \$200 of such average  
20 monthly wage.”

21 (2) Section 215(d)(2) of such Act is amended to  
22 read as follows:

23 “(2) The provisions of this subsection shall be appli-  
24 cable only in the case of an individual—

1           “(A) with respect to whom at least one of the  
2           quarters elapsing prior to 1951 is a quarter of coverage;

3           “(B) except as provided in paragraph (3), who  
4           attained age 22 after 1950 and with respect to whom  
5           less than six of the quarters elapsing after 1950 are  
6           quarters of coverage, or who attained such age before  
7           1951; and

8           “(C) (i) who becomes entitled to benefits under  
9           section 202 (a) or 223 after the date of the enactment  
10          of the Social Security Amendments of 1967, or

11          “(ii) who dies after such date without being en-  
12          titled to benefits under section 202 (a) or 223, or

13          “(iii) whose primary insurance amount is required  
14          to be recomputed under section 215 (f) (2).”

15          (3) Section 215 (d) (3) of such Act is amended to  
16          read as follows:

17          “(3) The provisions of this subsection as in effect prior  
18          to the enactment of the Social Security Amendments of  
19          1967 shall be applicable in the case of an individual—

20                 “(A) who attained age 21 after 1936 and prior  
21                 to 1951, or

22                 “(B) who had a period of disability which began  
23                 prior to 1951, but only if the primary insurance amount  
24                 resulting therefrom is higher than the primary insur-  
25                 ance amount resulting from the application of this

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1 section (as amended by the Social Security Amend-  
2 ments of 1967) and section 220.”

3 (4) So much of section 215 (f) (2) of such Act as  
4 precedes subparagraph (E) is amended to read as follows:

5 “(2) If an individual has wages or self-employment  
6 income for a year after 1965 for any part of which he is  
7 entitled to old-age insurance benefits, the Secretary shall, at  
8 such time or times and within such period as he may by  
9 regulations prescribe, recompute such individual’s primary  
10 insurance amount with respect to each such year. Such  
11 recomputation shall be made as provided in subsection  
12 (a) (1) and (3) as though the year with respect to which  
13 such recomputation is made is the last year of the period  
14 specified in subsection (b) (2) (C). A recomputation under  
15 this paragraph with respect to any year shall be effective—”

16 (5) Subparagraphs (E) and (F) of such section  
17 215 (f) (2) are redesignated as subparagraphs (A) and  
18 (B), respectively.

19 (6) Section 215 (f) of such Act is further amended by  
20 adding at the end thereof the following new paragraph:

21 “(5) In the case of a man who became entitled to  
22 old-age insurance benefits and died before the month in  
23 which he attained age 65, the Secretary shall recompute  
24 his primary insurance amount as provided in subsection (a)  
25 as though he became entitled to old-age insurance benefits

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1 in the month in which he died; except that (i) his computa-  
2 tion base years referred to in subsection (b) (2) shall in-  
3 clude the year in which he died, and (ii) his elapsed years  
4 referred to in subsection (b) (3) shall not include the year  
5 in which he died or any year thereafter. Such recomputation  
6 of such primary insurance amount shall be effective for and  
7 after the month in which he died.”

8 (7) (A) The amendments made by paragraphs (4)  
9 and (5) shall apply with respect to recomputations made  
10 under section 215 (f) (2) of the Social Security Act after the  
11 date of the enactment of this Act.

12 (B) The amendment made by paragraph (6) shall  
13 apply with respect to individuals who die after the date of  
14 enactment of this Act.

15 (8) In any case in which—

16 (A) any person became entitled to a monthly  
17 benefit under section 202 or 223 of the Social Security  
18 Act after the date of enactment of this Act and before  
19 the second month following the month in which this  
20 Act is enacted, and

21 (B) the primary insurance amount on which the  
22 amount of such benefit is based was determined by ap-  
23 plying section 215 (d) of the Social Security Act as  
24 amended by this Act,

25 such primary insurance amount shall, for purposes of section

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1 215 (c) of the Social Security Act, as amended by this Act,  
2 be deemed to have been computed on the basis of the Social  
3 Security Act in effect prior to the enactment of this Act.

4 (9) The amendment made by paragraphs (1) and (2)  
5 shall not apply with respect to monthly benefits for any  
6 month prior to January 1967.

7 (b) (1) Section 213 of the Social Security Act is  
8 amended by adding at the end thereof the following new  
9 subsection:

10 "Alternative Method for Determining Quarters of Coverage

11 With Respect to Wages in the Period from 1937 to  
12 1950

13 "(c) For purposes of section 214 (a), an individual  
14 shall be deemed to have one quarter of coverage for each  
15 \$400 of his total wages prior to 1951 (as defined in section  
16 215 (d) (1) (C)), except where—

17 "(1) such individual is not a fully insured individ-  
18 ual on the basis of the number of quarters of coverage  
19 so derived plus the number of quarters of coverage  
20 derived from the wages and self-employment income  
21 credited to him for periods after 1950, or

22 "(2) such individual's elapsed years (for purposes  
23 of section 214 (a) (1)) are less than 7."

24 (2) The amendment made by paragraph (1) shall

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1 apply only in the case of an individual who applies for bene-  
2 fits under section 202 (a) of the Social Security Act after  
3 the date of the enactment of this Act, or who dies after  
4 such date without being entitled to benefits under sec-  
5 tion 202 (a) or 223 of the Social Security Act.

6 (c) Section 303 (g) (1) of the Social Security Amend-  
7 ments of 1960 is amended—

8 (1) by striking out “section 302 of” and by strik-  
9 ing out “Amendments of 1965” and inserting in lieu  
10 thereof “Amendments of 1965 and 1967” in the first  
11 sentence; and

12 (2) by striking out “after 1965, or dies after 1965”  
13 and inserting in lieu thereof “after the date of the enact-  
14 ment of the Social Security Amendments of 1967, or dies  
15 after such date”, and by striking out “Amendments of  
16 1965” and inserting in lieu thereof “Amendments of  
17 1967”, in the second sentence.

18 DEFINITIONS OF WIDOW, WIDOWER, AND STEPCHILD

19 §303. 154. (a) Section 216 (c) of the Social Security  
20 Act is amended by striking out “not less than one year” in  
21 clause (5) and inserting in lieu thereof “not less than nine  
22 months”.

23 (b) The first sentence of section 216 (e) of such Act  
24 is amended by striking out “the day on which such indi-



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1 vidual died” and inserting in lieu thereof “not less than  
2 nine months immediately preceding the day on which such  
3 individual died”.

4 (c) Section 216 (g) of such Act is amended by striking  
5 out “not less than one year” in clause (5) and inserting  
6 in lieu thereof “not less than nine months”.

7 (d) Section 216 of such Act is further amended by add-  
8 ing at the end thereof the following new subsection:

9 “Waiver of Nine-Month Requirement for Widow, Stepchild,  
10 or Widower in Case of Accidental Death or in Case  
11 of Serviceman Dying in Line of Duty

12 “(k) The requirement in clause (5) of subsection (c)  
13 or clause (5) of subsection (g) that the surviving spouse of  
14 an individual have been married to such individual for a  
15 period of not less than nine months immediately prior to the  
16 day on which such individual died in order to qualify as such  
17 individual’s widow or widower, and the requirement in sub-  
18 section (e) that the stepchild of a deceased indi-  
19 vidual have been such stepchild for not less than nine months  
20 immediately preceding the day on which such individual died  
21 in order to qualify as such individual’s child, shall be deemed  
22 to be satisfied, where such individual dies within the applica-  
23 ble nine-month period, if his death—

24 “(1) is accidental, or

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1           “(2) occurs in line of duty while he is a member  
2           of a uniformed service serving on active duty (as  
3           defined in section 210(1) (2)),  
4           and he would satisfy such requirement if a three-month  
5           period were substituted for the nine-month period; except  
6           that this subsection shall not apply if the Secretary deter-  
7           mines that at the time of the marriage involved the indi-  
8           vidual could not have reasonably been expected to live for  
9           nine months. For purposes of paragraph (1) of the preced-  
10          ing sentence, the death of an individual is accidental if he  
11          receives bodily injuries solely through violent, external,  
12          and accidental means and, as a direct result of the bodily  
13          injuries and independently of all other causes, loses his life  
14          not later than three months after the day on which he  
15          receives such bodily injuries.”

16          (e) The amendments made by this section shall apply  
17          with respect to monthly benefits under title II of the  
18          Social Security Act for and after the second month fol-  
19          lowing the month in which this Act is enacted, but only on  
20          the basis of applications filed in or after the month in which  
21          this Act is enacted.

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1 HUSBAND'S AND WIDOWER'S INSURANCE BENEFITS WITH-  
2 OUT REQUIREMENT OF WIFE'S CURRENTLY INSURED  
3 STATUS

4 SEC. 155. (a) (1) Section 202 (c) (1) of the Social  
5 Security Act is amended by striking out "a currently insured  
6 individual (as defined in section 214 (b))" in the matter  
7 preceding subparagraph (A) and inserting in lieu thereof  
8 "an individual".

9 (2) Section 202 (c) (2) of such Act is amended by  
10 striking out "The requirement in paragraph (1) that the  
11 individual entitled to old-age or disability insurance benefits  
12 be a currently insured individual, and the provisions of sub-  
13 paragraph (C) of such paragraph," and inserting in lieu  
14 thereof "The provisions of subparagraph (C) of paragraph  
15 (1)".

16 (b) (1) Section 202 (f) (1) of such Act is amended—

17 (A) by striking out "and currently" in the matter  
18 preceding subparagraph (A), and

19 (B) by striking out ", and she was a currently  
20 insured individual," in subparagraph (D) (ii).

21 (2) Section 202 (f) (2) of such Act is amended by  
22 striking out "The requirement in paragraph (1) that the

1 deceased fully insured individual also be a currently insured  
2 individual, and the provisions of subparagraph (D) of such  
3 paragraph," and inserting in lieu thereof "The provisions  
4 of subparagraph (D) of paragraph (1)".

5 (c) In the case of any husband who would not be en-  
6 titled to husband's insurance benefits under section 202 (c)  
7 of the Social Security Act or any widower who would not  
8 be entitled to widower's insurance benefits under section  
9 202 (f) of such Act except for the enactment of this sec-  
10 tion, the requirement in section 202 (c) (1) (C) or 202 (f)  
11 (1) (D) of such Act relating to the time within which  
12 proof of support must be filed shall not apply if such proof  
13 of support is filed within two years after the month follow-  
14 ing the month in which this Act is enacted.

15 (d) The amendments made by this section shall apply  
16 with respect to monthly benefits payable under title II  
17 of the Social Security Act for and after the second month  
18 following the month in which this Act is enacted, but only  
19 on the basis of applications filed in or after the month in  
20 which this Act is enacted.

21 **DEFINITION OF DISABILITY**

22 **SEC. 156. (a)** Section 223 (c) of the Social Security  
23 Act is amended—

24 (1) by inserting "of Insured Status and Waiting  
25 Period" after "Definitions" in the heading;

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1           (2) by striking out paragraph (2) ; and  
2           (3) by redesignating paragraph (3) as paragraph  
3           (2).

4           (b) Section 223 of such Act is further amended by add-  
5 ing at the end thereof the following new subsection:

6                           “Definition of Disability

7           “(d) (1) The term ‘disability’ means—

8                   “(A) inability to engage in any substantial gain-  
9           ful activity by reason of any medically determinable  
10           physical or mental impairment which can be expected  
11           to result in death or which has lasted or can be expected  
12           to last for a continuous period of not less than 12  
13           months; or

14                   “(B) in the case of an individual who has attained  
15           the age of 55 and is blind (within the meaning of ‘blind-  
16           ness’ as defined in section 216(i) (1)), inability by  
17           reason of such blindness to engage in substantial gainful  
18           activity requiring skills or abilities comparable to those  
19           of any gainful activity in which he has previously en-  
20           gaged with some regularity and over a substantial period  
21           of time.

22           “(2) For purposes of paragraph (1) (A)—

23                   “(A) an individual (except a widow, surviving  
24           divorced wife, or widower for purposes of section 202  
25           (e) or (f)) shall be determined to be under a disability

1       only if his physical or mental impairment or impair-  
2       ments are of such severity that he is not only unable to  
3       do his previous work but cannot, considering his age,  
4       education, and work experience, engage in any other  
5       kind of substantial gainful work which exists in the na-  
6       tional economy, regardless of whether such work exists  
7       in the general area in which he lives, or whether a  
8       specific job vacancy exists for him, or whether he would  
9       be hired if he applied for work.

10       “(B) A widow, surviving divorced wife, or  
11       widower shall not be determined to be under a dis-  
12       ability (for purposes of section 202 (e) or (f) ) unless  
13       his or her physical or mental impairment or impair-  
14       ments are of a level of severity which under regulations  
15       prescribed by the Secretary is deemed to be sufficient  
16       to preclude an individual from engaging in any gainful  
17       activity.

18       “(3) For purposes of this subsection, a ‘physical or  
19       mental impairment’ is an impairment that results from ana-  
20       tomical, physiological, or psychological abnormalities which  
21       are demonstrable by medically acceptable clinical and lab-  
22       oratory diagnostic techniques.

23       “(4) The Secretary shall by regulations prescribe the  
24       criteria for determining when services performed or earnings  
25       derived from services demonstrate an individual’s ability to

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1 engage in substantial gainful activity. Notwithstanding the  
2 provisions of paragraph (2), an individual whose services  
3 or earnings meet such criteria shall, except for purposes of  
4 section 222 (c), be found not to be disabled.

5 “(5) An individual shall not be considered to be under  
6 a disability unless he furnishes such medical and other evi-  
7 dence of the existence thereof as the Secretary may require.”

8 (c) (1) Section 202 (d) (1) (B) of such Act is amend-  
9 ed by striking out “section 223 (c)” and inserting in lieu  
10 thereof “section 223 (d)”.

11 (2) Paragraphs (1), (2), and (3) of section 202 (s)  
12 of such Act are each amended by striking out “section  
13 223 (c)” and inserting in lieu thereof “section 223 (d)”.

14 (3) Section 221 (a) of such Act is amended by striking  
15 out “or 223 (c)” and inserting in lieu thereof “or 223 (d)”.

16 (4) Section 221 (c) of such Act is amended by strik-  
17 ing out “or 223 (c)” and inserting in lieu thereof “or  
18 223 (d)”.

19 (5) Section 222 (c) (4) (B) of such Act is amended  
20 by striking out “section 223 (c) (2)” and inserting in lieu  
21 thereof “section 223 (d)”.

22 (6) Section 223 (a) (1) (D) of such Act is amended  
23 by striking out “subsection (c) (2)” and inserting in lieu  
24 thereof “subsection (d)”.

25 (7) The first sentence of section 223 (a) (1) of such

1 Act is further amended by striking out "subsection (c) (3)"  
2 and inserting in lieu thereof "subsection (c) (2)".

3 (8) The last sentence of section 223 (a) (1) is amended  
4 by striking out "subsection (c) (2) except for subparagraph  
5 (B) thereof" and inserting in lieu thereof "subsection (d)  
6 except for paragraph (1) (B) thereof".

7 (9) Section 225 of such Act is amended by striking out  
8 "section 223 (c) (2)" and inserting in lieu thereof "section  
9 223 (d)".

10 (d) Section 216 (i) (1) of such Act is amended by  
11 striking out the third sentence and inserting in lieu thereof  
12 the following: "The provisions of paragraphs (2) (A), (3),  
13 (4), and (5) of section 223 (d) shall be applied for pur-  
14 poses of determining whether an individual is under a disa-  
15 bility within the meaning of the first sentence of this para-  
16 graph in the same manner as they are applied for purposes  
17 of paragraph (1) of such section."

18 (e) The amendments made by this section shall be  
19 effective with respect to applications for disability insurance  
20 benefits under section 223 of the Social Security Act, and for  
21 disability determinations under section 216 (i) of such Act,  
22 filed—

23 (1) in or after the month in which this Act is  
24 enacted, or



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1           (2) before the month in which this Act is enacted  
2 if the applicant has not died before such month and if—

3           (A) notice of the final decision of the Secretary  
4 of Health, Education, and Welfare has not been  
5 given to the applicant before such month; or

6           (B) the notice referred to in subparagraph

7           (A) has been so given before such month but a civil  
8 action with respect to such final decision is com-  
9 menced under section 205 (g) of the Social Security  
10 Act (whether before, in, or after such month) and  
11 the decision in such civil action has not become  
12 final before such month.

13 **DISABILITY BENEFITS AFFECTED BY RECEIPT OF WORK-**  
14 **MEN'S COMPENSATION**

15           **SEC. 157. (a) (1)** The last sentence of section 224 (a)  
16 of the Social Security Act is amended by inserting after "his  
17 wages and self-employment income" where it first appears  
18 in clause (B) the following: "(computed without regard  
19 to the limitations specified in sections 209 (a) and 211 (b)  
20 (1) )".

21           (2) Section 224 (a) of such Act is further amended by  
22 adding at the end thereof the following: "In any case where  
23 an individual's wages and self-employment income reported  
24 to the Secretary for a calendar year reach the limitations

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1 specified in sections 209 (a) and 211 (b) (1), the Secretary  
2 under regulations shall estimate the total of such wages and  
3 self-employment income for purposes of clause (B) of the  
4 preceding sentence on the basis of such information as may  
5 be available to him indicating the extent (if any) by which  
6 such wages and self-employment income exceed such limita-  
7 tions."

8 (b) (1) The amendments made by subsection (a) shall  
9 apply only with respect to monthly benefits under title II  
10 of the Social Security Act for months after the month in  
11 which this Act is enacted.

12 (2) For purposes of any redetermination which is made  
13 under section 224 (f) of the Social Security Act in the  
14 case of benefits subject to reduction under section 224 of  
15 such Act, where such reduction as first computed was effec-  
16 tive with respect to benefits for the month in which this  
17 Act is enacted or a prior month, the amendments made by  
18 subsection (a) of this section shall also be deemed to have  
19 applied in the initial determination of the "average current  
20 earnings" of the individual whose wages and self-employ-  
21 ment income are involved.

22 EXTENSION OF TIME FOR FILING REPORTS OF EARNINGS

23 SEC. 158. (a) Section 203 (h) (1) (A) of the Social  
24 Security Act is amended by adding at the end thereof the  
25 following new sentence: "The Secretary may grant a reason-

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1 able extension of time for making the report of earnings re-  
 2 quired in this paragraph if he finds that there is valid reason  
 3 for a delay, but in no case may the period be extended more  
 4 than three months."

5 (b) Section 203 (h) (2) of such Act is amended by  
 6 striking out "within the time prescribed therein" and in-  
 7 serting in lieu thereof "within the time prescribed by or in  
 8 accordance with such paragraph"

9 PENALTIES FOR FAILURE TO FILE TIMELY REPORTS

10 OF EARNINGS AND OTHER EVENTS

11 SEC. 159. (a) Section 203 (h) (2) (A) of the Social  
 12 Security Act is amended by inserting before the semicolon  
 13 at the end thereof the following: "except that if the de-  
 14 duction imposed under subsection (b) by reason of his earn-  
 15 ings for such year less than the amount of his benefit (or  
 16 benefits) for the last month of such year for which he was  
 17 entitled to a benefit under section 202, the additional deduc-  
 18 tion shall be equal to the amount of the deduction imposed  
 19 under subsection (b) but not less than \$10".

20 (b) Section 203 (g) of such Act is amended by striking  
 21 out all that follows "shall suffer" and inserting **R** in lieu  
 22 thereof the following: "deductions in addition to those  
 23 imposed under subsection (c) as follows:

24 " (1) if such failure is the first one with respect to  
 25 which an additional deduction is imposed by this sub-

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1 section, such additional deduction shall be equal to his  
2 benefit or benefits for the first month of the period for  
3 which there is a failure to report even though such  
4 failure is with respect to more than one month;

5 “(2) if such failure is the second one with respect  
6 to which an additional deduction is imposed by this  
7 subsection, such additional deduction shall be equal to  
8 two times his benefit or benefits for the first month of  
9 the period for which there is a failure to report even  
10 though such failure is with respect to more than two  
11 months; and

12 “(3) if such failure is the third or a subsequent one  
13 for which an additional deduction is imposed under this  
14 subsection, such additional deduction shall be equal to  
15 three times his benefit or benefits for the first month  
16 of the period for which there is a failure to report even  
17 though the failure to report is with respect to more than  
18 three months;

19 except that the number of additional deductions re-  
20 quired by this subsection shall not exceed the number of  
21 months in the period for which there is a failure to report.  
22 As used in this subsection, the term ‘period for which there  
23 is a failure to report’ with respect to any individual means  
24 the period for which such individual received and  
25 accepted insurance benefits under section 202 without mak-

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1 ing a timely report and for which deductions are required  
2 under subsection (c).”

3 (c) The amendments made by this section shall apply  
4 with respect to any deductions imposed on or after the date  
5 of the enactment of this Act under subsections (g) and (h)  
6 of section 203 of the Social Security Act on account of failure  
7 to make a report required thereby.

## 8 LIMITATION ON PAYMENT OF BENEFITS TO ALIENS OUTSIDE

## 9 THE UNITED STATES

10 SEC. 160. (a) (1) Section 202 (t) (1) of the Social  
11 Security Act is amended by adding at the end thereof (after  
12 and below subparagraph (B) ) the following new sentence:  
13 “For purposes of the preceding sentence, after an individual  
14 has been outside the United States for any period of thirty  
15 consecutive days he shall be treated as remaining outside the  
16 United States until he has been in the United States for a  
17 period of thirty consecutive days.”

18 (2) The amendment made by paragraph (1) shall  
19 apply only with respect to six-month periods (within the  
20 meaning of section 202 (t) (1) (A) of the Social Security  
21 Act) which begin after the date of the enactment of this Act.

22 (b) (1) Section 202 (t) (4) of such Act is amended—

23 (A) by striking out the period at the end of sub-  
24 paragraph (E) and inserting in lieu thereof a semi-  
25 colon; and

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1 (B) by adding at the end thereof (after and below  
2 subparagraph (E) ) the following:

3 "except that subparagraphs (A) and (B) of this paragraph  
4 shall not apply in the case of any individual who is a citizen  
5 of a foreign country that has in effect a social insurance or  
6 pension system which is of general application in such coun-  
7 try and which satisfies subparagraph (A) but not sub-  
8 paragraph (B) of paragraph (2), or who is a citizen of a  
9 foreign country that has no social insurance or pension sys-  
10 tem of general application if at any time within five years  
11 prior to the month in which the Social Security Amendments  
12 of 1967 are enacted (or the first month thereafter for which  
13 his benefits are subject to suspension under paragraph (1) )  
14 payments to individuals residing in such country were with-  
15 held by the Treasury Department under the first section  
16 of the Act of October 9, 1940 (31 U.S.C. 123)."

17 (2) The amendment made by paragraph (1) shall  
18 apply only with respect to monthly benefits under title II  
19 of the Social Security Act for and after the sixth month  
20 following the month in which this Act is enacted.

21 (c) (1) Section 202 (t) of such Act is further amended  
22 by adding at the end thereof the following new paragraph:

23 "(10) Notwithstanding any other provision of this  
24 title, no monthly benefits shall be paid under this section or  
25 under section 223, for any month beginning on or after the

1 date on which this paragraph is enacted, to an individual  
2 who is not a citizen or national of the United States and  
3 who resides during such month in a foreign country if pay-  
4 ments for such month to individuals residing in such country  
5 are withheld by the Treasury Department under the first  
6 section of the Act of October 9, 1940 (31 U.S.C. 123)."

7 (2) Section 202 (t) (6) of such Act is amended by  
8 striking out "by reason of paragraph (1)" and inserting in  
9 lieu thereof "by reason of paragraph (1) or (10)".

10 (3) Whenever benefits which an individual who is not  
11 a citizen or national of the United States was entitled  
12 to receive under title II of the Social Security Act for  
13 months beginning prior to the date of the enactment of this  
14 Act have been withheld by the Treasury Department under  
15 the first section of the Act of October 9, 1940 (31 U.S.C.  
16 123), any such benefits, payable to such individual for  
17 months after the month in which the determination by the  
18 Treasury Department that the benefits should be so withheld  
19 was made, shall not be paid—

20 (A) to any person other than such individual, or,  
21 if such individual dies before such benefits can be paid,  
22 to any person other than an individual who was entitled  
23 for the month in which the deceased individual died  
24 (with the application of section 202 (j) (1) of the

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1 Social Security Act) to a monthly benefit under title II  
2 of such Act on the basis of the same wages and self-  
3 employment income as such deceased individual, or

4 (B) in excess of the equivalent of the last twelve  
5 months' benefits that would have been payable to such  
6 individual.

7 RESIDUAL PAYMENTS TO CERTAIN CHILDREN

8 SEC. 161. (a) The last sentence of section 203 (a) of  
9 the Social Security Act is amended to read as follows:

10 "Whenever a reduction is made under this subsection in  
11 the total of monthly benefits to which individuals are entitled  
12 for any month on the basis of the wages and self-employment  
13 income of an insured individual, each such benefit other than  
14 the old-age or disability insurance benefit shall be propor-  
15 tionately decreased; except that if such total of benefits for  
16 such month includes any benefit or benefits under section  
17 202 (d) which are payable solely by reason of section 216  
18 (h) (3), the reduction shall be first applied to reduce (pro-  
19 portionately where there is more than one benefit so pay-  
20 able) the benefits so payable (but not below zero)."

21 (b) The amendment made by subsection (a) of this  
22 section shall apply with respect to monthly benefits payable  
23 under title II of the Social Security Act for and after the  
24 second month after the month in which this Act is enacted.



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1 TRANSFER TO HEALTH INSURANCE BENEFITS ADVISORY  
2 COUNCIL OF NATIONAL MEDICAL REVIEW COMMITTEE  
3 FUNCTIONS; INCREASE IN COUNCIL'S MEMBERSHIP

4 SEC. 162. (a) Section 1867 of the Social Security Act  
5 is amended to read as follows:

6 "HEALTH INSURANCE BENEFITS ADVISORY COUNCIL

7 "SEC. 1867. (a) There is hereby created a Health In-  
8 surance Benefits Advisory Council which shall consist of 19  
9 persons, not otherwise in the employ of the United States,  
10 appointed by the Secretary without regard to the provisions  
11 of title 5, United States Code, governing appointments in  
12 the competitive service. The Secretary shall from time to  
13 time appoint one of the members to serve as Chairman. The  
14 members shall include persons who are outstanding in fields  
15 related to hospital, medical, and other health activities, per-  
16 sons who are representative of organizations and associations  
17 of professional personnel in the field of medicine, and at least  
18 one person who is representative of the general public. Each  
19 member shall hold office for a term of 4 years, except that  
20 any member appointed to fill a vacancy occurring prior  
21 to the expiration of the term for which his predecessor was  
22 appointed shall be appointed for the remainder of such term.  
23 A member shall not be eligible to serve continuously for more  
24 than 2 terms. The Secretary may, at the request of the Ad-

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1 visory Council or otherwise, appoint such special advisory  
2 professional or technical committees as may be useful in car-  
3 rying out this title. Members of the Advisory Council and  
4 members of any such advisory or technical committee, while  
5 attending meetings or conferences thereof or otherwise serv-  
6 ing on business of the Advisory Council or of such committee,  
7 shall be entitled to receive compensation at rates fixed by  
8 the Secretary, but not exceeding \$100 per day, including  
9 travel time, and while so serving away from their homes or  
10 regular places of business they may be allowed travel ex-  
11 penses, including per diem in lieu of subsistence, as author-  
12 ized by section 5703 of title 5, United States Code, for per-  
13 sons in the Government service employed intermittently. The  
14 Advisory Council shall meet as frequently as the Secretary  
15 deems necessary. Upon request of 5 or more members, it  
16 shall be the duty of the Secretary to call a meeting of the  
17 Advisory Council.

18       “(b) It shall be the function of the Advisory Council  
19 (1) to advise the Secretary on matters of general policy in  
20 the administration of this title and in the formulation of reg-  
21 ulations under this title, and (2) to study the utilization of  
22 hospital and other medical care and services for which pay-  
23 ment may be made under this title with a view to recom-  
24 mending any changes which may seem desirable in the way  
25 in which such care and services are utilized or in the ad-

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1 ministration of the programs established by this title, or in  
2 the provisions of this title. The Advisory Council shall make  
3 an annual report to the Secretary on the performance of  
4 its functions, including any recommendations it may have  
5 with respect thereto, and such report shall be transmitted  
6 promptly by the Secretary to the Congress.

7 “(c) The Advisory Council is authorized to engage such  
8 technical assistance as may be required to carry out its func-  
9 tions, and the Secretary shall, in addition, make available to  
10 the Advisory Council such secretarial, clerical, and other  
11 assistance and such pertinent data obtained and prepared  
12 by the Department of Health, Education, and Welfare as  
13 the Advisory Council may require to carry out its functions.”

14 (b) The amendment made by subsection (a) shall not  
15 be construed as affecting the terms of office of the members  
16 of the Health Insurance Benefits Advisory Council in office  
17 on the date of the enactment of this Act or their successors.  
18 The terms of office of the three additional members of the  
19 Health Insurance Benefits Advisory Council first appointed  
20 pursuant to the increase in the membership of such Council  
21 provided by such amendment shall expire, as designated by  
22 the Secretary at the time of appointment, one at the end of  
23 the first year, one at the end of the second year, and one at  
24 the end of the third year after the date of appointment.

25 (c) Section 1868 of the Social Security Act is repealed.

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1            **ADVISORY COUNCIL ON SOCIAL SECURITY**

2            **SEC. 163. (a) (1)** Section 706 (a) of the Social Secu-  
3 rity Act is amended by striking out "During 1968 and every  
4 fifth year thereafter" and inserting in lieu thereof "During  
5 February 1969 and during February of every fourth year  
6 thereafter".

7            **(2)** The first sentence of section 706 (d) of such Act  
8 is amended by striking out "second".

9            **(b)** Section 706 (b) of such Act is amended by striking  
10 out "shall consist of the Commissioner of Social Security, as  
11 Chairman, and 12 other persons, appointed by the Secretary"  
12 and inserting in lieu thereof "shall consist of a Chairman and 12  
13 other persons, appointed by the Secretary".

14            **REIMBURSEMENT OF CIVIL SERVICE RETIREMENT ANNUI-**  
15            **TANTS FOR CERTAIN PREMIUM PAYMENTS UNDER**  
16            **SUPPLEMENTARY MEDICAL INSURANCE PROGRAM**

17            **SEC. 164.** Section 1840 (e) (1) of the Social Security  
18 Act is amended by adding at the end thereof the following  
19 new sentence: "A plan described in section 8903 of title 5,  
20 United States Code, may reimburse each annuitant enrolled  
21 in such plan an amount equal to the premiums paid by him  
22 under this part if such reimbursement is paid entirely from  
23 funds of such plan which are derived from sources other  
24 than the contributions described in section 8906 of such  
25 title."

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1           **APPROPRIATIONS TO SUPPLEMENTARY MEDICAL**2                                   **INSURANCE TRUST FUND**

3           SEC. 165. (a) Section 1844 (a) of the Social Security  
4 Act is amended to read as follows:

5           “(a) There are authorized to be appropriated from time  
6 to time, out of any moneys in the Treasury not otherwise ap-  
7 propriated, to the Federal Supplementary Medical Insurance  
8 Trust Fund—

9           “(1) a Government contribution equal to the ag-  
10 gregate premiums payable under this part and deposited  
11 in the Trust Fund, and

12           “(2) such sums as the Secretary deems necessary  
13 to place the Trust Fund, at the end of any fiscal year  
14 occurring after June 30, 1967, in the same position in  
15 which it would have been at the end of such fiscal year  
16 if (A) a Government contribution representing the ex-  
17 cess of the premiums deposited in the Trust Fund during  
18 the fiscal year ending June 30, 1967, over the Govern-  
19 ment contribution actually appropriated to the Trust  
20 Fund during such fiscal year had been appropriated to  
21 it on June 30, 1967, and (B) the Government contri-  
22 bution for premiums deposited in the Trust Fund after  
23 June 30, 1967, had been appropriated to it when such  
24 premiums were deposited.”

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1 (b) Section 1844 (b) of such Act is amended by strik-  
2 ing out "1967" and inserting in lieu thereof "1969".

3 DISCLOSURE TO COURTS OF WHEREABOUTS OF

4 CERTAIN INDIVIDUALS

5 SEC. 166. (a) Section 1106 (c) (1) of the Social Secu-  
6 rity Act is amended by inserting "(A)" after "(c) (1)", by  
7 redesignating subparagraphs (A) through (D) as clauses  
8 (i) through (iv), respectively, and by adding at the end  
9 thereof the following new subparagraph:

10 "(B) If a request for the most recent address of any  
11 individual so included is filed (in accordance with paragraph  
12 (2) of this subsection) by a court having jurisdiction to issue  
13 orders against individuals for the support and maintenance  
14 of their children, the Secretary shall furnish such address, or  
15 the address of the individual's most recent employer, or both,  
16 for the court's own use in issuing or determining whether to  
17 issue such an order against such individual (and for no other  
18 purpose), if the court certifies that the information is re-  
19 quested for such use."

20 (b) (1) Section 1106 (c) (2) of such Act is amended  
21 by striking out ", and shall be accompanied" and all that  
22 follows and inserting in lieu thereof "(and, in the case of a  
23 request under paragraph (1) (A), shall be accompanied by

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1 a certified copy of the order referred to in clauses (i) and  
2 (iv) thereof.”

3 (2) Section 1106 (c) (3) of such Act is amended by  
4 striking out “authorized by subparagraph (D) thereof” and  
5 inserting in lieu thereof “authorized by subparagraph (A)  
6 (iv) or (B) thereof”.

7 REPORTS OF BOARDS OF TRUSTEES TO CONGRESS

8 SEC. 167. (a) Sections 201 (c) (2), 1817 (b) (2), and  
9 1841 (b) (2) of the Social Security Act are each amended  
10 by striking out “March” and inserting in lieu thereof “April”.

11 (b) Section 201 (c) of such Act is amended by insert-  
12 ing immediately before the last sentence the following new  
13 sentence: “Such report shall also include an actuarial analy-  
14 sis of the benefit disbursements made from the Federal Old-  
15 Age and Survivors Insurance Trust Fund with respect to  
16 disabled beneficiaries.”

17 GENERAL SAVINGS PROVISION

18 SEC. 168. (a) Where--

19 (1) one or more persons were entitled (without  
20 the application of section 202 (j) (1) of the Social Se-  
21 curity Act) to monthly benefits under section 202 or  
22 223 of such Act for the effective month on the basis of

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1 the wages and self-employment income of an individual,  
2 and

3 (2) one or more persons (not included in paragraph  
4 (1)) become entitled to monthly benefits under such  
5 section 202 for the first month after the effective month  
6 on the basis of such wages and self-employment by rea-  
7 son of the amendments made to such Act by sections  
8 104, 150, 151, 154, and 155 of this Act, and

9 (3) the total of benefits to which all persons are  
10 entitled under such section 202 or 223 on the basis of  
11 such wages and self-employment for such first month  
12 are reduced by reason of section 203 (a) of such Act,  
13 as amended by this Act (or would, but for the penulti-  
14 mate sentence of such section 203 (a), be so reduced),  
15 then the amount of the benefit to which each such person  
16 referred to in paragraph (1) is entitled for months after  
17 the effective month shall be increased, after the application  
18 of such section 203 (a), to the amount it would have been  
19 if the person or persons referred to in paragraph (2) were  
20 not entit'ed to a benefit referred to in such paragraph.

21 (b) For purposes of subsection (a), the term "effective  
22 month" means the month after the month in which this  
23 Act is enacted.



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## 1 TITLE II—PUBLIC WELFARE AMENDMENTS

## 2 PART 1—PUBLIC ASSISTANCE AMENDMENTS

## 3 PROGRAMS OF SERVICES FURNISHED TO FAMILIES WITH

## 4 DEPENDENT CHILDREN

5 SEC. 201. (a) (1) Section 402 (a) of the Social Secu-  
6 rity Act (as amended by section 202 (a) of this Act) is  
7 amended by striking out “and” at the end of clause (13);  
8 by striking out “, and provide for coordination of such pro-  
9 grams” and all that follows in clause (14); by striking out  
10 the period at the end of clause (14) and inserting in lieu  
11 thereof a semicolon; and by adding after clause (14) the  
12 following new clauses: “(15) provide—

13 “(A) for the development of a program for each  
14 appropriate relative and dependent child receiving aid  
15 under the plan, and each appropriate individual (living  
16 in the same home as a relative and child receiving such  
17 aid) whose needs are taken into account in making the  
18 determination under clause (7), with the objective of—

19 “(i) assuring, to the maximum extent possible,  
20 that such relative, child, and individual will enter  
21 the labor force and accept employment so that they  
22 will become self-sufficient, and

23 “(ii) preventing or reducing the incidence of

1           illegitimate births, and otherwise strengthening fam-  
2           ily life,

3           “(B) for the implementation of such programs by  
4           assuring that—

5           “(i) the employment potential of such rela-  
6           tives, children, and individuals is evaluated and they  
7           are furnished such services as child-care services and  
8           testing, counseling, basic education, vocational train-  
9           ing, and special job development to assist them in  
10          securing and retaining employment or in raising the  
11          level of their skills to secure advancement in their  
12          employment, and

13          “(ii) in all appropriate cases family planning  
14          services are offered to them,

15          and in appropriate cases by providing aid to families  
16          with dependent children in the form of payments of the  
17          types described in section 406 (b) (2),

18          “(C) for such review of each such program as may  
19          be necessary (as frequently as may be necessary, but at  
20          least once a year) to insure that it is being effectively  
21          implemented,

22          “(D) for furnishing the Secretary with such re-  
23          ports as he may specify showing the results of such pro-  
24          grams, and

25          “(E) to the extent that such programs are de-

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1 developed and implemented by services furnished by the  
2 staff of the State agency or the local agency administer-  
3 ing the State plan in each of the political subdivisions of  
4 the State, for the establishment of a single organizational  
5 unit in such State or local agency, as the case may be,  
6 responsible for the furnishing of such services;

7 (16) provide that where the State agency has reason to  
8 believe that the home in which a relative and child receiving  
9 aid reside is unsuitable for the child because of the neglect,  
10 abuse, or exploitation of such child it shall bring such con-  
11 dition to the attention of the appropriate court or law en-  
12 forcement agencies in the State, providing such data with  
13 respect to the situation it may have; (17) provide—

14 “(A) for the development and implementation of  
15 a program under which the State agency will under-  
16 take—

17 “(i) in the case of an illegitimate child receiv-  
18 ing aid to families with dependent children, to  
19 establish the paternity of such child and secure sup-  
20 port for him, and

21 “(ii) in the case of any child receiving such  
22 aid who has been deserted or abandoned by his par-  
23 ent, to secure support for such child from such par-  
24 ent (or from any other person legally liable for such  
25 support), utilizing any reciprocal arrangements

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1           adopted with other States to obtain or enforce court  
2           orders for support, and

3           “(B) for the establishment of a single organizational  
4           unit in the State agency or local agency administering  
5           the State plan in each political subdivision which will be  
6           responsible for the administration of the program re-  
7           ferred to in clause (A) ;

8       (18) provide for entering into cooperative arrangements  
9       with appropriate courts and law enforcement officials (A)  
10      to assist the State agency in administering the program  
11      referred to in clause (17) (A), including the entering into  
12      of financial arrangements with such courts and officials in  
13      order to assure optimum results under such program, and  
14      (B) with respect to any other matters of common concern  
15      to such courts or officials and the State agency or local  
16      agency administering the State plan.”

17      (2) Section 402 (a) (13) of such Act (as redesignated  
18      by section 202 (a) of this Act) is amended by striking out  
19      “(if any)”.

20      (b) Section 402 of such Act is amended by adding at  
21      the end thereof the following new subsection:

22      “(c) The Secretary shall, on the basis of his review of  
23      the reports received from the States under clause (15) of  
24      subsection (a), compile such data as he believes necessary

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1 and from time to time publish his findings as to the effective-  
2 ness of the programs developed and administered by the  
3 States under such clause. The Secretary shall annually report  
4 to the Congress (with the first such report being made  
5 on or before July 1, 1970) on the programs developed and  
6 administered by each State under such clause (15).”

7 (c) Section 403 (a) (3) of such Act is amended by  
8 striking out subparagraphs (A) and (B) and inserting in  
9 lieu thereof the following:

10 “(A) 75 per centum of so much of such ex-  
11 penditures as are for—

12 “(i) services which are furnished pursuant  
13 to clause (15) of section 402 (a) and which  
14 are provided to any relative or child who is re-  
15 ceiving aid under the plan or to any other in-  
16 dividual (living in the same home as such  
17 relative and child) whose needs are taken into  
18 account in making the determination under  
19 clause (7) of such section, or

20 “(ii) any of the services specified in or  
21 under subsection (c) and provided to any rel-  
22 ative or dependent child who is applying for  
23 or receiving aid under the plan, or any other in-  
24 dividual (living in the same home as such rel-

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1           ative and child) whose needs are taken into  
2           account in making the determination under  
3           clause (7) of section 402 (a), or

4           “ (iii) any of the services specified in clause  
5           (15) of section 402 (a), or specified in or  
6           under subsection (c), which are provided to  
7           any child who is applying for aid under the  
8           plan or who, within such period or periods  
9           as the Secretary may prescribe, has been  
10          or is likely to become an applicant for or re-  
11          cipient of such aid, or to any relative with  
12          whom any such child is living, or to any other  
13          individual (living in the same home as such  
14          relative and child) whose needs are or would  
15          be taken into account in making the determi-  
16          nation under clause (7) of section 402 (a), or

17          “ (iv) the training of personnel employed  
18          or preparing for employment by the State  
19          agency or by the local agency administering the  
20          plan in the political subdivision; plus”.

21          (d) Section 403 (a) (3) of such Act is further  
22          amended—

23                 (1) by striking out “subparagraphs (A) and (B)”  
24          in the sentence following subparagraph (C) and insert-  
25          ing in lieu thereof “subparagraph (A)”;

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1           (2) by inserting before the period at the end of the  
2 sentence following subparagraph (C) the following:  
3           “; and except that, to the extent specified by the Secre-  
4 tary, child-welfare services, family planning services, and  
5 family services may be provided from sources other than  
6 those referred to in subparagraphs (D) and (E)”;

7           (3) by striking out “subparagraphs (B) and (C)  
8 apply” in the last sentence and inserting in lieu thereof  
9 “subparagraph (C) applies”.

10          (e) (1) Section 403 (c) of such Act is amended to read  
11 as follows:

12          “(c) For purposes of paragraphs (3) (A) (ii) and (3)  
13 (A) (iii) of subsection (a), the services referred to in such  
14 paragraphs as specified in or under this subsection include—

15           “(1) child-welfare services as defined in section  
16 425,

17           “(2) family services as defined in section 406 (d),  
18 and

19           “(3) other services to maintain and strengthen  
20 family life for children, and to help relatives with whom  
21 children are living and other individuals (living in the  
22 same home as a relative and child) whose needs are or  
23 would be taken into account in making the determination  
24 under clause (7) of section 402 (a) to attain or retain

1 capability for self-support or self-care, which are specified  
2 by the Secretary.

3 but only with respect to a State whose State plan approved  
4 under section 402 provides that when such services are fur-  
5 nished by the staff of the State agency or local agency  
6 administering such plan, the organizational unit referred to  
7 in section 402 (a) (15) (E) will be responsible for furnish-  
8 ing such services.”

9 (2) Section 403 (a) (3) of such Act is amended by  
10 striking out “whose State plan approved under section 402  
11 meets the requirements of subsection (c) (1)”, and by strik-  
12 ing out “; and” at the end and inserting in lieu thereof a  
13 period.

14 (3) Section 403 (a) (4) of such Act is repealed.

15 (4) Section 408 (d) of such Act is amended by striking  
16 out “and (4)”.

17 (f) Section 406 of such Act is amended by adding at  
18 the end thereof the following new subsection:

19 “(d) The term ‘family services’ means services to a  
20 family or any member thereof for the purpose of preserving,  
21 rehabilitating, reuniting, or strengthening the family, and  
22 such other services as will assist members of a family to at-  
23 tain or retain capability for the maximum self-support and  
24 personal independence.”

25 (g) (1) The amendments made by subsection (a) of



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1 this section shall be effective October 1, 1967; except that  
2 a State shall not be deemed to have failed to comply with  
3 such amendments prior to July 1, 1969, because its plan  
4 approved under section 402 of the Social Security Act has  
5 not been modified to comply with such amendments.

6 (2) The amendments made by subsections (c), (d),  
7 and (e) of this section shall apply in the case of any State  
8 with respect to services and training furnished on or after  
9 the date as of which the modification of the State plan  
10 to comply with the amendments made by subsection (a)  
11 is approved.

12 (h) Notwithstanding subparagraph (A) of section  
13 403 (a) (3) of the Social Security Act (as amended by  
14 subsection (c) of this section), the rate specified in such  
15 subparagraph in the case of any State shall be 85 per  
16 centum (rather than 75 per centum) with respect to ex-  
17 penditures, for services furnished pursuant to clause (15)  
18 of section 402 (a) of such Act, made on or after October  
19 1, 1967, and prior to July 1, 1969.

20 EARNINGS EXEMPTION FOR RECIPIENTS OF AID TO

21 FAMILIES WITH DEPENDENT CHILDREN

22 SEC. 202. (a) Clauses (8) through (13) of section  
23 402 (a) of the Social Security Act are redesignated as  
24 clauses (9) through (14), respectively.

25 (b) Effective July 1, 1969, section 402 (a) of such Act

1 is amended by striking out clause (7) and inserting in lieu  
2 thereof the following: “(7) except as may be otherwise  
3 provided in clause (8), provide that the State agency shall,  
4 in determining need, take into consideration any other in-  
5 come and resources of any child or relative claiming aid to  
6 families with dependent children, or of any other individual  
7 (living in the same home as such child and relative) whose  
8 needs the State determines should be considered in determin-  
9 ing the need of the child or relative claiming such aid, as well  
10 as any expenses reasonably attributable to the earning of any  
11 such income; (8) provide that, in making the determination  
12 under clause (7), the State agency—

13 “(A) shall with respect to any month disregard—

14 “(i) all of the earned income of each depend-  
15 ent child receiving aid to families with dependent  
16 children for any month in which such child (I) is  
17 under age 16, or (II) if age 16 or over but under  
18 age 21, is (as determined by the State in accord-  
19 ance with standards prescribed by the Secretary)  
20 a full-time student attending a school, college, or  
21 university, or a course of vocational or technical  
22 training designed to fit him for gainful employment,  
23 and

24 “(ii) in the case of earned income of a depend-  
25 ent child not included under clause (i), a relative

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1 receiving such aid, and any other individual (living  
2 in the same home as such relative and child) whose  
3 needs are taken into account in making such  
4 determination, the first \$30 of the total of such  
5 earned income for such month plus one-third of the  
6 remainder of such income for such month; and

7 “(B) (i) may, subject to the limitations prescribed  
8 by the Secretary, permit all or any portion of the earned  
9 or other income to be set aside for future identifiable  
10 needs of a dependent child, and (ii) may, before dis-  
11 regarding the amounts referred to in subparagraph (A)  
12 and clause (i) of this subparagraph, disregard not more  
13 than \$5 per month of any income;

14 except that, with respect to any month, the State agency  
15 shall not disregard any earned income (other than income  
16 referred to in subparagraph (B) ) of—

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

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

23 “(ii) refused without good cause, within such  
24 period preceding such month as may be prescribed  
25 by the Secretary, to accept employment in which

1           he is able to engage which is offered through the  
2           public employment offices of the State, or is other-  
3           wise offered by an employer if the offer of such em-  
4           ployer is determined by the State or local agency  
5           administering the State plan, after notification by  
6           him, to be a bona fide offer of employment; or

7           “(D) any of such persons specified in clause (ii)  
8           of subparagraph (A) if with respect to such month the  
9           income of the persons so specified (within the meaning  
10          of clause (7)) was in excess of their need as deter-  
11          mined by the State agency pursuant to clause (7)  
12          (without regard to clause (8)), unless, for any one of  
13          the four months preceding such month, the needs of such  
14          persons were met by the furnishing of aid under the  
15          plan;”.

16          (c) A State whose plan under section 402 of the  
17          Social Security Act has been approved by the Secretary shall  
18          not be deemed to have failed to comply substantially with the  
19          requirements of section 402 (a) (7) of such Act (as in effect  
20          prior to July 1, 1969) for any period beginning after Sep-  
21          tember 30, 1967, and ending prior to July 1, 1969, if for  
22          such period the State agency disregards earned income of the  
23          individuals involved in accordance with the requirements  
24          specified in section 402 (a) (7) and (8) of such Act as  
25          amended by this section.

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1 (d) In determining the need of individuals claiming aid to  
2 families with dependent children (and individuals whose needs  
3 are taken into account in making such determination) under a  
4 State plan approved under section 402 of the Social Security  
5 Act which provides for the determination of such need under  
6 the provisions of section 402 (a) (7) and (8) of such Act as  
7 amended by this section, the State shall apply such provi-  
8 sions notwithstanding any provision of law (other than such  
9 Act) requiring the State to disregard earned income of such  
10 individuals in determining need under such State plan.

## 11 DEPENDENT CHILDREN OF UNEMPLOYED FATHERS

12 SEC. 203. (a) Section 407 of the Social Security Act is  
13 amended to read as follows:

## 14 "DEPENDENT CHILDREN OF UNEMPLOYED FATHERS

15 "SEC. 407. (a) The term 'dependent child' shall, not-  
16 withstanding section 406 (a), include a needy child who  
17 meets the requirements of section 406 (a) (2), who has been  
18 deprived of parental support or care by reason of the unem-  
19 ployment (as determined in accordance with standards pre-  
20 scribed by the Secretary) of his father, and who is living  
21 with any of the relatives specified in section 406 (a) (1)  
22 in a place of residence maintained by one or more of such  
23 relatives as his (or their) own home.

24 "(b) The provisions of subsection (a) shall be applicable  
25 to a State if the State's plan approved under section 402—

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1           “(1) requires the payment of aid to families with  
2 dependent children with respect to a dependent child as  
3 defined in subsection (a) when—

4           “(A) such child’s father has not been employed  
5 (as determined in accordance with standards pre-  
6 scribed by the Secretary) for at least 30 days prior  
7 to the receipt of such aid,

8           “(B) such father has not without good cause,  
9 within such period (of not less than 30 days) as  
10 as may be prescribed by the Secretary, refused a bona  
11 fide offer of employment or training for employ-  
12 ment, and

13           “(C) (i) such father has 6 or more quarters of  
14 work (as defined in subsection (d) (1) ) in any 13-  
15 calendar-quarter period ending within one year  
16 prior to the application for such aid or (ii) he re-  
17 ceived unemployment compensation under an unem-  
18 ployment compensation law of a State or of the  
19 United States, or he was qualified (within the mean-  
20 ing of subsection (d) (3) ) for unemployment com-  
21 pensation under the unemployment compensation  
22 law of the State, within one year prior to the appli-  
23 cation for such aid; and

24           “(2) provides—

25           “(A) (i) for the establishment of a work and

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1 training program in accordance with section 409,  
2 and (ii) for such assurances as will satisfy the Sec-  
3 retary that fathers of dependent children as defined  
4 in subsection (a) are assigned as participants to  
5 projects under such program within 30 days after  
6 receipt of aid with respect to such children;

7 “(B) that the services of the public em-  
8 ployment offices in the State shall be utilized in  
9 order to assist fathers of dependent children as de-  
10 fined in subsection (a) to secure employment or  
11 occupational training, including appropriate provi-  
12 sion for registration and periodic reregistration of  
13 such fathers and for maximum utilization of the  
14 job placement services and other services and facili-  
15 ties of such offices;

16 “(C) for entering into cooperative arrange-  
17 ments with the State agency responsible for admin-  
18 istering or supervising the administration of voca-  
19 tional education in the State, designed to assure  
20 maximum utilization of available public vocational  
21 education services and facilities in the State in order  
22 to encourage the retraining of individuals capable  
23 of being retrained; and

24 “(D) for the denial of aid to families with de-  
25 pendent children to any child or relative specified

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1 in subsection (a) if, and for as long as, such child's  
2 father—

3 “(i) is not currently registered with the  
4 public employment offices in the State,

5 “(ii) refuses without good cause to under-  
6 take, or continue to undertake, work or training  
7 in the program referred to in subparagraph  
8 (A),

9 “(iii) refuses without good cause to accept  
10 employment in which he is able to engage  
11 which is offered through the public employment  
12 offices of the State, or is otherwise offered by an  
13 employer if the offer of such employer is de-  
14 termined by the State or local agency adminis-  
15 tering the State plan, after notification by him,  
16 to be a bona fide offer of employment,

17 “(iv) refuses without good cause to un-  
18 dergo the retraining referred to in subpara-  
19 graph (C), or

20 “(v) receives unemployment compensa-  
21 tion under an unemployment compensation law  
22 of a State or of the United States.

23 “(c) Notwithstanding any other provision of this sec-  
24 tion, expenditures pursuant to this section shall be excluded  
25 from aid to families with dependent children—



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1           “(1) where such expenditures are made with re-  
2           spect to any dependent child as defined in subsection

3           (a)—

4           “(A) for any part of the 30-day period re-  
5           ferred to in subparagraph (A) of subsection  
6           (b) (1), or

7           “(B) for any period prior to the time when  
8           the father satisfies subparagraphs (B) and (C) of  
9           subsection (b) (1), and

10          “(2) if, and for as long as, no action is taken under  
11          the program specified in subparagraph (A) of subsec-  
12          tion (b) (2) (after the 30-day period referred to  
13          therein) to assign such child's father to a project under  
14          such program, unless the State agency or local agency  
15          administering the plan determines, in accordance with  
16          standards prescribed by the Secretary, that any such as-  
17          signment would be detrimental to the health of such  
18          father or that no such project is available.

19          “(d) For purposes of this section—

20          “(1) the term ‘quarter of work’ with respect to any  
21          individual means a calendar quarter in which such indi-  
22          vidual received earned income of not less than \$50 (or  
23          which is a ‘quarter of coverage’ as defined in section  
24          213 (a) (2) ), or in which such individual participated  
25          in a community work and training program under section

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1 409 or any other work and training program subject to  
2 the limitations in section 409;

3 “(2) the term ‘calendar quarter’ means a period of  
4 3 consecutive calendar months ending on March 31,  
5 June 30, September 30, or December 31; and

6 “(3) an individual shall be deemed qualified for un-  
7 employment compensation under the State’s unemploy-  
8 ment compensation law if—

9 “(A) he would have been eligible to receive  
10 such unemployment compensation upon filing appli-  
11 cation, or

12 “(B) he performed work not covered under  
13 such law and such work, if it had been covered,  
14 would (together with any covered work he per-  
15 formed) have made him eligible to receive such  
16 unemployment compensation upon filing applica-  
17 tion.”

18 (b) In the case of an application for aid to families with  
19 dependent children under a State plan approved under sec-  
20 tion 402 of such Act with respect to a dependent child as  
21 defined in section 407 (a) of such Act (as amended by this  
22 section) within 6 months after the effective date of the modi-  
23 fication of such State plan which provides for payments in  
24 accordance with section 407 of such Act as so amended, the  
25 father of such child shall be deemed to meet the requirements

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1 of subparagraph (C) of section 407 (b) (1) of such Act (as  
2 so amended) if at any time after April 1961 and prior to  
3 the date of application such father met the requirements of  
4 such subparagraph (C). For purposes of the preceding sen-  
5 tence, an individual receiving aid to families with dependent  
6 children (under section 407 of the Social Security Act as  
7 in effect before the enactment of this Act) for the last  
8 month ending before the effective date of the modification  
9 referred to in such sentence shall be deemed to have filed  
10 application for such aid under such section 407 (as amended  
11 by this section) on the day after such effective date.

12 (c) The amendment made by subsection (a) shall be  
13 effective October 1, 1967; except that (1) no State which  
14 had in operation a program of aid with respect to children of  
15 unemployed parents under section 407 of the Social Security  
16 Act (as in effect prior to such amendment) in the calendar  
17 quarter commencing July 1, 1967, shall be required to in-  
18 clude any additional child or family under its State plan  
19 approved under section 402 of such Act, by reason of the  
20 enactment of such amendment, prior to July 1, 1969; and  
21 (2) no such State shall be required to deny aid under such  
22 State plan to any individual, because the plan does not estab-  
23 lish a community work and training program in accordance  
24 with section 409 of such Act, prior to July 1, 1969.

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1           **COMMUNITY WORK AND TRAINING PROGRAMS**

2           **SEC. 204.** (a) Section 409 of the Social Security Act  
3 is amended to read as follows:

4           **"COMMUNITY WORK AND TRAINING PROGRAMS**

5           **"SEC. 409.** For the purpose of assisting the States in en-  
6 couraging, through community work and training programs  
7 of a constructive nature, the conservation of work skills and  
8 the development of new skills in appropriate cases for chil-  
9 dren and relatives receiving aid to families with dependent  
10 children, and other individuals (living in the same home as  
11 a relative and child receiving such aid) whose needs are  
12 taken into account in making the determination under sec-  
13 tion 402 (a) (7), under conditions which are designed to  
14 assure protection of the health and welfare of such persons,  
15 expenditures (other than for medical or any other type of  
16 remedial care) for any month with respect to a dependent  
17 child under a State plan approved under section 402 shall  
18 be included in the term 'aid to families with dependent  
19 children' (as defined in section 406 (b)) where such ex-  
20 penditures are made in the form of payments for work per-  
21 formed in such month by such child, relative, or other indi-  
22 vidual if—

23           " (1) such child, relative, or other individual has  
24           attained age 16,

25           " (2) such work is performed under a work and

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1 training program administered or supervised by the State  
2 agency and maintained and operated by that agency or  
3 another public or nonprofit agency for the purpose of  
4 preparing individuals for, or restoring them to, employa-  
5 bility,

6 “(3) there is State financial participation in such  
7 expenditures,

8 “(4) the State plan includes provisions which, in  
9 the judgment of the Secretary, provide reasonable assur-  
10 ance that—

11 “(A) such work and training program con-  
12 forms to standards prescribed by the Secretary;

13 “(B) such program is in effect in those political  
14 subdivisions of the State in which there is a sig-  
15 nificant number (determined in accordance with  
16 standards prescribed by the Secretary) of individuals  
17 who have attained age 16 and are receiving aid  
18 to families with dependent children;

19 “(C) (i) the vocational needs and potential of  
20 each appropriate child and each relative (applying  
21 for or receiving aid to families with dependent chil-  
22 dren), and of each other appropriate individual (liv-  
23 ing in the same home as a relative and child receiving  
24 such aid) whose needs are (or would but for section  
25 402 (a) (20) (B) be) taken into account in making

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1 the determination under section 402 (a) (7), are  
2 evaluated, and (ii) the program is made available to  
3 any such child, relative, or other individual who is  
4 determined to have the capability for employment;

5 “(D) appropriate standards for health, safety,  
6 and other conditions applicable to the performance  
7 of such work are established and maintained (except  
8 that if State law establishes standards for health  
9 and safety which are applicable to the performance  
10 of such work in the State, the requirements of this  
11 subparagraph shall be deemed to be satisfied);

12 “(E) payments for such work are at rates not  
13 less than the minimum rate (if any) provided by  
14 or under applicable Federal or State law for the  
15 same type of work and not less than the rates pre-  
16 vailing for similar work in the community (except  
17 that in the case of work by individuals who under  
18 such law are considered learners or handicapped  
19 persons, payments may be at any special minimum  
20 rates established for them by or under such law);

21 “(F) such work is performed on projects which  
22 serve a useful public purpose and do not result in  
23 displacement of regular workers, with provision in  
24 appropriate cases for the performance of such work  
25 (pursuant to agreement entered into by the State

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1 or local agency administering the State plan) for  
2 Federal, State, or local agencies or for private em-  
3 ployers, organizations, agencies, or institutions;

4 “(G) in determining the needs of any such  
5 child, relative, or other individual, any additional  
6 expenses reasonably attributable to such work will  
7 be considered;

8 “(H) any such child, relative, or other indi-  
9 vidual shall have reasonable opportunities to seek  
10 regular employment and to secure any appropriate  
11 training or retraining which may be available; and

12 “(I) any such child, relative, or other individ-  
13 ual will, with respect to the work so performed, be  
14 covered under the State workmen’s compensation  
15 law or be provided comparable protection; and

16 “(5) the State plan includes—

17 “(A) provision for entering into cooperative  
18 arrangements with the public employment offices in  
19 the State for the utilization of such offices to assist any  
20 such child, relative, or other individual performing  
21 such work under such program to secure employ-  
22 ment or occupational training, including appropriate  
23 provision for registration and periodic reregistration  
24 of such individuals and for maximum utilization of

1           the job placement, vocational evaluation, testing,  
2           counseling, and other services and facilities of such  
3           offices;

4           “(B) provision that the services and facilities  
5           under title II of the Manpower Development and  
6           Training Act of 1962, and the services and facili-  
7           ties under any other Federal and State programs  
8           for manpower training, retraining, and work ex-  
9           perience, shall, to the extent available, be utilized  
10          for the training, retraining, and work experience of  
11          the persons accepted for participation under such  
12          work and training program;

13          “(C) provision for entering into cooperative  
14          arrangements with the Federal and State agencies  
15          responsible for administering or supervising the ad-  
16          ministration of vocational education and adult  
17          education in the State, designed to assure maximum  
18          utilization of available public vocational or adult  
19          education services and facilities in the State in order  
20          to encourage the training or retraining of any such  
21          child, relative, or other individual performing work  
22          under such program and otherwise assist them in  
23          preparing for regular employment;

24          “(D) provision for assuring appropriate ar-  
25          rangements for the care and protection of children



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1           during the absence from the home of any such rela-  
2           tive performing work or receiving training under  
3           such program; and

4           “(E) provision that there will be no adjust-  
5           ment or recovery by the State or any political sub-  
6           division thereof on account of any payments which  
7           are correctly made for such work.”

8           (b) Section 402 (a) of such Act (as amended by  
9           sections 201 (a) and 202 (a) of this Act) is amended by in-  
10          serting before the period at the end thereof the following  
11          new clauses: “; (19) include provisions to assure that all  
12          appropriate children and relatives receiving aid to families  
13          with dependent children, and all other appropriate individuals  
14          (living in the same home as a relative and child receiving  
15          such aid) whose needs are taken into account in making the  
16          determination under clause (7), register and periodically  
17          reregister with the public employment offices of the State;  
18          (20) provide that (A) if and for as long as any such appro-  
19          priate child or relative refuses without good cause to so  
20          register or reregister, or refuses without good cause to accept  
21          employment in which he is able to engage and which is  
22          offered through the public employment offices of the State  
23          or is otherwise offered by an employer (and the offer of  
24          such employer is determined by the State or local agency  
25          administering the State plan, after notification by him, to

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1 be a bona fide offer of employment), or refuses without  
2 good cause to participate in a work and training program  
3 under section 409 or undergo any other training for employ-  
4 ment, then—

5 “(i) if the relative makes such refusal, such rela-  
6 tive’s needs shall not be taken into account in making  
7 the determination under clause (7), and aid for any  
8 dependent child in the family in any form other than  
9 payments of the type described in section 406 (b) (2)  
10 (which may be made in such a case without regard  
11 to clauses (A) through (E) thereof) or section 408  
12 will be denied,

13 “(ii) aid with respect to a dependent child will  
14 be denied if a child who is the only child receiving aid  
15 in the family makes such refusal, and

16 “(iii) if there is more than one child receiving aid  
17 in the family, aid for any such child will be denied if that  
18 child makes such refusal;

19 and (B) if and for as long as any such other appropriate  
20 individual makes such a refusal, such individual’s needs  
21 shall not be taken into account in making the determina-  
22 tion under clause (7); (21) effective July 1, 1969, provide  
23 for (A) a work and training program meeting the require-  
24 ments of section 409 for appropriate individuals who have  
25 attained age 16 and are receiving aid to families with depend-

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1 ent children, and for other appropriate individuals living in  
2 the same home whose needs are taken into account in  
3 making the determination under clause (7), with the  
4 objective that a maximum number of such individuals  
5 will be benefited through the conservation of their work  
6 skills and the development of new skills, and (B) expend-  
7 itures in the form of payments described in such section 409”.

8 (c) Section 403 (a) (3) of such Act (as amended by  
9 section 201 (c) of this Act) is amended by inserting after  
10 subparagraph (A) the following new subparagraph:

11 “(B) 75 per centum of so much of such ex-  
12 penditures as are for—

13 “(i) training, supervision, materials, and  
14 such other items as are authorized by the Secre-  
15 tary, in connection with a work and training  
16 program described in section 409, and

17 “(ii) other services (not included in clause  
18 (i)), specified by the Secretary, which are  
19 related to the purposes of such a program and  
20 are provided to individuals who are participants  
21 in such a program; plus”.

22 (d) Section 403 (a) of such Act is further amended by  
23 adding at the end thereof the following new sentence:  
24 “For purposes of subparagraph (B) of paragraph (3),  
25 subject to limitations prescribed by the Secretary, the

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1 services and items referred to in clauses (i) and (ii) of such  
2 subparagraph may be furnished, pursuant to agreement  
3 entered into by the State or local agency administering the  
4 State plan, by employers, organizations, agencies, and insti-  
5 tutions equipped to furnish such services and items.”

6 (e) Notwithstanding subparagraph (B) of section 403  
7 (a) (3) of the Social Security Act (as added by subsec-  
8 tion (c) of this section), the rate specified in such sub-  
9 paragraph in the case of any State shall be 85 per centum  
10 (rather than 75 per centum) with respect to expenditures,  
11 for services and training furnished, made on or after Oc-  
12 tober 1, 1967, and prior to July 1, 1969.

13 (f) (1) Title III of the Social Security Act is amended  
14 by adding at the end thereof the following new section:

15 **“SERVICES FURNISHED BY PUBLIC EMPLOYMENT OFFICES**  
16 **OF THE STATE**

17 **“SEC. 304. The Secretary of Health, Education, and**  
18 **Welfare shall enter into cooperative agreements with the**  
19 **Secretary of Labor for the provision through the public em-**  
20 **ployment offices in each State of such services as the Secre-**  
21 **tary of Health, Education, and Welfare shall specify as**  
22 **necessary to assure that individuals receiving or applying for**  
23 **aid to families with dependent children under a plan ap-**  
24 **proved under part A of title IV of this Act (1) are regis-**  
25 **tered and periodically reregistered at such offices, (2) are**

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1 receiving testing and counseling services and such other  
2 services as such offices make available to individuals to assist  
3 them in securing and retaining employment, and (3) are,  
4 in appropriate cases, referred to employers who have re-  
5 quested such offices to furnish applicants for job placement.  
6 The State agency administering or supervising the adminis-  
7 tration of the plan of any State approved under section  
8 402 of this Act shall pay the Secretary of Labor (as  
9 expenses subject to section 403 (a) (3) (B) of this Act)  
10 for any costs incurred in providing the services described  
11 in clause (2) of the preceding sentence with respect to in-  
12 dividuals who are receiving or applying for aid (or whose  
13 needs are taken into account) under such plan.”

14 (2) Section 402 (a) of such Act (as amended by the  
15 preceding provisions of this Act) is amended by inserting  
16 before the period at the end thereof the following new clause:  
17 “; (22) provide for payment to the Secretary of Labor  
18 for any costs incurred in providing the services described in  
19 clause (2) of the first sentence of section 304 with respect  
20 to individuals who are receiving or applying for aid (or  
21 whose needs are taken into account) under the plan”.

22 (g) The amendments made by subsections (a), (c),  
23 and (f) (2) shall be effective on July 1, 1969, or, if earlier  
24 (in the case of any State), on the date as of which the mod-  
25 ification of the State plan to comply with such amendments

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1 is approved. Except as otherwise specifically indicated  
2 therein, the amendment made by subsection (b) shall be  
3 effective April 1, 1968.

4 FEDERAL PARTICIPATION IN PAYMENTS FOR FOSTER CARE  
5 OF CERTAIN DEPENDENT CHILDREN

6 SEC. 205. (a) Section 402 (a) of the Social Security  
7 Act (as amended by the preceding provisions of this Act)  
8 is amended by inserting before the period at the end thereof  
9 the following new clause: “; and (23) effective July 1,  
10 1969, provide for aid to families with dependent children in  
11 the form of foster care in accordance with section 408”.

12 (b) Section 403 (a) (1) (B) of such Act is amended  
13 by striking out “as exceeds” and all that follows and insert-  
14 ing in lieu thereof the following: “as exceeds (i) the product  
15 of \$32 multiplied by the total number of recipients of aid to  
16 families with dependent children (other than such aid in the  
17 form of foster care) for such month, plus (ii) the product  
18 of \$100 multiplied by the total number of recipients  
19 of aid to families with dependent children in the form of  
20 foster care for such month; and”.

21 (c) Section 408 (a) of such Act is amended by  
22 inserting “(A)” after “and (4) who”, and by inserting  
23 before the semicolon at the end thereof the following: “, or  
24 (B) (i) would have received such aid in or for such month if  
25 application had been made therefor, or (ii) in the case of a

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1 child who had been living with a relative specified in section  
2 406 (a) within 6 months prior to the month in which such  
3 proceedings were initiated, would have received such aid in  
4 or for such month if in such month he had been living with  
5 (and removed from the home of) such a relative and appli-  
6 cation had been made therefor”.

7 (d) Sections 135 (e) and 155 (b) of the Public Wel-  
8 fare Amendments of 1962 are each amended by striking out  
9 “, and ending with the close of June 30, 1968”.

10 (e) The amendments made by subsections (b) and (c)  
11 shall apply only with respect to foster care provided after  
12 September 1967.

13 **EMERGENCY ASSISTANCE FOR CERTAIN NEEDY FAMILIES**  
14 **WITH DEPENDENT CHILDREN**

15 **SEC. 206.** (a) Section 403 (a) of the Social Security  
16 Act (as amended by section 201 (e) of this Act) is amended  
17 by striking out the period at the end of paragraph (3) and  
18 inserting in lieu thereof “; and”, and by inserting after  
19 paragraph (3) the following new paragraph:

20 “(4) in the case of any State, an amount equal to  
21 the sum of—

22 “(A) 50 per centum of the total amount  
23 expended under the State plan during such quarter  
24 as emergency assistance to needy families with chil-

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1           dren in the form of payments or care specified in  
2           paragraph (1) of section 406 (e), and

3           “(B) 75 per centum of the total amount ex-  
4           pended under the State plan during such quarter as  
5           emergency assistance to needy families with chil-  
6           dren in the form of services specified in paragraph  
7           (2) of section 406 (e).”

8           (b) Section 406 of such Act (as amended by section  
9           201 (f) of this Act) is amended by adding at the end thereof  
10          the following new subsection:

11          “(e) The term ‘emergency assistance to needy families  
12          with children’ means any of the following, furnished for a  
13          period not in excess of 30 days in any 12-month period, in  
14          the case of a needy child under the age of 21 who is (or,  
15          within such period as may be specified by the Secretary, has  
16          been) living with any of the relatives specified in subsection  
17          (a) (1) in a place of residence maintained by one or more of  
18          such relatives as his or their own home, but only where such  
19          child is without available resources and the payments, care,  
20          or services involved are necessary to avoid destitution of such  
21          child or to provide suitable living arrangements in a home  
22          for such child—

23                 “(1) money payments, payments in kind, or such  
24                 other payments as the State agency may specify with re-  
25                 spect to, or medical care or any other type of remedial



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1 care recognized under State law on behalf of, such child  
2 or any other member of the household in which he is  
3 living, and

4 “(2) such services as may be specified by the Sec-  
5 retary;

6 but only with respect to a State whose State plan approved  
7 under section 402 includes provision for such assistance.”

8 PROTECTIVE PAYMENTS AND VENDOR PAYMENTS WITH  
9 RESPECT TO DEPENDENT CHILDREN

10 SEC. 207. (a) (1) Section 406 (b) (2) of the Social  
11 Security Act is amended by striking out all that follows  
12 “(2)” and precedes “but only”, and inserting in lieu thereof  
13 the following: “payments with respect to any dependent  
14 child (including payments to meet the needs of the relative,  
15 and the relative’s spouse, with whom such child is living,  
16 and the needs of any other individual living in the same  
17 home if such needs are taken into account in making the  
18 determination under section 402 (a) (7) ) which do not meet  
19 the preceding requirements of this subsection, but which  
20 would meet such requirements except that such payments are  
21 made to another individual who (as determined in accord-  
22 ance with standards prescribed by the Secretary) is inter-  
23 ested in or concerned with the welfare of such child or rela-  
24 tive, or are made on behalf of such child or relative directly  
25 to a person furnishing food, living accommodations, or other

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1 goods, services, or items to or for such child, relative, or  
2 other individual.”.

3 (2) Section 406 (b) (2) of such Act is further amended  
4 by striking out clause (B), and redesignating clauses (C)  
5 through (F) as clauses (B) through (E), respectively.

6 (3) Section 406 (b) of such Act is further amended by  
7 adding at the end thereof (after and below clause (E) (as  
8 redesignated by paragraph (2) of this subsection)) the  
9 following: “except that payments made under this clause  
10 (2) shall be included in aid to families with dependent chil-  
11 dren without regard to clauses (A) through (E) in the case  
12 of a refusal described in section 402 (a) (20) ;”.

13 (b) Section 403 (a) of such Act (as amended by the  
14 preceding provisions of this Act) is amended by striking out  
15 the sentence immediately following paragraph (4).

16 (c) Section 202 (e) of the Public Welfare Amendments  
17 of 1962 is amended by striking out “, and ending with the  
18 close of June 30, 1968”.

19 **LIMITATION ON NUMBER OF CHILDREN WITH RESPECT TO**  
20 **WHOM FEDERAL PAYMENTS MAY BE MADE**

21 **SEC. 208.** (a) Section 403 (a) of the Social Security  
22 Act is amended by striking out “shall pay” in the matter  
23 preceding paragraph (1) and inserting in lieu thereof the  
24 following: “shall (subject to subsection (d)) pay”.

25 (b) Section 403 of such Act is further amended by  
26 adding at the end thereof the following new subsection:

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1       “(d) Notwithstanding any other provision of this Act,  
2 the number of dependent children who have been deprived  
3 of parental support or care by reason of the continued  
4 absence from the home of a parent with respect to whom pay-  
5 ments under this section may be made to a State for any  
6 calendar quarter after 1967 shall not exceed the number  
7 which bears the same ratio to the total population of such  
8 State under the age of 21 on the first day of the year in  
9 which such quarter falls as the number of such dependent  
10 children with respect to whom payments under this section  
11 were made to such State for the calendar quarter beginning  
12 January 1, 1967, bore to the total population of such State  
13 under the age of 21 on that date.”

14 FEDERAL PAYMENTS FOR REPAIRS TO HOME OWNED BY

15                               RECIPIENT OF AID OR ASSISTANCE

16       SEC. 209. (a) Title XI of the Social Security Act is  
17 amended by adding at the end thereof the following new  
18 section:

19       “FEDERAL PARTICIPATION IN PAYMENTS FOR REPAIRS TO

20                               HOME OWNED BY RECIPIENT OF AID OR ASSISTANCE

21       “SEC. 1119. In the case of an expenditure for repairing  
22 the home owned by an individual who is receiving aid or  
23 assistance, other than medical assistance to the aged, under  
24 a State plan approved under title I, X, XIV, or XVI, if—

25               “(1) the State agency or local agency adminis-  
26       tering the plan approved under such title has made a

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1 finding (prior to making such expenditure) that (A)  
2 such home is so defective that continued occupancy is  
3 unwarranted, (B) unless repairs are made to such  
4 home, rental quarters will be necessary for such indi-  
5 vidual, and (C) the cost of rental quarters to take care  
6 of the needs of such individual (including his spouse  
7 living with him in such home and any other person  
8 whose needs were taken into account in determining  
9 the need of such individual) would exceed (over such  
10 time as the Secretary may specify) the cost of repairs  
11 needed to make such home habitable together with  
12 other costs attributable to continued occupancy of such  
13 home, and

14 “(2) no such expenditures were made for repair-  
15 ing such home pursuant to any prior finding under this  
16 section,

17 the amount paid to any such State for any quarter under  
18 section 3 (a), 1003 (a), 1403 (a), or 1603 (a) shall be in-  
19 creased by 50 per centum of such expenditures, except that  
20 the excess above \$500 expended with respect to any one  
21 home shall not be included in determining such expenditures.”

22 (b) The amendment made by subsection (a) shall  
23 apply with respect to expenditures made after September  
24 30, 1967.

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1 **PART 2—MEDICAL ASSISTANCE AMENDMENTS**2 **LIMITATION ON FEDERAL PARTICIPATION IN MEDICAL**  
3 **ASSISTANCE**

4 **SEC. 220. (a)** Section 1903 of the Social Security Act is  
5 amended by adding at the end thereof the following new  
6 subsection:

7 “(f) (1) (A) Payment under the preceding provisions  
8 of this section shall not be made with respect to any amount  
9 expended as medical assistance in a calendar quarter, in any  
10 State, for any member of a family the annual income of  
11 which exceeds the applicable income limitation determined  
12 under this paragraph.

13 “(B) (i) Except as provided in subparagraph (C) and  
14 in clause (ii) of this subparagraph, the applicable income  
15 limitation with respect to any family is the amount deter-  
16 mined, in accordance with standards prescribed by the Sec-  
17 retary, to be equivalent to  $133\frac{1}{4}$  percent of the highest  
18 amount which would ordinarily be paid to a family of the  
19 same size without any income or resources, in the form of  
20 money payments, under the plan of the State approved under  
21 section 402 of this Act.

22 “(ii) If the Secretary finds that the operation of a uni-  
23 form maximum limits payments to families of more than

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1 one size, he may adjust the amount otherwise determined  
2 under clause (i) to take account of families of different sizes.

3 “(C) If  $133\frac{1}{3}$  percent of the average per capita income  
4 of the State is lower, by any percentage, than the amount  
5 that would be determined under subparagraph (B) in the  
6 case of a family consisting of four individuals—

7 “(i) the applicable income limitation for such a  
8 family shall be  $133\frac{1}{3}$  percent of such average per capita  
9 income, and

10 “(ii) the applicable income limitation as otherwise  
11 determined under subparagraph (B) for a family of any  
12 other size shall be reduced by the same percentage.

13 “(D) The total amount of any applicable income limita-  
14 tion determined under subparagraph (B) or (C) shall, if it  
15 is not a multiple of \$100 or such other amount as the Secre-  
16 tary may prescribe, be rounded by the next higher multiple  
17 of \$100 or such other amount, as the case may be.

18 “(2) In computing a family’s income for purposes of  
19 paragraph (1), there shall be excluded any costs (whether  
20 in the form of insurance premiums or otherwise) incurred  
21 by such family for medical care or for any other type of  
22 remedial care recognized under State law.

23 “(3) For purposes of paragraph (1) (B), in the case  
24 of a family consisting of only one individual, the ‘highest

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1 amount which would ordinarily be paid' to such family  
2 under the State's plan approved under section 402 of this Act  
3 shall be the amount determined by the State agency (on the  
4 basis of reasonable relationship to the amounts payable un-  
5 der such plan to families consisting of two or more persons)  
6 to be the amount of the aid which would ordinarily be pay-  
7 able under such plan to a family (without any income or  
8 resources) consisting of one person if such plan (without  
9 regard to section 408) provided for aid to such a family.

10       “(4) For purposes of paragraph (1) (C), the per  
11 capita income of each State shall be promulgated by the Sec-  
12 retary between July 1 and August 31 of each year, on the  
13 basis of the most recent calendar year for which satisfactory  
14 data are available from the Department of Commerce. Such  
15 promulgation shall be conclusive for each of the four quarters  
16 in the calendar year next succeeding such promulgation:  
17 *Provided*, That the Secretary shall make the promulgation  
18 which is effective for quarters in the calendar year 1968 as  
19 soon as possible after the enactment of the Social Security  
20 Amendments of 1967.”

21       (b) (1) In the case of any State whose plan under  
22 title XIX of the Social Security Act is approved by the  
23 Secretary of Health, Education, and Welfare under section

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1 1902 after July 25, 1967, the amendment made by sub-  
2 section (a) shall apply with respect to calendar quarters  
3 beginning after the date of enactment of this Act.

4 (2) In the case of any State whose plan under title  
5 XIX of the Social Security Act was approved by the Secre-  
6 tary of Health, Education, and Welfare under section 1902  
7 of the Social Security Act prior to July 26, 1967, the  
8 amendments made by subsection (a) shall apply with  
9 respect to calendar quarters beginning after June 30, 1968,  
10 except that—

11 (A) with respect to the third and fourth calendar  
12 quarters of 1968, such subsection shall be applied by  
13 substituting in subsection (f) of section 1903 of the  
14 Social Security Act 150 percent for 133 $\frac{1}{3}$  percent each  
15 time such latter figure appears in such subsection (f),  
16 and

17 (B) with respect to all calendar quarters during  
18 1969, such subsection shall be applied by substituting in  
19 subsection (f) of section 1903 of such Act 140 percent  
20 for 133 $\frac{1}{3}$  percent each time such latter figure appears  
21 in such subsection (f).

22 **MAINTENANCE OF STATE EFFORT**

23 **SEC. 221. (a)** Section 1117 (a) of the Social Security  
24 Act is amended by adding at the end thereof the following  
25 new sentence: "For any fiscal year ending on or after



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1 June 30, 1967, and before July 1, 1969, in lieu of the  
2 substitution provided by paragraph (3) or (4), at the  
3 option of the State (i) paragraphs (1) and (2) of this  
4 subsection shall be applied on a fiscal year basis (rather  
5 than on a quarterly basis), and (ii) the base period fiscal  
6 year shall be either the fiscal year ending June 30, 1965,  
7 or the fiscal year ending June 30, 1964 (whichever is  
8 chosen by the State).

9 (b) Section 1117 of such Act is further amended by  
10 adding at the end thereof the following new subsection:

11 “(d) (1) In the case of the quarters in any fiscal year  
12 ending before July 1, 1969, the reduction (if any) under  
13 this section shall, at the option of the State, be determined  
14 under paragraph (2), (3), or (4) of this subsection instead  
15 of under the preceding provisions of this section.

16 “(2) If the reduction determination is made under this  
17 paragraph for a State, then—

18 “(A) subsection (a) shall be applied by taking  
19 into account only money payments under plans of the  
20 State approved under titles I, X, XIV, and XVI, and  
21 part A of title IV,

22 “(B) subsection (b) shall be applied by eliminat-  
23 ing each reference to title XIX, and

24 “(C) subsection (c) shall be applied by eliminat-  
25 ing the reference to section 1903, and by substituting

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1 a reference to this paragraph for the reference to sub-  
2 sections (a) and (b).

3 “(3) If the reduction determination is made under this  
4 paragraph for a State, then—

5 “(A) subsection (a) shall be applied by taking  
6 into account payments under section 523 and section  
7 422,

8 “(B) subsection (b) shall be applied by adding a  
9 reference to section 523 and section 422 after each ref-  
10 erence to title XIX, and

11 “(C) subsection (c) shall be applied by adding a  
12 reference to section 523 and section 422 after the refer-  
13 ence to section 1903, and by substituting a reference to  
14 this paragraph for the reference to subsections (a) and  
15 (b).

16 “(4) If the reduction determination is made under this  
17 paragraph for a State, then—

18 “(A) subsection (a) shall be applied by taking  
19 into account only (i) money payments under plans of  
20 the State approved under titles I, X, XIV, and XVI,  
21 and part A of title IV, and (ii) payments under sec-  
22 tion 523 and section 422,

23 “(B) subsection (b) shall be applied by elimi-  
24 nating each reference to title XIX and substituting a  
25 reference to section 523 and section 422, and

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1           “(C) subsection (c) shall be applied by eliminating  
2           the reference to section 1903 and substituting a reference  
3           to section 523 and section 422, and by substituting a  
4           reference to this paragraph for the reference to subsec-  
5           tions (a) and (b).”

6           COORDINATION OF TITLE XIX AND THE SUPPLEMENTARY  
7           MEDICAL INSURANCE PROGRAM

8           SEC. 222. (a) Section 1843 of the Social Security Act  
9           is amended by adding at the end thereof the following new  
10          subsection:

11          “(h) (1) The Secretary shall, at the request of a State  
12          made before January 1, 1970, enter into a modification of  
13          an agreement entered into with such State pursuant to sub-  
14          section (a) under which the coverage group described in  
15          subsection (b) and specified in such agreement is broadened  
16          to include individuals who are eligible to receive medical  
17          assistance under the plan of such State approved under title  
18          XIX.

19          “(2) For purposes of this section, an individual shall  
20          be treated as eligible to receive medical assistance under the  
21          plan of the State approved under title XIX if, for the month  
22          in which the modification is entered into under this subsec-  
23          tion or for any month thereafter, he has been determined to  
24          be eligible to receive medical assistance under such plan. In  
25          the case of any individual who would (but for this subsec-

1 tion) be excluded from the agreement, subsections (c) and  
2 (d) (2) shall be applied as if they referred to the modifica-  
3 tion under this subsection (in lieu of the agreement under  
4 subsection (a)), and subsection (d) (2) (C) shall be applied  
5 by substituting 'second month following the first month' for  
6 'first month'."

7 (b) (1) Section 1843 (d) (3) (A) of such Act is  
8 amended by striking out "ineligible for money payments of  
9 a kind specified in the agreement" and inserting in lieu  
10 thereof the following: "ineligible both for money payments  
11 of a kind specified in the agreement and (if there is in effect  
12 a modification entered into under subsection (h)) for medi-  
13 cal assistance".

14 (2) Section 1843 (f) of such Act is amended—

15 (A) by inserting after "or XVI" the following:  
16 "or eligible to receive medical assistance under the plan  
17 of such State approved under title XIX"; and

18 (B) by inserting after "and XVI" the following:  
19 "and individuals eligible to receive medical assistance  
20 under the plan of the State approved under title XIX".

21 (3) The heading of section 1843 of such Act is amended  
22 by adding at the end thereof the following: "(OR ARE  
23 ELIGIBLE FOR MEDICAL ASSISTANCE)".

24 (c) Section 1903 (b) of such Act is amended by insert-

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1 ing “(1)” after “(b)”, and by adding at the end thereof  
2 the following new paragraph:

3 “(2) Notwithstanding the preceding provisions of this  
4 section, the amount determined under subsection (a) (1)  
5 for any State for any quarter beginning after December 31,  
6 1967, shall not take into account any amounts expended as  
7 medical assistance with respect to individuals aged 65 or  
8 over which would not have been so expended if the indi-  
9 viduals involved had been enrolled in the insurance program  
10 established by part B of title XVIII.”

11 (d) Effective with respect to calendar quarters begin-  
12 ning after December 31, 1967, section 1903 (a) (1) of such  
13 Act is amended by striking out “and other insurance pre-  
14 miums” and inserting in lieu thereof “and, except in the case  
15 of individuals sixty-five years of age or older who are not  
16 enrolled under part B of title XVIII, other insurance  
17 premiums”.

18 (e) (1) Section 1843 (a) of such Act is amended by  
19 striking out “1968” and inserting in lieu thereof “1970”.

20 (2) Section 1843 (c) of such Act is amended—

21 (A) by striking out “and before January 1, 1968”;

22 and

23 (B) by striking out “thereafter before January  
24 1968”; and inserting in lieu thereof “thereafter”.

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1       (3) Section 1843 (d) (2) (D) of such Act is amended  
2 by striking out “(not later than January 1, 1968)”.

3           **MODIFICATION OF COMPARABILITY PROVISIONS**

4       **SEC. 223. (a)** Section 1902 (a) (10) of the Social  
5 Security Act is amended—

6           (1) by inserting “(I)” after “except that” in the  
7 matter following subparagraph (B), and

8           (2) by inserting before the semicolon at the end  
9 the following: “, and (II) the making available of sup-  
10 plementary medical insurance benefits under part B of  
11 title XVIII to individuals eligible therefor (either pur-  
12 suant to an agreement entered into under section 1843  
13 or by reason of the payment of premiums under such  
14 title by the State agency on behalf of such individuals),  
15 or provision for meeting part or all of the cost of the  
16 deductibles, cost sharing, or similar charges under part  
17 B of title XVIII for individuals eligible for benefits  
18 under such part, shall not, by reason of this paragraph  
19 (10), require the making available of any such benefits,  
20 or the making available of services of the same amount,  
21 duration, and scope, to any other individuals”.

22       (b) The amendments made by subsection (a) shall  
23 apply with respect to calendar quarters beginning after  
24 June 30, 1967.

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1 **REQUIRED SERVICES UNDER STATE MEDICAL ASSISTANCE**2 **PLAN**

3 **SEC. 224.** Section 1902 (a) (13) of the Social Security  
4 Act is amended by striking out "provide (A) for inclusion  
5 of at least the care and services listed in clauses (1) through  
6 (5) of section 1905 (a), and (B)" and inserting in lieu  
7 thereof the following: "provide (A) for inclusion of at  
8 least—

9 " (i) the care and services listed in clauses (1)  
10 through (5) of section 1905 (a), or

11 " (ii) the care and services listed in any seven  
12 of the clauses numbered (1) through (14) of such  
13 section,  
14 and (B)".

15 **EXTENT OF FEDERAL FINANCIAL PARTICIPATION IN**16 **CERTAIN ADMINISTRATIVE EXPENSES**

17 **SEC. 225.** (a) Section 1903 (a) (2) of the Social Secu-  
18 rity Act is amended by striking out "of the State agency (or  
19 of the local agency administering the State plan in the  
20 political subdivision)" and inserting in lieu thereof "of the  
21 State agency or any other public agency".

22 (b) The amendment made by subsection (a) shall  
23 apply with respect to expenditures made after December 31.  
24 1967.

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1           **ADVISORY COUNCIL ON MEDICAL ASSISTANCE**

2           **SEC. 226.** Title XIX of the Social Security Act is  
3 amended by adding at the end thereof the following new  
4 section:

5           **“ADVISORY COUNCIL ON MEDICAL ASSISTANCE**

6           **“SEC. 1906.** For the purpose of advising the Secretary  
7 on matters of general policy in the administration of this  
8 title (including the relationship of this title and title XVIII)  
9 and making recommendations for improvements in such  
10 administration, there is hereby created a Medical Assistance  
11 Advisory Council which shall consist of twenty-one persons,  
12 not otherwise in the employ of the United States, appointed  
13 by the Secretary without regard to the provisions of title 5,  
14 United States Code, governing appointments in the competi-  
15 tive service. The Secretary shall from time to time appoint  
16 one of the members to serve as Chairman. The members shall  
17 include representatives of State and local agencies and non-  
18 governmental organizations and groups concerned with  
19 health, and of consumers of health services, and a majority of  
20 the membership of the Advisory Council shall consist of  
21 representatives of consumers of health services. Each member  
22 shall hold office for a term of four years, except that any  
23 member appointed to fill a vacancy occurring prior to the  
24 expiration of the term for which his predecessor was ap-  
25 pointed shall be appointed for the remainder of such term,



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1 and except that the terms of office of the members first  
2 taking office shall expire, as designated by the Secretary at  
3 the time of appointment, five at the end of the first year, five  
4 at the end of the second year, five at the end of the third year,  
5 and six at the end of the fourth year after the date of appoint-  
6 ment. A member shall not be eligible to serve continuously  
7 for more than two terms. The Secretary may, at the request  
8 of the Council or otherwise, appoint such special advisory  
9 professional or technical committees as may be useful in  
10 carrying out this title. Members of the Advisory Council  
11 and members of any such advisory or technical committee,  
12 while attending meetings or conferences thereof or otherwise  
13 serving on business of the Advisory Council or of such com-  
14 mittee, shall be entitled to receive compensation at rates fixed  
15 by the Secretary, but not exceeding \$100 per day, including  
16 travel time, and while so serving away from their homes or  
17 regular places of business they may be allowed travel ex-  
18 penses, including per diem in lieu of subsistence, as author-  
19 ized by section 5703 of title 5, United States Code, for per-  
20 sons in the Government service employed intermittently. The  
21 Advisory Council shall meet as frequently as the Secretary  
22 deems necessary. Upon request of five or more members, it  
23 shall be the duty of the Secretary to call a meeting of the  
24 Advisory Council."

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1 **FREE CHOICE BY INDIVIDUALS ELIGIBLE FOR MEDICAL**  
2 **ASSISTANCE**

3 **SEC. 227. (a) Section 1902 (a) of the Social Security**  
4 **Act is amended—**

5 (1) by striking out “and” at the end of paragraph  
6 (21);

7 (2) by striking out the period at the end of para-  
8 graph (22) and inserting in lieu thereof “; and”; and

9 (3) by adding after paragraph (22) the following  
10 new paragraph;

11 “(23) provide that any individual eligible for med-  
12 ical assistance may obtain such assistance from any insti-  
13 tution, agency, or person, qualified to perform the service  
14 or services required (including an organization which  
15 provides such services, or arranges for their availability,  
16 on a prepayment basis), who undertakes to provide him  
17 such services.”

18 (b) The amendments made by this section shall apply  
19 with respect to calendar quarters beginning after June 30,  
20 1969; except that such amendments shall apply in the case  
21 of Puerto Rico, the Virgin Islands, and Guam only with  
22 respect to calendar quarters beginning after June 30, 1972.

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1 **UTILIZATION OF STATE FACILITIES TO PROVIDE CONSULTA-**  
2 **TIVE SERVICES TO INSTITUTIONS FURNISHING MEDI-**  
3 **CAL CARE**

4 **SEC. 228. (a)** Section 1902 (a) of the Social Security  
5 Act (as amended by section 227 of this Act) is amended—

6 (1) by striking out “and” at the end of paragraph  
7 (22);

8 (2) by striking out the period at the end of para-  
9 graph (23) and inserting in lieu thereof “; and”; and

10 (3) by inserting after paragraph (23) the follow-  
11 ing new paragraph:

12 “(24) effective July 1, 1969, provide for consulta-  
13 tive services by health agencies and other appropriate  
14 agencies of the State to hospitals, nursing homes, home  
15 health agencies, clinics, laboratories, and such other  
16 institutions as the Secretary may specify in order to  
17 assist them (A) to qualify for payments under this Act,  
18 (B) to establish and maintain such fiscal records as may  
19 be necessary for the proper and efficient administration  
20 of this Act, and (C) to provide information needed to  
21 determine payments due under this Act on account of  
22 care and services furnished to individuals.”

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1 (b) Effective July 1, 1969, the last sentence of section  
2 1864 (a) of such Act is repealed.

3 PAYMENTS FOR SERVICES AND CARE BY A THIRD PARTY

4 SEC. 229. (a) Section 1902 (a) of the Social Security  
5 Act (as amended by section 228 of this Act) is amended—

6 (1) by striking out “and” at the end of paragraph  
7 (23);

8 (2) by striking out the period at the end of para-  
9 graph (24) and inserting in lieu thereof “; and”; and

10 (3) by inserting after paragraph (24) the follow-  
11 ing new paragraph:

12 “(25) provide (A) that the State or local agency  
13 administering such plan will take all reasonable meas-  
14 ures to ascertain the legal liability of third parties to pay  
15 for care and services (available under the plan) arising  
16 out of injury, disease, or disability, (B) that where the  
17 State or local agency knows that a third party has such  
18 a legal liability such agency will treat such legal liability  
19 as a resource of the individual on whose behalf the care  
20 and services are made available for purposes of para-  
21 graph (17) (B), and (C) that in any case where such  
22 a legal liability is found to exist after medical assistance  
23 has been made available on behalf of the individual, the

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State or local agency will seek reimbursement for such  
2 assistance to the extent of such legal liability.”

3 (b) The amendment made by subsection (a) shall  
4 apply with respect to legal liabilities of third parties arising  
5 after March 31, 1968.

6 (c) Section 1903 (d) (2) of such Act is amended by  
7 adding at the end thereof the following new sentence: “Ex-  
8 penditures for which payments were made to the State under  
9 subsection (a) shall be treated as an overpayment to the ex-  
10 tent that the State or local agency administering such plan  
11 has been reimbursed for such expenditures by a third party  
12 pursuant to the provisions of its plan in compliance with  
13 section 1902 (a) (25).”

14 DIRECT PAYMENTS TO CERTAIN RECIPIENTS OF MEDICAL  
15 ASSISTANCE

16 SEC. 230. Section 1905 (a) of the Social Security Act is  
17 amended by inserting after “for individuals” in the matter  
18 preceding clause (i) the following: “, and, with respect to  
19 physicians’ services, at the option of the State, to individuals  
20 not receiving aid or assistance under the State’s plan ap-  
21 proved under title I, X, XIV, or XVI, or part A of title  
22 IV.”

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1 DATE ON WHICH STATE PLANS UNDER TITLE XIX MUST  
2 MEET CERTAIN FINANCIAL PARTICIPATION REQUIRE-  
3 MENTS

4 SEC. 231. Section 1902 (a) (2) of the Social Security  
5 Act is amended by striking out "July 1, 1970" and inserting  
6 in lieu thereof "July 1, 1969".

7 PART 3—CHILD-WELFARE SERVICES AMENDMENTS  
8 INCLUSION OF CHILD-WELFARE SERVICES IN TITLE IV

9 SEC. 235. (a) The heading of title IV of the Social  
10 Security Act is amended to read as follows:

11 "TITLE IV—GRANTS TO STATES FOR AID AND  
12 SERVICES TO NEEDY FAMILIES WITH CHIL-  
13 DREN AND FOR CHILD-WELFARE SERVICES"

14 (b) Title IV of such Act is further amended by insert-  
15 ing immediately after the heading of the title the following:

16 "PART A—AID TO FAMILIES WITH DEPENDENT  
17 CHILDREN"

18 (c) Title IV of such Act is further amended by adding  
19 at the end thereof the following new part:

20 "PART B—CHILD-WELFARE SERVICES  
21 "APPROPRIATION

22 "SEC. 420. For the purpose of enabling the United  
23 States, through the Secretary, to cooperate with State public  
24 welfare agencies in establishing, extending, and strengthen-  
25 ing child-welfare services, the following sums are hereby

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1 authorized to be appropriated: \$55,000,000 for the fiscal  
2 year ending June 30, 1968, \$100,000,000 for the fiscal year  
3 ending June 30, 1969, and \$110,000,000 for each fiscal  
4 year thereafter.

5 "ALLOTMENTS TO STATES

6 "SEC. 421. The sum appropriated pursuant to section  
7 420 for each fiscal year shall be allotted by the Secretary  
8 for use by cooperating State public welfare agencies which  
9 have plans developed jointly by the State agency and the  
10 Secretary, as follows: He shall allot \$70,000 to each State,  
11 and shall allot to each State an amount which bears the same  
12 ratio to the remainder of the sum so appropriated for such  
13 year as the product of (1) the population of such State under  
14 the age of 21 and (2) the allotment percentage of such  
15 State (as determined under section 423) bears to the sum  
16 of the corresponding products of all the States.

17 "PAYMENT TO STATES

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

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

24 "(A) provides for coordination between the

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1 services provided under such plan and the services  
2 provided for dependent children under the State  
3 plan approved under part A of this title, with a view  
4 to provision of welfare and related services which  
5 will best promote the welfare of such children and  
6 their families, and

7 “(B) provides, with respect to day care serv-  
8 ices (including the provision of such care) provided  
9 under the plan—

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

17 “(ii) for an advisory committee, to advise  
18 the State public welfare agency on the general  
19 policy involved in the provision of day care  
20 services under the plan, which shall in-  
21 clude among its members representatives of  
22 other State agencies concerned with day care  
23 or services related thereto and persons repre-  
24 sentative of professional or civic or other public  
25 or nonprofit private agencies, organizations, or



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1 groups concerned with the provision of day  
2 care,

3 “(iii) for such safeguards as may be neces-  
4 sary to assure provision of day care under the  
5 plan only in cases in which it is in the best  
6 interest of the child and the mother and only  
7 in cases in which it is determined, under cri-  
8 teria established by the State, that a need for  
9 such care exists; and, in cases in which the fam-  
10 ily is able to pay part or all of the costs of such  
11 care, for payment of such fees as may be rea-  
12 sonable in the light of such ability,

13 “(iv) for giving priority, in determining  
14 the existence of need for such day care, to mem-  
15 bers of low-income or other groups in the popu-  
16 lation, and to geographical areas, which have  
17 the greatest relative need for extension of such  
18 day care, and

19 “(v) that day care provided under the  
20 plan will be provided only in facilities (in-  
21 cluding private homes) which are licensed by  
22 the State, or approved (as meeting the stand-  
23 ards established for such licensing) by the  
24 State agency responsible for licensing facilities  
25 of this type, and

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1           “(2) that makes a satisfactory showing that the  
2           State is extending the provision of child-welfare services  
3           in the State, with priority being given to communities  
4           with the greatest need for such services after giving con-  
5           sideration to their relative financial need, and with a view  
6           to making available by July 1, 1975, in all political sub-  
7           divisions of the State, for all children in need thereof,  
8           child-welfare services provided by the staff (which shall  
9           to the extent feasible be composed of trained child-wel-  
10          fare personnel) of the State public welfare agency or of  
11          the local agency participating in the administration of  
12          the plan in the political subdivision,  
13          an amount equal to the Federal share (as determined under  
14          section 423) of the total sum expended under such plan  
15          (including the cost of administration of the plan) in meeting  
16          the costs of State, district, county, or other local child-welfare  
17          services, in developing State services for the encouragement  
18          and assistance of adequate methods of community child-  
19          welfare organization, in paying the costs of returning any  
20          runaway child who has not attained the age of eighteen to his  
21          own community in another State, and of maintaining such  
22          child until such return (for a period not exceeding fifteen  
23          days), in cases in which such costs cannot be met by the  
24          parents of such child or by any person, agency, or institution  
25          legally responsible for the support of such child. In develop-

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1 ing such services for children, the facilities and experience of  
2 voluntary agencies shall be utilized in accordance with child-  
3 care programs and arrangements in the State and local com-  
4 munities as may be authorized by the State.

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

7 “(1) The Secretary shall, prior to the beginning  
8 of each period for which a payment is to be made, esti-  
9 mate the amount to be paid to the Sta’ for such period  
10 under the provisions of subsection (a).

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

19 “ALLOTMENT PERCENTAGE AND FEDERAL SHARE

20 “SEC. 423. (a) The ‘allotment percentage’ for any  
21 State shall be 100 per centum less the State percentage;  
22 and the State percentage shall be that percentage which  
23 bears the same ratio to 50 per centum as the per capita  
24 income of such State bears to the per capita income of the  
25 United States; except that (1) the allotment percentage

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1 shall in no case be less than 30 per centum or more than  
2 70 per centum, and (2) the allotment percentage shall be  
3 70 per centum in the case of Puerto Rico, the Virgin  
4 Islands, and Guam.

5 “(b) The ‘Federal share’ for any State for any fiscal  
6 year shall be 100 per centum less that percentage which  
7 bears the same ratio to 50 per centum as the per capita in-  
8 come of such State bears to the per capita income of the  
9 United States, except that (1) in no case shall the Federal  
10 share be less than  $33\frac{1}{3}$  per centum or more than  $66\frac{2}{3}$  per  
11 centum, and (2) the Federal share shall be  $66\frac{2}{3}$  per centum  
12 in the case of Puerto Rico, the Virgin Islands, and Guam.

13 “(c) The Federal share and the allotment percentage  
14 for each State shall be promulgated by the Secretary be-  
15 tween July 1 and August 31 of each even-numbered year,  
16 on the basis of the average per capita income of each State  
17 and of the United States for the three most recent calendar  
18 years for which satisfactory data are available from the  
19 Department of Commerce. Such promulgation shall be con-  
20 clusive for each of the two fiscal years in the period begin-  
21 ning July 1 next succeeding such promulgation: *Provided,*  
22 That the Federal shares and allotment percentages promul-  
23 gated under section 524 (c) of the Social Security Act in  
24 1966 shall be effective for purposes of this section for the  
25 fiscal years ending June 30, 1968, and June 30, 1969.

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1       “(d) For purposes of this section, the term ‘United  
2 States’ means the fifty States and the District of Columbia.

3                               “REALLOTMENT

4       “SEC. 424. The amount of any allotment to a State  
5 under section 421 for any fiscal year which the State cer-  
6 tifies to the Secretary will not be required for carrying out  
7 the State plan developed as provided in such section shall  
8 be available for reallocation from time to time, on such dates  
9 as the Secretary may fix, to other States which the Secre-  
10 tary determines (1) have need in carrying out their State  
11 plans so developed for sums in excess of those previously  
12 allotted to them under that section and (2) will be able to  
13 use such excess amounts during such fiscal year. Such realloc-  
14 ments shall be made on the basis of the State plans so de-  
15 veloped, after taking into consideration the population under  
16 the age of twenty-one, and the per capita income of each  
17 such State as compared with the population under the age  
18 of twenty-one, and the per capita income of all such States  
19 with respect to which such a determination by the Secretary  
20 has been made. Any amount so reallocated to a State shall  
21 be deemed part of its allotment under section 421.

22                               “DEFINITION

23       “SEC. 425. For purposes of this title, the term ‘child-  
24 welfare services’ means public social services which supple-  
25 ment, or substitute for, parental care and supervision for

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1 the purpose of (1) preventing or remedying, or assisting  
2 in the solution of problems which may result in, the neglect,  
3 abuse, exploitation, or delinquency of children, (2) pro-  
4 tecting and caring for homeless, dependent, or neglected  
5 children, (3) protecting and promoting the welfare of chil-  
6 dren of working mothers, and (4) otherwise protecting and  
7 promoting the welfare of children, including the strengthen-  
8 ing of their own homes where possible or, where needed,  
9 the provision of adequate care of children away from their  
10 homes in foster family homes or day-care or other child-care  
11 facilities.

## 12 "RESEARCH, TRAINING, OR DEMONSTRATION PROJECTS

13 "SEC. 426. (a) There are hereby authorized to be ap-  
14 propriated for each fiscal year such sums as the Congress  
15 may determine—

16 "(1) for grants by the Secretary—

17 "(A) to public or other nonprofit institutions  
18 of higher learning, and to public or other nonprofit  
19 agencies and organizations engaged in research or  
20 child-welfare activities, for special research or dem-  
21 onstration projects in the field of child welfare which  
22 are of regional or national significance and for spe-  
23 cial projects for the demonstration of new methods  
24 or facilities which show promise of substantial con-  
25 tribution to the advancement of child welfare;

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1           “(B) to State or local public agencies responsi-  
2           ble for administering, or supervising the administra-  
3           tion of, the plan under this part, for projects for the  
4           demonstration of the utilization of research (includ-  
5           ing findings resulting therefrom) in the field of  
6           child welfare in order to encourage experimental  
7           and special types of welfare services; and

8           “(C) to public or other nonprofit institutions  
9           of higher learning for special projects for training  
10          personnel for work in the field of child welfare, in-  
11          cluding traineeships with such stipends and allow-  
12          ances as may be permitted by the Secretary; and

13          “(2) for contracts or jointly financed cooperative  
14          arrangements with States and public and other organi-  
15          zations and agencies for the conduct of research, special  
16          projects, or demonstration projects relating to such  
17          matters.

18          “(b) Payments of grants or under contracts or co-  
19          operative arrangements under this section may be made in  
20          advance or by way of reimbursement, and in such install-  
21          ments, as the Secretary may determine; and shall be made  
22          on such conditions as the Secretary finds necessary to carry  
23          out the purposes of the grants, contracts, or other arrange-  
24          ments.”

25          (d) (1) Subparagraphs (A) and (B) of section 422

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1 (a) (1) of the Social Security Act (as added by subsection  
2 (c) of this section) are redesignated as (B) and (C).

3 (2) So much of paragraph (1) of section 422 (a) of  
4 such Act (as added by subsection (c) of this section) as  
5 precedes subparagraph (B) (as redesignated) is amended  
6 to read as follows:

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

10 “(A) provides that (i) the State agency design-  
11 nated pursuant to section 402 (a) (3) to administer  
12 or supervise the administration of the plan of the  
13 State approved under part A of this title will ad-  
14 minister or supervise the administration of such plan  
15 for child-welfare services and (ii) to the extent  
16 that child-welfare services are furnished by the staff  
17 of the State agency or local agency administering  
18 such plan for child-welfare services, the organiza-  
19 tional unit in such State or local agency established  
20 pursuant to section 402 (a) (15) will be responsible  
21 for furnishing such child-welfare services.”

22 (e) (1) Part 3 of title V of the Social Security Act is  
23 repealed on the date this Act is enacted.

24 (2) Part B of title IV of the Social Security Act (as  
25 added by subsection (c) of this section), and the amend-



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1   ments made by subsections (a) and (b) of this section, shall  
2   become effective on the date this Act is enacted.

3       (3) The amendments made by subsection (d) shall  
4   become effective July 1, 1969.

5       (f) In the case of any State which has a plan devel-  
6   oped as provided in part 3 of title V of the Social Security  
7   Act as in effect prior to the enactment of this Act—

8           (1) such plan shall be treated as a plan developed,  
9       as provided in part B of title IV of such Act, on the  
10   date this Act is enacted;

11          (2) any sums appropriated, allotted, or reallocated  
12   pursuant to part 3 of title V for the fiscal year ending  
13   June 30, 1968, shall be deemed appropriated, allotted,  
14   or reallocated (as the case may be) under part B of title  
15   IV of such Act for such fiscal year; and

16          (3) any overpayment or underpayment which the  
17   Secretary determines was made to the State under sec-  
18   tion 523 of the Social Security Act and with respect to  
19   which adjustment has not then already been made under  
20   subsection (b) of such section shall, for purposes of sec-  
21   tion 422 of such Act, be considered an overpayment or  
22   underpayment (as the case may be) made under section  
23   422 of such Act.

24       (g) Any sums appropriated or grants made pursuant  
25   to section 526 of the Social Security Act (as in effect prior  
26   to the enactment of this Act) shall be deemed to have been

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1 appropriated or made (as the case may be) under section  
2 426 of the Social Security Act (as added by subsection (c)  
3 of this section).

4 (h) Each State plan approved under title IV of the Social  
5 Security Act as in effect on the day preceding the date of the  
6 enactment of this Act shall be deemed, without the necessity  
7 of any change in such plan, to have been conformed with the  
8 amendments made by subsections (a) and (b) of this section.

## 9 CONFORMING AMENDMENTS

10 SEC. 236. (a) Section 228(d)(1) of the Social Se-  
11 curity Act is amended by striking out "IV," and by insert-  
12 ing after "XVI," the following: "or part A of title IV,".

13 (b) (1) The first sentence of section 401 of the Social  
14 Security Act is amended by striking out "title" and inserting  
15 in lieu thereof "part".

16 (2) The proviso in section 403(a)(3)(D) of such Act  
17 is amended by striking out "title" and inserting in lieu thereof  
18 "part".

19 (3) The last sentence of section 403(c)(2) of such Act  
20 is amended by striking out "title" and inserting in lieu there-  
21 of "part".

22 (4) Section 404(b) of such Act is amended by striking  
23 out "title" and inserting in lieu thereof "part".

24 (5) Section 406 of such Act is amended by striking out  
25 "title" in the matter preceding subsection (a) and inserting  
26 in lieu thereof "part".

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1 (c) (1) Section 1106(c) (1) of such Act is amended  
2 by striking out "IV," and by inserting after "XIX," the  
3 following: "or part A of title IV,".

4 (2) Section 1109 of such Act is amended by striking  
5 out "IV," and by inserting after "XIX" the following: "  
6 or part A of title IV,".

7 (3) Section 1111 of such Act is amended by striking  
8 out "IV," and by inserting after "XVI," the following:  
9 "and part A of title IV,".

10 (4) Section 1115 of such Act is amended by striking  
11 out "IV," and by inserting after "XIX" the following:  
12 "or part A of title IV,".

13 (5) Section 1116 of such Act is amended—

14 (A) by striking out "IV," in subsection (a) (1),  
15 and by inserting after "XIX," in such subsection the fol-  
16 lowing: "or part A of title IV,"; and

17 (B) by striking out "IV," in subsections (b) and  
18 (d), and by inserting after "XIX" in such subsections  
19 the following: "or part A of title IV,".

20 (6) Section 1117 of such Act is amended—

21 (A) by striking out "IV," in clause (A) of sub-  
22 section (a) (2), and by inserting after "XIX" in such  
23 clause the following: "and part A of title IV,";

24 (B) by striking out "IV," each place it appears in  
25 subsection (b);

1 (C) by inserting after "and XIX" in subsection  
2 (b) the following: ", and part A of title IV,";

3 (D) by inserting after "or XIX" in subsection  
4 (b) the following: ", or part A of title IV".

5 (7) Section 1118 of such Act is amended by striking  
6 out "IV,", and by inserting after "XVI," the following:  
7 "and part A of title IV,".

8 (d) Section 1602 (a) (11) of such Act is amended by  
9 striking out "title IV, X, or XIV" and inserting in lieu  
10 thereof "part A of title IV or under title X or XIV".

11 (e) (1) Section 1843 (b) (2) of such Act is amended  
12 by striking out "IV,", and by inserting after "XVI" the fol-  
13 lowing: ", and part A of title IV".

14 (2) Section 1843 (f) of such Act is amended—

15 (A) by striking out "IV," in the first sentence, and  
16 by inserting after "XVI," the first place it appears in  
17 such sentence the following: "or part A of title IV,",  
18 and

19 (B) by striking out "IV," in the second sentence,  
20 and by inserting after "XVI" in such sentence the fol-  
21 lowing: ", and part A of title IV".

22 (f) (1) Section 1902 (a) (10) of such Act is amended  
23 by striking out "IV,", and by inserting after "XVI" the  
24 following: ", and part A of title IV".

25 (2) Section 1902 (a) (17) of such Act is amended by

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1 striking out "IV,", and by inserting after "XVI" the follow-  
2 ing: ", or part A of title IV".

3 (3) Section 1902 (b) (2) of such Act is amended by  
4 striking out "title IV" and inserting in lieu thereof "part A  
5 of title IV".

6 (4) Section 1902 (c) of such Act is amended by strik-  
7 ing out "IV,", and by inserting after "XVI" the following:  
8 ", or part A of title IV".

9 (5) Section 1903 (a) (1) of such Act is amended by  
10 striking out "IV,", and by inserting after "XVI," the fol-  
11 lowing: "or part A of title IV,".

12 (6) Section 1905 (a) (ii) of such Act is amended by  
13 striking out "title IV" and inserting in lieu thereof "part A  
14 of title IV".

15 **PART 4—MISCELLANEOUS AND TECHNICAL AMENDMENTS**

16 **PARTIAL PAYMENTS TO STATES**

17 **SEC. 245.** Sections 4, 404 (a), 1004, and 1404 of the  
18 Social Security Act are each amended—

19 (1) by striking out "further payments will not be  
20 made to the State" and inserting in lieu thereof "further  
21 payments will not be made to the State (or, in his dis-  
22 cretion, that payments will be limited to categories under  
23 or parts of the State plan not affected by such failure)";  
24 and

25 (2) by striking out the last sentence and inserting  
26 in lieu thereof the following: "Until he is so satisfied

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1 he shall make no further payments to such State (or  
2 shall limit payments to categories under or parts of the  
3 State plan not affected by such failure).”

4 **CONTRACTS FOR COOPERATIVE RESEARCH OR DEMON-**  
5 **STRATION PROJECTS**

6 **SEC. 246.** Section 1110 (a) (2) of the Social Security  
7 Act is amended by striking out “nonprofit”.

8 **PERMANENT AUTHORITY TO SUPPORT DEMONSTRATION**  
9 **PROJECTS**

10 **SEC. 247.** Section 1115 of the Social Security Act is  
11 amended—

12 (1) by striking out “\$2,000,000” and inserting in  
13 lieu thereof “\$4,000,000”; and

14 (2) by striking out “ending prior to July 1, 1968”  
15 and inserting in lieu thereof “beginning after June 30,  
16 1967”.

17 **SPECIAL PROVISIONS RELATING TO PUERTO RICO, THE**  
18 **VIRGIN ISLANDS, AND GUAM**

19 **SEC. 248.** (a) (1) Section 1108 of the Social Security  
20 Act is amended to read as follows:

21 **“LIMITATION ON PAYMENTS TO PUERTO RICO, THE VIRGIN**  
22 **ISLANDS, AND GUAM**

23 **“SEC. 1108.** (a) The total amount certified by the  
24 Secretary of Health, Education, and Welfare under title I,  
25 X, XIV, and XVI, and under part A of title IV (exclu-

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1 sive of any amounts on account of services and items to  
2 which subsection (b) applies)—

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

4 “(A) \$12,500,000 with respect to the fiscal  
5 year 1968,

6 “(B) \$15,000,000 with respect to the fiscal  
7 year 1969,

8 “(C) \$18,000,000 with respect to the fiscal  
9 year 1970,

10 “(D) \$21,000,000 with respect to the fiscal  
11 year 1971, or

12 “(E) \$24,000,000 with respect to the fiscal  
13 year 1972 and each fiscal year thereafter;

14 “(2) for payment to the Virgin Islands shall not  
15 exceed—

16 “(A) \$425,000 with respect to the fiscal year  
17 1968,

18 “(B) \$500,000 with respect to the fiscal year  
19 1969,

20 “(C) \$600,000 with respect to the fiscal year  
21 1970,

22 “(D) \$700,000 with respect to the fiscal year  
23 1971, or

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1           “(E) \$800,000 with respect to the fiscal year  
2           1972 and each fiscal year thereafter; and

3           “(3) for payment to Guam shall not exceed—

4           “(A) \$575,000 with respect to the fiscal year  
5           1968,

6           “(B) \$690,000 with respect to the fiscal year  
7           1969,

8           “(C) \$825,000 with respect to the fiscal year  
9           1970,

10           “(D) \$960,000 with respect to the fiscal year  
11           1971, or

12           “(E) \$1,100,000 with respect to the fiscal  
13           year 1972 and each fiscal year thereafter.

14           “(b) The total amount certified by the Secretary under  
15           part A of title IV, on account of family planning services and  
16           services and items referred to in sections 403 (a) (3) (B)  
17           and 304 (2) with respect to any fiscal year—

18           “(1) for payment to Puerto Rico shall not exceed  
19           \$2,000,000.

20           “(2) for payment to the Virgin Islands shall not  
21           exceed \$65,000, and

22           “(3) for payment to Guam shall not exceed  
23           \$90,000.

24           “(c) The total amount certified by the Secretary under  
25           title XIX with respect to any fiscal year—



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1           “(1) for payment to Puerto Rico shall not exceed  
2       \$20,000,000,

3           “(2) for payment to the Virgin Islands shall not  
4       exceed \$650,000, and

5           “(3) for payment to Guam shall not exceed  
6       \$900,000.

7           “(d) Notwithstanding the provisions of sections 502 (a)  
8       and 512 (a) of this Act, and the provisions of sections 421,  
9       503 (1), and 504 (1) of this Act as amended by the Social  
10       Security Amendments of 1967, and until such time as the  
11       Congress may by appropriation or other law otherwise  
12       provide, the Secretary shall, in lieu of the initial allotment  
13       specified in such sections, allot such smaller amounts to Guam  
14       as he may deem appropriate.”

15           (2) The amendment made by paragraph (1) shall  
16       apply with respect to fiscal years beginning after June 30,  
17       1967.

18           (b) Notwithstanding subparagraphs (A) and (B) of  
19       section 403 (a) (3) of such Act (as amended by this Act),  
20       the rate specified in such subparagraphs in the case of  
21       Puerto Rico, the Virgin Islands, and Guam shall be 60  
22       per centum (rather than 75 or 85 per centum).

23           (c) Effective July 1, 1969, neither the provisions of  
24       clauses (A) through (C) of section 402 (a) (7) of such  
25       Act as in effect before the enactment of this Act nor the

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1 provisions of section 402 (a) (8) of such Act as amended  
2 by section 202 (b) of this Act shall apply in the case of  
3 Puerto Rico, the Virgin Islands, or Guam. Effective no  
4 later than July 1, 1972, the State plans of Puerto Rico,  
5 the Virgin Islands, and Guam approved under section 402  
6 of such Act shall provide for the disregarding of income  
7 in making the determination under section 402 (a) (7) of  
8 such Act in amounts (agreed to between the Secretary  
9 and the State agencies involved) sufficiently lower than  
10 the amounts specified in section 402 (a) (8) of such Act to  
11 reflect appropriately the applicable differences in income  
12 levels.

13 (d) The amendment made by section 220 (a) of this  
14 Act shall not apply in the case of Puerto Rico, the Virgin  
15 Islands, or Guam.

16 (e) Effective with respect to quarters after 1967, sec-  
17 tion 1905 (b) of such Act is amended by striking out "55  
18 per centum" and inserting in lieu thereof "50 per centum".

19 APPROVAL OF CERTAIN PROJECTS

20 SEC. 249. Title XI of the Social Security Act is amended  
21 by adding at the end thereof (after the new section added by  
22 section 209 of this Act) the following new section:

23 "APPROVAL OF CERTAIN PROJECTS

24 "SEC. 1120. (a) No payment shall be made under this  
25 Act with respect to any experimental, pilot, demonstration,

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1 or other project all or any part of which is wholly financed  
2 with Federal funds made available under this Act (without  
3 any State, local, or other non-Federal financial participation)  
4 unless such project shall have been personally approved by  
5 the Secretary or Under Secretary of Health, Education, and  
6 Welfare.

7 “(b) As soon as possible after the approval of any proj-  
8 ect under subsection (a), the Secretary shall submit to the  
9 Congress a description of such project including a state-  
10 ment of its purpose, probable cost, and expected  
11 duration.”

12 **TITLE III—IMPROVEMENT OF CHILD HEALTH**  
13 **CONSOLIDATION OF SEPARATE PROGRAMS UNDER TITLE V**  
14 **OF THE SOCIAL SECURITY ACT**

15 **SEC. 301.** Effective with respect to fiscal years begin-  
16 ning after June 30, 1968, title V of the Social Security Act  
17 (as otherwise amended by this Act) is amended to read as  
18 follows:

19 **“TITLE V—MATERNAL AND CHILD HEALTH**  
20 **AND CRIPPLED CHILDREN’S SERVICES**

21 **“AUTHORIZATION OF APPROPRIATIONS**

22 **“SEC. 501.** For the purpose of enabling each State to  
23 extend and improve (especially in rural areas and in areas  
24 suffering from severe economic distress), as far as practicable  
25 under the conditions in such State,

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1           “(1) services for reducing infant mortality and  
2           otherwise promoting the health of mothers and children;  
3           and

4           “(2) services for locating, and for medical, surgical,  
5           corrective, and other services and care for and facilities  
6           for diagnosis, hospitalization, and aftercare for, children  
7           who are crippled or who are suffering from conditions  
8           leading to crippling,

9           there are authorized to be appropriated \$250,000,000 for the  
10          fiscal year ending June 30, 1969, \$275,000,000 for the  
11          fiscal year ending June 30, 1970, \$300,000,000 for the  
12          fiscal year ending June 30, 1971, \$325,000,000 for the fiscal  
13          year ending June 30, 1972, and \$350,000,000 for the fiscal  
14          year ending June 30, 1973, and each fiscal year thereafter.

15           “PURPOSES FOR WHICH FUNDS ARE AVAILABLE

16           “SEC. 502. (a) Appropriations pursuant to section 501  
17          shall be available for the following purposes in the following  
18          proportions:

19           “(1) In the case of the fiscal year ending June 30,  
20          1969, and each of the next 3 fiscal years, (A) 50 per-  
21          cent of the appropriation for such year shall be for allot-  
22          ments pursuant to sections 503 and 504; (B) 40 per-  
23          cent thereof shall be for grants pursuant to sections 508,  
24          509, and 510; and (C) 10 percent thereof shall be for  
25          grants, contracts, or other arrangements pursuant to sec-  
26          tions 511 and 512.

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1           “(2) In the case of the fiscal year ending June 30,  
 2           1973, and each fiscal year thereafter, (A) 90 percent  
 3           of the appropriation for such year shall be for allotments  
 4           pursuant to sections 503 and 504; and (B) 10 percent  
 5           thereof shall be for grants, contracts, or other arrange-  
 6           ments pursuant to sections 511 and 512.

7           Not to exceed 5 percent of the appropriation for any fiscal  
 8           year under this section shall be transferred, at the request of  
 9           the Secretary, from one of the purposes specified in para-  
 10          graph (1) or (2) to another purpose or purposes so spec-  
 11          ified. For each fiscal year, the Secretary shall determine the  
 12          portion of the appropriation, within the percentage deter-  
 13          mined above to be available for sections 503 and 504, which  
 14          shall be available for allotment pursuant to section 503 and  
 15          the portion thereof which shall be available for allotment  
 16          pursuant to section 504.

17          “ALLOTMENTS TO STATES FOR MATERNAL AND CHILD  
 18   HEALTH SERVICES

19          “SEC. 503. The amount determined to be available pur-  
 20          suant to section 502 for allotments under this section shall be  
 21          allotted for payments for maternal and child health services  
 22          as follows:

23               “(1) One-half of such amount shall be allotted by  
 24               allotting to each State \$70,000 plus such part of the  
 25               remainder of such one-half as he finds that the number

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1 of live births in such State bore to the total number of  
2 live births in the United States in the latest calendar  
3 year for which he has statistics.

4 “(2) The remaining one-half of such amount shall  
5 (in addition to the allotments under paragraph (1)) be  
6 allotted to the States from time to time according to the  
7 financial need of each State for assistance in carrying  
8 out its State plan, as determined by the Secretary after  
9 taking into consideration the number of live births in  
10 such State; except that not more than 25 percent of such  
11 one-half shall be available for grants to State agencies  
12 (administering or supervising the administration of a  
13 State plan approved under section 505), and to public  
14 or other nonprofit institutions of higher learning (situ-  
15 ated in any State), for special projects of regional or na-  
16 tional significance which may contribute to the advance-  
17 ment of maternal and child health.

18 “ALLOTMENTS TO STATES FOR CRIPPLED CHILDREN’S  
19 SERVICES

20 “SEC. 504. The amount determined to be available pur-  
21 suant to section 502 for allotments under this section shall  
22 be allotted for payments for crippled children’s services as  
23 follows:

24 “(1) One-half of such amount shall be allotted by  
25 allotting to each State \$70,000 and allotting the re-

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1        remainder of such one-half according to the need of each  
2        State as determined by him after taking into considera-  
3        tion the number of crippled children in such State in need  
4        of the services referred to in paragraph (2) of section  
5        501 and the cost of furnishing such services to them.

6            “(2) The remaining one-half of such amount shall  
7        (in addition to the allotments under paragraph (1)) be  
8        allotted to the States from time to time according to the  
9        financial need of each State for assistance in carrying  
10       out its State plan, as determined by the Secretary after  
11       taking into consideration the number of crippled children  
12       in each State in need of the services referred to in para-  
13       graph (2) of section 501 and the cost of furnishing  
14       such services to them; except that not more than 25 per-  
15       cent of such one-half shall be available for grants to  
16       State agencies (administering or supervising the admin-  
17       istration of a State plan approved under section 505),  
18       and to public or other nonprofit institutions of higher  
19       learning (situated in any State), for special projects of  
20       regional or national significance which may contribute  
21       to the advancement of services for crippled children.

22            “APPROVAL OF STATE PLANS

23        “SEC. 505. (a) In order to be entitled to payments  
24        from allotments under section 502, a State must have a

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1 State plan for maternal and child health services and services  
2 for crippled children which—

3 “(1) provides for financial participation by the  
4 State;

5 “(2) provides for the administration of the plan  
6 by the State health agency or the supervision of the  
7 administration of the plan by the State health agency;  
8 except that in the case of those States which on July 1,  
9 1967, provided for administration (or supervision there-  
10 of) of the State plan approved under section 513 (as in  
11 effect on such date) by a State agency other than the  
12 State health agency, the plan of such State may be  
13 approved under this section if it would meet the require-  
14 ments of this subsection except for provision of adminis-  
15 tration (or supervision thereof) by such other agency  
16 for the portion of the plan relating to services for crip-  
17 pled children, and, in each such case, the portion of such  
18 plan which each such agency administers, or the admin-  
19 istration of which each such agency supervises, shall be  
20 regarded as a separate plan for purposes of this title;

21 “(3) provides such methods of administration (in-  
22 cluding methods relating to the establishment and main-  
23 tenance of personnel standards on a merit basis, except  
24 that the Secretary shall exercise no authority with re-  
25 spect to the selection, tenure of office, and compensation



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1 of any individual employed in accordance with such  
2 methods) as are necessary for the proper and efficient  
3 operation of the plan;

4 “(4) provides that the State agency will make such  
5 reports, in such form and containing such information,  
6 as the Secretary may from time to time require, and  
7 comply with such provisions as he may from time to  
8 time find necessary to assure the correctness and verifica-  
9 tion of such reports;

10 “(5) provides for cooperation with medical, health,  
11 nursing, educational, and welfare groups and organiza-  
12 tions and, with respect to the portion of the plan relating  
13 to services for crippled children, with any agency in  
14 such State charged with administering State laws pro-  
15 viding for vocational rehabilitation of physically handi-  
16 capped children;

17 “(6) provides for payment of the reasonable cost  
18 (as determined in accordance with standards approved  
19 by the Secretary and included in the plan) of inpatient  
20 hospital services provided under the plan;

21 “(7) provides, with respect to the portion of the  
22 plan relating to services for crippled children, for early  
23 identification of children in need of health care and serv-  
24 ices, and for health care and treatment needed to correct  
25 or ameliorate defects or chronic conditions discovered

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1       thereby, through provision of such periodic screening  
2       and diagnostic services, and such treatment, care and  
3       other measures to correct or ameliorate defects or chronic  
4       conditions, as may be provided in regulations of the  
5       Secretary;

6           “(8) effective July 1, 1972, provides a program  
7       (carried out directly or through grants or contracts) of  
8       projects described in section 508 which offers reasonable  
9       assurance, particularly in areas with concentrations of  
10      low-income families, of satisfactorily helping to reduce  
11      the incidence of mental retardation and other handicap-  
12      ping conditions caused by complications associated with  
13      child bearing and of satisfactorily helping to reduce infant  
14      and maternal mortality;

15          “(9) effective July 1, 1972, provides a program  
16      (carried out directly or through grants or contracts) of  
17      projects described in section 509 which offers reasonable  
18      assurance, particularly in areas with concentrations of  
19      low-income families, of satisfactorily promoting the  
20      health of children and youth of school or preschool age;

21          “(10) effective July 1, 1972, provides a program  
22      (carried out directly or through grants or contracts) of  
23      projects described in section 510 which offers reasonable  
24      assurance, particularly in areas with concentrations of  
25      low-income families, of satisfactorily promoting the

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1 dental health of children and youth of school or preschool  
2 age;

3 “(11) provides for carrying out the purposes speci-  
4 fied in section 501; and

5 “(12) provides for the development of demonstra-  
6 tion services (with special attention to dental care for  
7 children and family planning services for mothers) in  
8 needy areas and among groups in special need.

9 “(b) The Secretary shall approve any plan which meets  
10 the requirements of subsection (a).

11 “PAYMENTS

12 “SEC. 506. (a) From the sums appropriated therefor  
13 and the allotments available under section 503 (1) or 504  
14 (1), as the case may be, the Secretary shall pay to each  
15 State which has a plan approved under this title, for each  
16 quarter, beginning with the quarter commencing July 1,  
17 1968, an amount, which shall be used exclusively for carry-  
18 ing out the State plan, equal to one-half of the total sum  
19 expended during such quarter for carrying out such plan  
20 with respect to maternal and child health services and  
21 services for crippled children, respectively.

22 “(b) (1) Prior to the beginning of each quarter, the  
23 Secretary shall estimate the amount to which a State will  
24 be entitled under subsection (a) for such quarter, such esti-

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1 mates to be based on (A) a report filed by the State con-  
2 taining its estimate of the total sum to be expended in such  
3 quarter in accordance with the provisions of such subsec-  
4 tion, and stating the amount appropriated or made avail-  
5 able by the State and its political subdivisions for such  
6 expenditures in such quarter, and if such amount is less than  
7 the State's proportionate share of the total sum of such  
8 estimated expenditures, the source or sources from which  
9 the difference is expected to be derived, and (B) such other  
10 investigation as the Secretary may find necessary.

11 “(2) The Secretary shall then pay to the State, in  
12 such installments as he may determine, the amount so esti-  
13 mated, reduced or increased to the extent of any overpay-  
14 ment or underpayment which the Secretary determines was  
15 made under this section to such State for any prior quarter  
16 and with respect to which adjustment has not already been  
17 made under this subsection.

18 “(2) Upon the making of an estimate by the Secretary  
19 under this subsection, any appropriations available for pay-  
20 ments under this section shall be deemed obligated.

21 “(c) The Secretary shall also from time to time make  
22 payments to the States from their respective allotments pur-  
23 suant to section 503 (2) or 504 (2). Payments of grants  
24 under sections 503 (2), 504 (2), 508, 509, 510, and 511,  
25 and of grants, contracts, or other arrangements under section

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1 512, may be made in advance or by way of reimbursement,  
2 and in such installments, as the Secretary may determine;  
3 and shall be made on such conditions as the Secretary finds  
4 necessary to carry out the purposes of the section involved.

5       “(d) The total amount determined under subsections  
6 (a) and (b) and the first sentence of subsection (c)  
7 for any fiscal year ending after June 30, 1968, shall  
8 be reduced by the amount by which the sum expended  
9 (as determined by the Secretary) from non-Federal sources  
10 for maternal and child health services and services for  
11 crippled children for such year is less than the sum expended  
12 from such sources for such services for the fiscal year ending  
13 June 30, 1968. In the case of any such reduction, the Secre-  
14 tary shall determine the portion thereof which shall be  
15 applied, and the manner of applying such reduction, to the  
16 amounts otherwise payable from allotments under section 503  
17 or section 504.

18       “(e) Notwithstanding the preceding provisions of this  
19 section, no payment shall be made to any State thereunder  
20 from the allotments under section 503 or section 504 for any  
21 period after June 30, 1968, unless the State makes a satis-  
22 factory showing that it is extending the provision of services,  
23 including services for dental care for children and family  
24 planning for mothers, to which such State's plan applies in

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1 the State with a view to making such services available by  
2 July 1, 1975, to children and mothers in all parts of the  
3 State.

4 "OPERATION OF STATE PLANS

5 "SEC. 507. If the Secretary, after reasonable notice and  
6 opportunity for hearing to the State agency administering or  
7 supervising the administration of the State plan approved  
8 under this title, finds—

9 " (1) that the plan has been so changed that it no  
10 longer complies with the provisions of section 505; or

11 " (2) that in the administration of the plan there  
12 is a failure to comply substantially with any such pro-  
13 vision;

14 the Secretary shall notify such State agency that further pay-  
15 ments will not be made to the State (or, in his discretion,  
16 that payments will be limited to categories under or parts of  
17 the State plan not affected by such failure), until the Secre-  
18 tary is satisfied that there will no longer be any such failure  
19 to comply. Until he is so satisfied he shall make no further  
20 payments to such State (or shall limit payments to cate-  
21 gories under or parts of the State plan not affected by such  
22 failure).

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1 "SPECIAL PROJECT GRANTS FOR MATERNITY AND INFANT  
2 CARE

3 "SEC. 508. (a) In order to help reduce the incidence of  
4 mental retardation and other handicapping conditions caused  
5 by complications associated with childbearing and to help  
6 reduce infant and maternal mortality, the Secretary is au-  
7 thorized to make, from the sums available under clause (B)  
8 of paragraph (1) of section 502, grants to the State health  
9 agency of any State and, with the consent of such agency,  
10 to the health agency of any political subdivision of the State,  
11 and to any other public or nonprofit private agency, institu-  
12 tion, or organization, to pay not to exceed 75 percent of  
13 the cost (exclusive of general agency overhead) of any  
14 project for the provision of—

15 " (1) necessary health care to prospective mothers  
16 (including, after childbirth, health care to mothers and  
17 their infants) who have or are likely to have conditions  
18 associated with childbearing or are in circumstances  
19 which increase the hazards to the health of the mothers  
20 or their infants (including those which may cause physi-  
21 cal or mental defects in the infants), or

22 " (2) necessary health care to infants during their

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1 first year of life who have any condition or are in  
2 circumstances which increase the hazards to their health,  
3 or

4 “(3) family planning services,  
5 but only if the State or local agency determines that the re-  
6 cipient will not otherwise receive such necessary health care  
7 or services because he is from a low-income family or for  
8 other reasons beyond his control.

9 “(b) No grant may be made under this section for any  
10 project for any period after June 30, 1972.

11 “SPECIAL PROJECT GRANTS FOR HEALTH OF SCHOOL AND  
12 PRESCHOOL CHILDREN

13 “SEC. 509. (a) In order to promote the health of chil-  
14 dren and youth of school or preschool age, particularly in  
15 areas with concentrations of low-income families, the Sec-  
16 retary is authorized to make, from the sums available under  
17 clause (B) of paragraph (1) of section 502, grants to the  
18 State health agency of any State and (with the consent of  
19 such agency) to the health agency of any political subdi-  
20 vision of the State, to the State agency of the State admin-  
21 istering or supervising the administration of the State plan  
22 approved under section 505, to any school of medicine (with  
23 appropriate participation by a school of dentistry), and to  
24 any teaching hospital affiliated with such a school, to pay



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1 not to exceed 75 percent of the cost of projects of a compre-  
2 hensive nature for health care and services for children and  
3 youth of school age or for preschool children (to help them  
4 prepare to start school). No project shall be eligible for a  
5 grant under this section unless it provides (1) for the co-  
6 ordination of health care and services provided under it  
7 with, and utilization (to the extent feasible) of, other State  
8 or local health, welfare, and education programs for such  
9 children, (2) for payment of the reasonable cost (as deter-  
10 mined in accordance with standards approved by the Secre-  
11 tary) of inpatient hospital services provided under the proj-  
12 ect, and (3) that any treatment, correction of defects, or  
13 aftercare provided under the project is available only to  
14 children who would not otherwise receive it because they  
15 are from low-income families or for other reasons beyond  
16 their control; and no such project for children and youth  
17 of school age shall be considered to be of a comprehensive  
18 nature for purposes of this section unless it includes (subject  
19 to the limitation in the preceding provisions of this sentence)  
20 at least such screening, diagnosis, preventive services, treat-  
21 ment, correction of defects, and aftercare, both medical and  
22 dental, as may be provided for in regulations of the Secretary.

23       “(b) No grant may be made under this section for any  
24 project for any period after June 30, 1972.

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1 "SPECIAL PROJECT GRANTS FOR DENTAL HEALTH OF  
2 CHILDREN

3 "SEC. 510. (a) In order to promote the dental health of  
4 children and youth of school or preschool age, particularly  
5 in areas with concentrations of low-income families, the Sec-  
6 retary is authorized to make grants, from the sums available  
7 under clause (B) of paragraph (1) of section 502, to the  
8 State health agency of any State and (with the consent of  
9 such agency) to the health agency of any political subdivi-  
10 sion of the State, and to any other public or nonprofit private  
11 agency, institution, or organization, to pay not to exceed 75  
12 percent of the cost of projects of a comprehensive nature for  
13 dental care and services for children and youth of school age  
14 or for preschool children. No project shall be eligible for a  
15 grant under this section unless it provides that any treatment,  
16 correction of defects, or aftercare provided under the project  
17 is available only to children who would not otherwise receive  
18 it because they are from low-income families or for other  
19 reasons beyond their control, and unless it includes (subject  
20 to the limitation in the foregoing provisions of this sentence)  
21 at least such preventive services, treatment, correction of  
22 defects, and after care, for such age groups, as may be pro-  
23 vided in regulations of the Secretary. Such projects may also  
24 include research looking toward the development of new

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1 methods of diagnosis or treatment, or demonstration of the  
2 utilization of dental personnel with various levels of training.

3 “(b) No grant may be made under this section for  
4 any project for any period after June 30, 1972.

5 “TRAINING OF PERSONNEL

6 “SEC. 511. From the sums available under clause (C) of  
7 paragraph (1) or clause (B) of paragraph (2) of section  
8 502, the Secretary is authorized to make grants to public or  
9 nonprofit private institutions of higher learning for training  
10 personnel for health care and related services for mothers and  
11 children, particularly mentally retarded children and children  
12 with multiple handicaps. In making such grants, the Secre-  
13 tary shall give priority to programs providing training at the  
14 undergraduate level.

15 “RESEARCH PROJECTS RELATING TO MATERNAL AND CHILD  
16 HEALTH SERVICES AND CRIPPLED CHILDREN’S SERVICES

17 “SEC. 512. From the sums available under clause (C)  
18 of paragraph (1) or clause (B) of paragraph (2) of section  
19 502, the Secretary is authorized to make grants to or jointly  
20 financed cooperative arrangements with public or other non-  
21 profit institutions of higher learning, and public or nonprofit  
22 private agencies and organizations engaged in research or  
23 in maternal and child health or crippled children’s programs,  
24 and contracts with public or nonprofit private agencies  
25 and organizations engaged in research or in such programs,  
26 for research projects relating to maternal and child health

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1 services or crippled children's services which show promise  
2 of substantial contribution to the advancement thereof. Effec-  
3 tive with respect to grants made and arrangements entered  
4 into after June 30, 1968, (1) special emphasis shall be  
5 accorded to projects which will help in studying the need  
6 for, and the feasibility, costs, and effectiveness of, comprehen-  
7 sive health care programs in which maximum use is made of  
8 health personnel with varying levels of training, and in study-  
9 ing methods of training for such programs, and (2) grants  
10 under this section may also include funds for the training of  
11 health personnel for work in such projects.

12

## "ADMINISTRATION

13 "SEC. 513. (a) The Secretary of Health, Education,  
14 and Welfare shall make such studies and investigations as  
15 will promote the efficient administration of this title.

16 "(b) Such portion of the appropriations for grants under  
17 section 501 as the Secretary may determine, but not exceed-  
18 ing one-half of 1 percent thereof, shall be available for evalua-  
19 tion by the Secretary (directly or by grants or contracts) of  
20 the programs for which such appropriations are made and,  
21 in the case of allotments from any such appropriation, the  
22 amount available for allotments shall be reduced accordingly.

23 "(c) Any agency, institution, or organization shall, if  
24 and to the extent prescribed by the Secretary, as a condition  
25 to receipt of grants under this title, cooperate with the State  
26 agency administering or supervising the administration of the  
27 State plan approved under title XIX in the provision of care

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1 and services, available under a plan or project under this  
2 title, for children eligible therefor under such plan approved  
3 under title XIX.

## 4 "DEFINITION

5 "SEC. 514. For purposes of this title, a crippled child  
6 is an individual under the age of 21 who has an organic  
7 disease, defect, or condition which may hinder the achieve-  
8 ment of normal growth and development."

## 9 CONFORMING AMENDMENTS

10 SEC. 302. (a) Section 1905 (a) (4) of the Social  
11 Security Act is amended by inserting "(A)" after "(4)",  
12 and by inserting before the semicolon at the end thereof the  
13 following: "(B) effective July 1, 1969, such early and  
14 periodic screening and diagnosis of individuals who are  
15 eligible under the plan and are under the age of 21 to  
16 ascertain their physical or mental defects, and such health  
17 care, treatment, and other measures to correct or ameliorate  
18 defects and chronic conditions discovered thereby, as may be  
19 provided in regulations of the Secretary".

20 (b) Section 1902 (a) (11) of such Act is amended by  
21 inserting "(A)" after "(11)", and by inserting before the  
22 semicolon at the end thereof the following: ", and (B) effec-  
23 tive July 1, 1969, provide, to the extent prescribed by the  
24 Secretary, for entering into agreements, with any agency,  
25 institution, or organization receiving payments for part or all  
26 of the cost of plans or projects under title V, (i) pro-  
27 viding for utilizing such agency, institution, or organiza-

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1 tion in furnishing care and services which are available  
 2 under such plan or project under title V and which are  
 3 included in the State plan approved under this section and  
 4 (ii) making such provision as may be appropriate for reim-  
 5 bursing such agency, institution, or organization for the  
 6 cost of any such care and services furnished any individual  
 7 for which payment would otherwise be made to the State  
 8 with respect to him under section 1903”.

## 9 1968 AUTHORIZATION FOR MATERNITY AND INFANT

## 10 CARE PROJECTS

11 SEC. 303. Section 531 (a) of the Social Security Act is  
 12 amended by striking out “and \$30,000,000 for each of the  
 13 next three fiscal years” and inserting in lieu thereof “\$30,-  
 14 000,000 for each of the next 2 fiscal years, and \$35,000,000  
 15 for the fiscal year ending June 30, 1968”.

## 16 SHORT TITLE

17 SEC. 304. This title may be cited as the “Child Health  
 18 Act of 1967”.

## 19 TITLE IV—GENERAL PROVISIONS

## 20 SOCIAL WORK MANPOWER AND TRAINING

21 SEC. 401. Title VII of the Social Security Act is  
 22 amended by adding at the end thereof the following new  
 23 section:

24 “GRANTS FOR EXPANSION AND DEVELOPMENT OF  
 25 UNDERGRADUATE AND GRADUATE PROGRAMS

26 “SEC. 707. (a) There is authorized to be appropri-  
 27 ated \$5,000,000 for the fiscal year ending June 30, 1969,

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1 and \$5,000,000 for each of the three succeeding fiscal years,  
2 for grants by the Secretary to public or nonprofit private col-  
3 leges and universities and to accredited graduate schools of  
4 social work or an association of such schools to meet part of  
5 the costs of development, expansion, or improvement of  
6 (respectively) undergraduate programs in social work and  
7 programs for the graduate training of professional social work  
8 personnel, including the costs of compensation of additional  
9 faculty and administrative personnel and minor improvements  
10 of existing facilities. Not less than one-half of the sums appro-  
11 priated for any fiscal year under the authority of this sub-  
12 section shall be used by the Secretary for grants with respect  
13 to undergraduate programs.

14 “(b) In considering applications for grants under this  
15 section, the Secretary shall take into account the relative  
16 need in the States for personnel trained in social work and  
17 the effect of the grants thereon.

18 “(c) Payment of grants under this section may be made  
19 (after necessary adjustments on account of previously made  
20 overpayments or underpayments) in advance or by way of  
21 reimbursement, and on such terms and conditions and in  
22 such installments, as the Secretary may determine.

23 “(d) For purposes of this section—

24 “(1) the term ‘graduate school of social work’  
25 means a department, school, division, or other adminis-  
26 trative unit, in a public or nonprofit private college or  
27 university, which provides, primarily or exclusively, a

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1 program of education in social work and allied subjects  
2 leading to a graduate degree in social work;

3 “(2) the term ‘accredited’ as applied to a graduate  
4 school of social work refers to a school which is accredited  
5 by a body or bodies approved for the purpose by the  
6 Commissioner of Education or with respect to which  
7 there is evidence satisfactory to the Secretary that it  
8 will be so accredited within a reasonable time; and

9 “(3) the term ‘nonprofit’ as applied to any college  
10 or university refers to a college or university which is a  
11 corporation or association, or is owned and operated by  
12 one or more corporations or associations, no part of the  
13 net earnings of which inures, or may lawfully inure, to  
14 the benefit of any private shareholder or individual.”

15 INCENTIVE FOR LOWERING COSTS WHILE MAINTAINING  
16 QUALITY AND INCREASING EFFICIENCY IN THE PRO-  
17 VISION OF HEALTH SERVICES

18 SEC. 402. (a) The Secretary of Health, Education,  
19 and Welfare is authorized to develop and engage in experi-  
20 ments under which organizations and institutions which  
21 would otherwise be entitled to reimbursement or payment  
22 on the basis of reasonable cost for services provided—

23 (1) under title XVIII of the Social Security Act

24 (2) under a State plan approved under title XIX  
25 of such Act, or

26 (3) under a plan developed under title V of such  
27 Act.



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1 and which are selected by the Secretary in accordance  
2 with regulations established by the Secretary, would be  
3 reimbursed or paid in any manner mutually agreed upon  
4 by the Secretary and the organization or institution. The  
5 method of reimbursement which may be applied in such  
6 experiments shall be such as the Secretary may select and  
7 may be based on charges or costs adjusted by incentive  
8 factors and may include specific incentive payments or  
9 reductions of payments for the performance of specific ac-  
10 tions but in any case shall be such as he determines may,  
11 through experiment, be demonstrated to have the effect of  
12 increasing the efficiency and economy of health services  
13 through the creation of additional incentives to these ends  
14 without adversely affecting the quality of such services.

15 (b) In the case of any experiment under subsection  
16 (a), the Secretary may waive compliance with the require-  
17 ments of titles XVIII, XIX, and V of the Social Security  
18 Act insofar as such requirements relate to reimbursement  
19 or payment on the basis of reasonable cost; and costs  
20 incurred in such experiment in excess of the costs which  
21 would otherwise be reimbursed or paid under such titles  
22 may be reimbursed or paid to the extent that such waiver  
23 applies to them (with such excess being borne by the  
24 Secretary).

25 (c) Section 1875(b) of the Social Security Act is  
26 amended by inserting after "under parts A and B" the fol-

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1 lowing: “(including the experimentation authorized by sec-  
2 tion 402 of the Social Security Amendments of 1967)”.

3 CHANGES TO REFLECT CODIFICATION OF TITLE 5, UNITED  
4 STATES CODE

5 SEC. 403. (a) (1) Section 210 (a) (6) (C) (iv) of the  
6 Social Security Act is amended by striking out “under section  
7 2 of the Act of August 4, 1947” and inserting in lieu thereof  
8 “under section 5351 (2) of title 5, United States Code”, and  
9 by striking out “; 5 U.S.C., sec. 1052”.

10 (2) Section 210 (a) (6) (C) (vi) of such Act is  
11 amended by striking out “the Civil Service Retirement Act”  
12 and inserting in lieu thereof “subchapter III of chapter 83  
13 of title 5, United States Code,”.

14 (3) Section 210 (a) (7) (D) (ii) of such Act is  
15 amended by striking out “under section 2 of the Act of Au-  
16 gust 4, 1947” and inserting in lieu thereof “under section  
17 5351 (2) of title 5, United States Code”, and by striking out  
18 “; 5 U.S.C. 1052”.

19 (b) Section 215 (h) (1) of such Act is amended—

20 (1) by striking out “of the Civil Service Retirement  
21 Act,” and inserting in lieu thereof “of subchapter III  
22 of chapter 83 of title 5, United States Code,”; and

23 (2) by striking out “under the Civil Service Retire-  
24 ment Act” and inserting in lieu thereof “under sub-  
25 chapter III of chapter 83 of title 5, United States  
26 Code,”.

27 (c) (1) Section 217 (f) (1) of such Act is amended—

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1 (A) by striking out "the Civil Service Retirement  
2 Act of May 29, 1930, as amended," and inserting in lieu  
3 thereof "subchapter III of chapter 83 of title 5, United  
4 States Code,"; and

5 (B) by striking out "such Act of May 29, 1930, as  
6 amended," and inserting in lieu thereof "such subchapter  
7 III".

8 (2) Section 217 (f) (2) of such Act is amended by  
9 striking out "the Civil Service Retirement Act of May 29,  
10 1930, as amended," and inserting in lieu thereof "subchapter  
11 III of chapter 83 of title 5, United States Code,".

12 (d) (1) Section 706 (b) of such Act is amended by  
13 striking out "the civil service laws" and inserting in lieu  
14 thereof "the provisions of title 5, United States Code, govern-  
15 ing appointments in the competitive service".

16 (2) Section 706 (c) (2) of such Act is amended by  
17 striking out "section 5 of the Administrative Expenses Act  
18 of 1946 (5 U.S.C. 73b-2)" and inserting in lieu thereof  
19 "section 5703 of title 5, United States Code,".

20 (e) (1) Section 1114 (b) of such Act is amended by  
21 striking out "the civil-service laws" and inserting in lieu  
22 thereof "the provisions of title 5, United States Code, govern-  
23 ing appointments in the competitive service".

24 (2) Section 1114 (f) of such Act is amended by strik-  
25 ing out "the civil-service laws" and inserting in lieu thereof  
26 "the provisions of title 5, United States Code, governing  
27 appointments in the competitive service".

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1       (3) Section 1114 (g) of such Act is amended by strik-  
2 ing out "section 5 of the Administrative Expenses Act of  
3 1946 (5 U.S.C. 73b-2)" and inserting in lieu thereof "sec-  
4 tion 5703 of title 5, United States Code."

5       (f) (1) Section 1501 (a) (6) of such Act is amended  
6 by striking out "the Civil Service Retirement Act of 1930"  
7 and inserting in lieu thereof "subchapter III of chapter 83 of  
8 title 5, United States Code,".

9       (2) Section 1501 (a) (9) of such Act is amended by  
10 striking out "under section 2 of the Act of August 4, 1947"  
11 and inserting in lieu thereof "under section 5351 (2) of title  
12 5, United States Code", and by striking out "; 5 U.S.C., sec.  
13 1052".

14       (g) (1) Section 1840 (e) (1) of such Act is amended  
15 by striking out "the Civil Service Retirement Act, or other  
16 Act" and inserting in lieu thereof "subchapter III of chapter  
17 83 of title 5, United States Code, or any other law".

18       (2) Section 1840 (e) (2) of such Act is amended by  
19 striking out "such other Act" and inserting in lieu thereof  
20 "such other law".

21       (h) Section 103 (b) (3) of the Social Security Amend-  
22 ments of 1965 is amended—

23               (1) by striking out "the Federal Employees Health  
24 Benefits Act of 1959" in subparagraph (A) and insert-  
25 ing in lieu thereof "chapter 89 of title 5, United States  
26 Code"; and

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1           (2) by striking out "such Act" in subparagraph  
2           (C) and inserting in lieu thereof "such chapter".

3           (i) (1) Section 3121 (b) (6) (C) (iv) of the Internal  
4 Revenue Code of 1954 is amended by striking out "under  
5 section 2 of the Act of August 4, 1947" and inserting in  
6 lieu thereof "under section 5351 (2) of title 5, United States  
7 Code", and by striking out "; 5 U.S.C., sec. 1052".

8           (2) Section 3121 (b) (6) (C) (vi) of such Code is  
9 amended by striking out "the Civil Service Retirement Act"  
10 and inserting in lieu thereof "subchapter III of chapter 83  
11 of title 5, United States Code,".

12           (3) Section 3121 (b) (7) (C) (ii) of such Code is  
13 amended by striking out "under section 2 of the Act of  
14 August 4, 1947" and inserting in lieu thereof "under section  
15 5351 (2) of title 5, United States Code", and by striking  
16 out "; 5 U.S.C. 1052".

17   MEANING OF SECRETARY

18           SEC. 404. As used in the amendments made by this Act  
19 (unless the context otherwise requires), the term "Secre-  
20 tary" means the Secretary of Health, Education, and  
21 Welfare.

Passed the House of Representative August 17, 1967.

Attest:

W. PAT JENNINGS,

*Clerk.*

[Press release, Committee on Finance, United States Senate, August 11, 1967]

**FINANCE COMMITTEE TO BEGIN PUBLIC HEARINGS ON SOCIAL SECURITY, MEDICARE,  
AND WELFARE AMENDMENTS ON TUESDAY, AUGUST 22**

Chairman Russell B. Long (D., La.) today announced that the Committee on Finance would hold hearings, beginning at 10:00 A.M., Tuesday, August 22nd, on H.R. 12080, the "Social Security Amendments of 1967". Senator Long said that the scheduling of hearings now will permit the Committee to begin thorough consideration of H.R. 12080 promptly upon completion of action on the bill by the House of Representatives which is expected next week. The hearings will take place in Room 2221 of the New Senate Office Building.

It is anticipated that the Committee will also take testimony on various amendments to the Social Security Act which may be proposed in the Senate, including those relating to the provision of drugs under the Medicare and Welfare programs.

Initially, the Committee will hear from Administration officials. The Honorable John W. Gardner, Secretary of the Department of Health, Education and Welfare will be the first witness.

Persons who wish to be heard on this important matter should submit requests to Tom Vail, Chief Counsel, Committee on Finance, not later than Monday, August 28th, indicating the time desired for oral testimony and the subject matter they propose to cover. Because of the large number of witnesses expected to testify the Chairman indicated that strict time limitations may become necessary. In order to facilitate the hearing, those with similar interests should designate a single spokesman to present their testimony. When the hearing schedule is fixed, the witnesses will be advised of their appearance time and a full witness list will be announced.

Witnesses who are scheduled to appear are urged to make their statements as brief as possible to conserve the time of the Committee. In order to further conserve time, the Committee will be pleased to receive a written statement from any interested person for inclusion in the printed record of the hearings in lieu of a personal appearance. These statements will be given the same full consideration as though they had been delivered orally. Chairman Long urged that persons desiring to contribute written statements, submit them to Tom Vail, Chief Counsel as promptly as possible.

All statements should include a summary sheet and subject heading and should be submitted to the Committee the day before the witness is to testify.

**The CHAIRMAN.** This morning, we are pleased to have as our first witness, the distinguished Secretary of the Department of Health, Education, and Welfare, the Honorable John W. Gardner. Mr. Gardner, we are pleased to have you with us. I understand you propose to recommend that we restore the benefit increases cut by the House; and that we add a number of features to the bill, which the House had deleted. As you proceed through your statement, I hope you will advise the committee how much of a tax increase, above the level fixed by the House, will be necessary to pay for each of the benefits you would suggest we write into the bill.

In addition, I would hope that you will have something to say about the matter of drugs. As you know, I have offered an amendment to this bill, which would limit Federal payment to drugs of proper quality only and once that quality was determined, to pay for them on the most economical basis possible.

My amendment would not cost anything—in fact, it would save millions of dollars which we might put to better use in providing additional or improved health service.

I would hope the Senators on the committee would withhold their questions until the Secretary has completed his presentation on the bill. At that time I propose we follow the 10-minute rule under which each Senator can interrogate for 10 minutes in order to give all of us

the opportunity to question the Secretary some time during this day. After that we will begin the second round of questions.

Mr. Secretary, I welcome you and urge you to proceed with your statement.

**STATEMENT OF HON. JOHN W. GARDNER, SECRETARY OF HEALTH, EDUCATION, AND WELFARE, ACCOMPANIED BY WILBUR J. COHEN, UNDER SECRETARY; RALPH K. HUITT, ASSISTANT SECRETARY FOR LEGISLATION; ROBERT M. BALL, COMMISSIONER OF SOCIAL SECURITY; MISS MARY SWITZER, ADMINISTRATOR OF SOCIAL AND REHABILITATION SERVICE; ROBERT J. MYERS, CHIEF ACTUARY, SOCIAL SECURITY ADMINISTRATION; AND CHARLES HAWKINS, LEGISLATIVE OFFICER, SOCIAL AND REHABILITATION SERVICE**

Secretary GARDNER. Mr. Chairman, I have with me this morning Assistant Secretary for Legislation, Ralph Huitt, Mary Switzer, who is making her first appearance, I think, at a hearing since she was named Commissioner of the new Social and Rehabilitation Service; Under Secretary Wilbur J. Cohen; Robert Ball, Commissioner of Social Security, Bob Myers of the Social Security Administration, and Charles Hawkins, of the Social and Rehabilitation Service.

Senator CARLSON. Mr. Chairman, before the Secretary continues, as a Kansan I want to say I am proud to have Miss Switzer appear before us. She is an outstanding authority in this field of social rehabilitation. We are proud of her.

The CHAIRMAN. We are certainly glad to have her and may I say, Mr. Secretary, if we go to all the old hands you have with you—we think they are a credit to their Government. They are certainly dedicated to the work they are doing although we may not always agree with what they are trying to do as far as the public interest is concerned.

Senator GORE. Mr. Chairman, to take a little different point of view, I will say to the Secretary that the lady is the only redeeming feature of this line of old guard you bring before us.

Secretary GARDNER. We accept that.

Senator GORE. But they perform well, particularly Secretary Cohen.

Secretary GARDNER. Mr. Chairman, I welcome this opportunity to appear before you to discuss the social security amendments passed by the House. The House bill is broad in scope. The bill before you covers changes in a number of existing programs; namely:

The old-age, survivors, and disability insurance program, popularly referred to as social security (title II of the Social Security Act);

The medicare program, consisting of both hospital insurance and supplementary medical insurance (title XVIII);

The public assistance programs, particularly aid to families with dependent children (title IV);

The child welfare program (pt. 3 of title V);

The medicaid program (title XIX); and

The programs of health care for mothers and children (pts. 1 and 2 of title V).

I shall not recount in any detail the provisions of the House bill. A brief summary of these provisions will be found in the House committee report, pages 2 to 5.

I would like to highlight the major changes, and I will ask Under Secretary Cohen and Commissioner Ball to discuss the provisions of the House bill and our recommendations in more detail when I finish.

#### SOCIAL SECURITY

The bill that is before you for consideration would make far-reaching improvements in the social security program. But we believe that it is both feasible and desirable to go further than the House bill in improving the social security benefits and the protection of the social security program.

Social security is a major institution in the economic and social life of this country. It has grown over the years to become the Nation's basic method for protecting people against loss of income because of retirement, severe disability, or death. The program provides cash benefits not only to the aged but to young persons as well who are disabled or are the survivors or dependents of beneficiaries.

Cash benefits of about \$21½ billion will be paid out during the current year. More than 23 million persons—retired workers and their wives, disabled workers and their families, and widows, and orphans—get benefits every month. Over 7 million of these beneficiaries are under age 65.

Today, 90 percent of our people aged 65 and over are eligible for retirement benefits under social security. Almost all of the 78 million earners in the country are now covered by social security, the principal exceptions being Government employees, who have their own retirement systems. About 95 out of every 100 American children and their mothers have survivors insurance protection in case of the death of the breadwinner. About 87 out of 100 Americans age 25 to 64 have insurance protection if they become severely disabled.

Social security benefits today average about \$85 a month for a retired person, \$98 for a disabled person, and \$62 for a child of a deceased individual. The minimum monthly benefit for an individual is \$44. The maximum monthly benefit for an individual with credited earnings of \$6,600 a year could be \$168.

The House bill provides for a social security benefit increase of 12½ percent across the board with a \$50-a-month minimum. We urge that this committee restore the 15-percent benefit increase and the \$70 minimum benefit that the President proposed.

The full benefit increase is needed. Almost all aged social security beneficiaries rely on social security as their major source of support. Almost half of the aged beneficiaries have no substantial income other than their social security.

The House bill would remove about 800,000 people from poverty. Under our proposal, 2 million people would be removed from poverty. Even those who still are poor will be better off. And the improvements we are recommending will help not only those current beneficiaries whose benefits are near or below the poverty level, but also who get benefits based on average or better than average earnings. Social security is not only for the poor. It is a system providing a base



of economic security on which all can build. It will help not only the aged whose incomes are now too low but will provide that the aged of the future will be better off.

The social security system is a wage-related, contributory system. Contributions are related to earnings, and benefits, too, are based on average earnings under the social security system. Basing eligibility on work and providing benefits related to past earnings is consistent with and strengthens our general system of economic incentives. When a person works in covered employment, he earns both wages and insurance protection against the loss of those wages.

We are recommending increases in the social security contribution and benefit base—the amount of earnings that is taxable and creditable toward benefits in a year. Increasing this base increases the protection the program provides for those working and earning at amounts higher than the present base and strengthens the wage-related character of the program.

The House bill provides for an increase in the contribution and benefit base from the present \$6,600 a year to \$7,600 in 1968. This is a significant first step, but it does not go far enough. We recommend a base of \$7,800 in 1968, \$9,000 in 1971, and \$10,800 in 1974. These increases will provide individuals who have somewhat above average earnings with benefits much more closely related to their earnings than either present law or the House bill would. People at these levels would pay more in contributions, but they and their families would get substantially more in benefit protection.

Social security benefits have fallen behind price increases over the years since the early 1950's. We must set the benefits so that they buy as much as they did in earlier years. But we must do more than that. We believe—and our proposals would accomplish the result—that social security beneficiaries should have a share in the rising level of living of the whole community. We recommend several other improvements in the program:

In addition to a regular minimum benefit of \$70, we recommend a special minimum benefit of \$100 for persons who have worked at least 25 years in jobs covered by social security. This would give some recognition to those who have worked under the program for many years at very low wages.

The House bill provides benefits for disabled widows beginning at age 50, reduced from the amounts they would get if they qualified at 62 without a disability. Disabled widows of any age should receive benefits, and they should receive full widow's benefits instead of reduced benefits.

The proposals we are making would increase the benefit protection of the social security system to millions of persons while at the same time continuing the system on an actuarially sound basis.

President Johnson in his message of January 23, 1967, stated:

One of the tests of a great civilization is the compassion and respect shown to its elders. Too many of our senior citizens have been left behind by the progress they worked most of their lives to create.

#### MEDICARE

Two years ago, the Congress enacted the medicare program, adding health insurance to the protection afforded older persons under social security.

This is a large and complex program. It involves more than 19 million aged persons. The administration of the program has demanded a cooperative effort on an enormous scale on the part of the Federal Government, hospitals, the medical profession, State health agencies, the fiscal intermediaries, to whom a major part of the administrative responsibility is assigned, and the whole health community.

In the year that medicare has been in operation, the Department has been faced with tremendous tasks in the development of regulations and policies, the preparation of materials for the guidance of the fiscal intermediaries, and the State agencies, and a huge informational task directed toward understanding of the program by physicians, hospitals, and other institutions and the beneficiaries.

Although President Johnson has made several proposals to simplify the medicare program and its administration, we believe that with a program this new, this big and this complex, it would be unwise at this time to make fundamental changes in the scope of the program.

In the first year of the program, 4 million Americans entered the hospital for treatment and had hospital bills amounting to \$2.4 billion paid by the program. Another \$640 million was paid out for other medical services, primarily physicians' services. About 200,000 people received home health services. Since January 1967 some 200,000 people have been admitted to extended-care facilities.

But the impact of the program is far greater than the gains reflected in a mere recital of statistics. For, under medicare, all the aged receive care with the dignity and freedom of choice that goes with insurance protection.

This year, the President recommended including disabled social security beneficiaries under medicare. The House bill does not do this. Extension of the program's protection to the disabled can be accomplished without major changes in the present administrative arrangements.

Available data indicate substantially higher health costs for the disabled than for the aged. The data confirm the importance of covering the hospital costs of the disabled under medicare.

Handicapped by serious disability, these people find themselves in much the same situation as older people. Many of them are completely dependent on their social security benefits for their support and the support of their families. Few have substantial regular income in addition to their benefits. Because of their impairments, they have relatively high medical expenses and they have poor insurance protection against such expenses. We urge that the House bill be modified to extend the protection of hospital insurance to these beneficiaries.

#### PUBLIC WELFARE

The social security system is our basic program to insure persons against the loss of earned income.

Our Federal-State public welfare programs provide assistance and services to deal directly with poverty and social deprivation.

The House of Representatives has made fundamental changes in certain public welfare programs. Under aid to families with dependent children, the bill requires States to make a plan for each family and then implement it by providing training for work, day care for

children of mothers training for work, and work incentives through earnings exemptions. We favor this general approach of developing a plan for each family, but believe it should be broadened and made comprehensive to be fully effective.

A comprehensive plan drawn up for each family would be based on an evaluation of the potentialities for employment of family members over 16 who are not in school, the health and educational and training needs they might have, and the welfare of the children. If the evaluations are well and carefully done, if their goals are broader than the achievement of employment alone, and if the resulting plans are realistically and imaginatively laid, many families now on public assistance will find new hope, new confidence, new stability, and a new opportunity to become productive and participating—with all the increase in personal satisfaction and happiness that goes with it.

Based on the work-experience programs that have been operating for several years, we have every reason to believe that there are many more individuals who want to be and can be trained and employed.

It is perfectly obvious that not all mothers would wish to, or should, or could, work full time, or perhaps even part time. But the unknown number who wish to, or should, or could, ought to have that chance.

The House bill requires each State to make work or training available to "appropriate" individuals on assistance as a condition of receipt of Federal financial participation. It would also require that assistance be denied to such individuals if they refuse assignment to projects unless they can show good cause for their refusals. Existing law requires a State to allow an individual to appeal any decision to the State agency.

What really matters is what happens to each family. A mother might appear to be a good candidate for work and training on several grounds, yet special circumstances might make it desirable for her to delay entrance into the program. If determinations are made according to rigid formulas inflexibly applied, if lack of imagination and foresight characterize action at the decision level, then the result can only be grief for the individuals and families involved and defeat of the purposes of the program, which are to strengthen the family and move it toward independence.

All things considered, we believe that the establishment of training programs should be mandatory upon the States, but voluntary as far as the AFDC mothers are concerned. We believe that, with the universal existence of work training programs and day care arrangements so wisely provided in the House bill, plus the \$20 incentive payments provided in the administration proposals plus the prospect of reasonable income exemptions, a very high percentage of mothers will want to be trained and will want to go to work.

The work-training projects offer great opportunities but, like all opportunities, they must be exploited with wisdom as well as energy. We must be sure that we are not preparing candidates for nonexistent jobs. But I would hope that we could go beyond merely giving vocational training for already existing or conventional, particularly dead end, jobs—that at least some of the projects would be consciously aimed at creating new careers in new kinds of jobs for the participants.

The House bill would require States to operate work and training programs for all appropriate individuals above age 16 who are receiv-

ing AFDC. The House bill provides that the Secretary of Health, Education, and Welfare would administer this program at the Federal level and State welfare departments at the State and local level.

Because of the need to coordinate work training under public assistance with our other job training programs, we recommend that instead of the House provision, the provisions recommended by the administration in H.R. 5710 be adopted. These provided that the Secretary of Labor be authorized to provide work and training programs for AFDC recipients above age 16. States would be required to operate programs if the Secretary of Labor does not and is unable to do so, and project grants for such programs would be provided for needy persons ineligible for AFDC. Incentive payments of up to \$20 per week would be provided to persons undergoing training.

The House bill includes a work incentive feature in the State aid to families with dependent children's programs. The bill requires each State, effective July 1, 1969, to disregard the first \$30 a month of earned income plus one-third of any additional earnings. The bill also provides that all earnings of AFDC children attending school full time be disregarded. These are very desirable provisions. We recommend that they be strengthened by increasing the exemption to \$50 monthly plus one-half of any additional earnings.

The House bill also authorizes Federal financial participation in day care for children of mothers working or taking work training where care is purchased from community agencies.

The House bill provides broadened authority with respect to day care, and requires exemption of some earnings, but it makes work training compulsory. We believe that the incentive features of the House bill, coupled with a broadened work training program which is voluntary as far as the individual is concerned but which has additional financial incentives for such training will greatly strengthen the effectiveness of the program in moving families from dependency to financial independence.

The House bill offers local agencies additional support to provide for the welfare of children through emergency assistance, protective payments, and foster home care. We have some suggestions for improving these provisions, and I will ask Mr. Cohen to discuss them with you later.

The House bill does nothing to improve the level of State public assistance payments. As things stand today, the States are required to set assistance standards for needy persons in order to determine eligibility—but they need not make their assistance payments on the basis of these standards. The result is that welfare payments are much too low in a good many States. That is a widely accepted fact among all who are concerned with these programs; indeed it is probably the most widely agreed-upon fact among welfare experts today.

We strongly urge you to adopt the administration's proposal requiring States to meet need in full as they determine it in their own State assistance standards, and to update these standards periodically to keep pace with changes in the cost of living.

Only 20 States and the District of Columbia provide under the AFDC program the amount that their own standards indicate is needed. Of these 20 States, only 12 have updated their standards to reflect price levels as recent as 1966.

We also proposed to the House that the eligibility level for medical assistance (medicaid, title XIX of the Social Security Act) be limited to 150 percent of the eligibility level for cash assistance. There would have been no difference between State standards and maximum assistant payments since under our proposals, need would have been met in full. The House bill limits the eligibility level for medical assistance to 133 percent of maximum assistance payments. We believe this to be too constrictive a definition of medical indigence.

The House bill includes another limitation which we did not seek: a ceiling on Federal participation in aid to families with dependent children. The proportion of children dependent because of absence of a parent would be frozen as of last January for purposes of Federal financial participation.

Approximately 4.9 percent of children under age 18 are receiving assistance. The number of children receiving aid has been growing. We are as eager as any agency can be to reverse or at least substantially modify this trend.

If States take full advantage of the employment and day care provisions of the bill, they may well be able to keep growth in the assistance rolls lower than it would otherwise have been. But for a good many States it is very unlikely that they can bring the rolls down to the level of last January. If a State cannot reach that level, then under the House provision, it would face a financial squeeze that would almost certainly lead it to establish even more restrictive eligibility requirements or to lower already inadequate support. This is directly contrary to the main constructive thrust of the House bill which is to move families toward financial independence.

I urge the Senate to delete this limitation. I realize that the House is concerned about the steady rise in AFDC rolls. I share that concern. But the measure they propose is not a solution; it is simply a decision to turn our backs on the problem.

#### CHILD HEALTH

The bill before you makes major improvement in our child health programs. It consolidates all of the separated earmarked programs under a single total authorization, to be utilized under three broad categories, and it provides for intensified efforts to screen and treat children in low-income areas, for demonstration services, especially in dental care for children and family planning services for mothers, and for broadened research and training programs. But the House bill does not provide enough funds for us to mount the kind of research and training program we believe is needed.

Present and anticipated manpower requirements in obstetrics and pediatrics are so great that we will soon face a crisis in maternal and child health care unless we can find ways of increasing the supply and expanding the efficiency of professional personnel. Our recommendation to the House included a proposal to establish comprehensive maternal and child care research centers to study and demonstrate new and more efficient ways of delivering child health services. The House bill provides the needed authority. We urge you to authorize additional funds to carry out this essential program.

## SOCIAL WORK MANPOWER

Our child health amendments are based partly on the critical need for trained manpower. There is a critical need in another area: social work. The House bill provides the authority to make grants to educational institutions to develop and improve programs of social work training. But the bill limits the authorization to \$5 million annually. We recommend that this limitation be removed beginning with the second year of the program.

## CONCLUSION

Mr. Chairman, the legislation before you affects every man, woman, and child in the Nation. It is important and far reaching.

With the changes we are proposing, we believe it merits your prompt and favorable action.

Now, Mr. Chairman, I would like to ask, if it is agreeable with you, that Commissioner Ball discuss our proposals for social security and medicare amendments, to be followed by Under Secretary Cohen, who will discuss our suggested public welfare and child health amendments. They will deal with these matters in greater detail.

The CHAIRMAN. I was discussing with the ranking member on the other side, Mr. Williams, how we should proceed in this matter. If that is all right with those here, then we will let Mr. Ball go ahead and discuss his charts and let Mr. Cohen go ahead on the theory that some of the questions we have in mind might have been answered by the succeeding statements. I assume that is what you want to do—present your case and then let us interrogate you and the other witnesses on it.

Secretary GARDNER. Yes.

The CHAIRMAN. You will be here tomorrow to answer questions?

Secretary GARDNER. Yes.

The CHAIRMAN. We may find it necessary to conclude this morning's session soon because the Senate is in session and there are some amendments that members of this committee desire to offer on the defense bill. So you proceed, Mr. Ball.

Senator GORE. Mr. Chairman, before Secretary Ball proceeds, could I express my own gratification for the statement Secretary Gardner has presented. I think it is a matter of true significance for social progress that you can present the statistics that you have brought to the committee today—for example, that now 90 percent of Americans over 65 are participants in social security benefits.

The CHAIRMAN. He said they are eligible. He did not say they are getting it.

Senator GORE. Eligible for participation.

The CHAIRMAN. Right.

Senator GORE. There are other similar encouraging statistics and these are not just statistics. These statistics refer to elder Americans, and I am very encouraged, not only with respect to the social security program itself, but also with respect to the satisfactory experience the country has had thus far under medicare. I just wanted to express my gratification before we proceed.

Secretary GARDNER. Thank you.

The CHAIRMAN. Mr. Secretary, permit me to say I am going to have to open the Senate this morning, so if I leave temporarily it is not because I am not interested in what is being said. I will take the statement with me and be prepared to ask questions when I get back.

**STATEMENT OF HON. ROBERT M. BALL, COMMISSIONER, SOCIAL SECURITY ADMINISTRATION**

Mr. BALL. Mr. Chairman, members of the committee, I will be talking entirely about the Federal program of social insurance and Mr. Cohen will be dealing with the welfare part of the program. This is a very extensive bill with many provisions in it and in my presentation I will be concentrating on the major provisions.

We would like, with your permission, Mr. Chairman, to introduce into the record a detailed statement of comment on some of the minor provisions, either suggesting additions to the House bill or suggesting modifications in the provisions. I will be touching on some of these in this presentation but not all.

(The document referred to above follows:)

**STATEMENT OF THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE ON RECOMMENDED CHANGES IN THE SOCIAL SECURITY PROVISIONS (TITLE I) OF H.R. 12080**

This statement supplements the testimony of the Department of Health, Education, and Welfare on H.R. 12080, "The Social Security Amendments of 1967," as passed by the House of Representatives.

As indicated in the statement of the Secretary of Health, Education, and Welfare, the Department recommends the benefit increase of at least 15 percent, and the increase in the benefit and contribution base to \$10,800 by 1974, that were provided in H.R. 5710, and the extension of hospital insurance protection to the disabled. In addition to these major concerns, there are a number of Administration proposals that were not included in H.R. 12080 that the Department believes should be added and a number of provisions of H.R. 12080 that the Department believes should be modified.

Provisions of H.R. 5710 that the Department believes should be added to Title I of the bill (relating to social security) are as follows:

1. *Special minimum for long-term employment.* A special minimum benefit would be given for long-service workers. It would be equal to \$4 multiplied by the number of years of coverage up to 25, so that a worker with 25 years or more of coverage will receive a benefit of at least \$100 a month. About 140,000 people would benefit under this provision. About \$8 million in additional benefits would be paid in 1968.

2. *Transfer of Federal employment credits.* Under present law, Federal employees subject to the Civil Service or Foreign Service retirement system or the Central Intelligence Agency retirement system have no survivor or disability protection during the first 5 years of service. Employees who leave after 5 or more years of service lose their survivor and disability protection; the great majority of those who leave before retirement lose their retirement protection, as well, because they take refunds of their contributions.

H.R. 5710 would fill these serious gaps in the protection of large numbers of workers with Federal employment by providing for transferring credit to social security for Federal employment subject to the Civil Service or Foreign Service or Central Intelligence Agency retirement systems if there is no protection based on that employment when the worker dies, becomes disabled, or reaches retirement age. The social security trust funds would be reimbursed by the Federal staff retirement systems for the proportionate cost of benefits that is attributable to the transferred credits.

3. *Social security coverage of farm employees.* Under present law, the farm worker's earnings in regard to his work for an employer are covered only if the employer pays him \$150 or more in cash wages during the year or the employee works for the employer on 20 or more days in the year for cash pay on a time basis—e.g., if he is paid by the hour, day, or week. A farm worker earns one quarter of coverage credit, to a total of four in a year, for each \$100 of annual covered farm wages.

H.R. 5710 would modify those provisions so as to improve the coverage of 500,000 farm workers. Under H.R. 5710, the annual cash wage test for social security coverage of farm workers would be reduced from the present \$150 to \$50, the 20-day time test would be reduced to 10 days, and a quarter of coverage

credit would be given, to a total of 4 in a year, for each \$50 of annual covered farm wages. These changes would have no cost effect.

4. *Coverage status of fishermen and truck loaders and unloaders.* The Social Security Administration and the Internal Revenue Service have generally found captains and crew members of fishing vessels and loaders and unloaders of trucks to be employees (under the common-law rules) of the owners of the fishing vessels or trucks. The employment status of such individuals has been contested in the courts by some of the owners of the vessels and trucks who have been billed for social security taxes. The decisions of the courts in these tax cases have not been uniform. It is desirable to remove the cause of such inconclusive litigation by clarifying that individuals of the types mentioned are employees of the owners of the vessels or trucks.

5. *Coverage of Federal facilities under medicare.* Services rendered in State and local hospitals are now covered and it is reasonable that similar services rendered in Federal hospitals should also be covered. If Federal facilities were included under the medicare system, there would be some savings to the general taxpayer, since he would not have to pay through other taxes to meet hospital and doctor expenses of some people who are covered by the medicare system and receive care in Federal facilities.

6. *Coordination of medicare reimbursement with State health planning.* At present, no provision is made under title XVIII of the Social Security Act to coordinate payments under medicare with the health facility planning activities being carried on in the States by public and private planning agencies. Federal legislation (P.L. 89-749—the Partnership for Health Act) was enacted by the last Congress providing additional support for planning in the States through grants to the States for comprehensive health planning and through project grants to other public and nonprofit private agencies.

It is proposed that hospitals be required to fund depreciation payments made to them under medicare and that substantial capital expenditures be in conformity with any recommendations of the federally supported health planning activities of the States.

7. *Eligibility of certain children for monthly benefits.* The amendment would provide for the payment of child's benefits, based on the earnings record of a worker who was not the child's parent if the child was living with and supported by the worker for at least a year before the worker died or at least 5 years before the worker became disabled or retired. Under this provision about 15,000 people would be affected immediately and \$11 million would be paid out in calendar year 1968.

8. *Parent's insurance benefits.* The amendment would provide for the payment of benefits to the parents of retired and disabled workers. The benefits for the dependent parents of living workers would be actuarially reduced if taken before age 65 and parent's insurance benefits in the future would be residual. Under this provision about 30,000 people would be affected immediately and about \$15 million would be paid out in the first full year.

The combined cost of the above provisions for paying benefits to children and the provision for parent's benefits is 0.01 percent of payroll.

9. *Elimination of provisions denying hospital insurance benefits to noninsured individuals because of membership in certain organizations.* This provision would repeal the provision of the Social Security Amendments of 1965 denying hospital insurance to noninsured persons over 65 because of membership in subversive organizations.

Provisions of Title I of H.R. 12080 that the Department believes should be modified are as follows:

1. *Increase in special payments to certain people age 72 and older.* H.R. 12080 provides for increasing from \$35 to \$40 for a single person (from \$52.50 to \$60 for a couple) the amount of the monthly payments to people age 72 and older who are not insured for regular retirement benefits. In keeping with the minimum benefit of \$70 that the Department is proposing for people who meet the regular insured-status requirements, the Department recommends special payments of \$50 (\$75 for couples) for those age 72 and older who do not meet these requirements.

2. *Benefits for disabled widows and widowers.* Under the provision in H.R. 12080 for paying benefits to disabled widows and widowers, benefits would not be payable before age 50 and the benefits would be reduced according to the disabled widow's or widower's age at entitlement. The Department favors removal of the age-50 limitation and payment of the full amount of the benefit—82½ percent of the spouse's benefit—to disabled widows and widowers. The Department also recommends that the definition of disability for widows and widowers in



H.R. 12080 be modified to specify a level of severity that would be deemed sufficient to preclude any *substantial* gainful activity (rather than any gainful activity). The Department would retain the requirement in H.R. 12080 that determinations of disability be based on medical factors only. The cost of the provision now in H.R. 12080 is 0.03 percent of taxable payroll; the cost of the provision we recommend is 0.06 percent of taxable payroll.

3. *Limitations of payments to aliens outside the United States.* Under present law, benefits are not paid to aliens outside the United States unless they meet one of several specified exceptions to a general alien nonpayment provision. Among these exceptions are the provisions under which benefits are payable to an alien outside of the United States if he lived in the United States for 10 years or if he had 40 quarters of coverage—about 10 years of work in covered employment. H.R. 12080 includes a provision, not included in H.R. 5710, under which the 10-years-residence and 40-quarters-of-coverage exceptions would not apply to a citizen of a country that has a social insurance system under which benefits would not be paid to otherwise qualified Americans outside that country. The Department believes that the present provision is satisfactory and that no further restriction should be placed on the application of the 10-years-residence and 40-quarters-of-coverage exceptions of present law.

Moreover, under H.R. 12080, the elimination of the 10-years-residence and 40-quarters-of-coverage exceptions would apply not only to people becoming eligible for benefits in the future but also to those now getting benefits, with the result that thousands of present beneficiaries might have their benefits stopped when the provision becomes effective six months after enactment. The Department strongly recommends that, in the event that any restriction on the applicability of the 10-years-residence and 40-quarters-of-coverage exceptions is retained in the bill, it be made entirely prospective in effect—that is, that it apply only to aliens who become eligible for benefits in the future.

The provisions of H.R. 12080 relating to benefits for people in countries where Treasury regulations prevent payment go considerably beyond those recommended by the Department and raise questions of constitutionality and of conflict with existing treaties between the United States and certain foreign countries. The question of constitutionality arises because the provision would prevent payment of benefits that have already accrued to aliens in countries where the Treasury ban applies. In such cases payment has been withheld under the Treasury regulation only because it was not possible to assume that the beneficiary would actually get the check or be able to negotiate it for full value—to protect his right to his benefits; under H.R. 12080 this right would be taken away and benefits accrued in the past would be limited to twelve months of payment. Another problem is that under certain treaties there is agreement to treat citizens of the other country just as American citizens are treated for social security purposes, yet under H.R. 12080 benefits payments to aliens living in countries subject to the Treasury regulations are stopped even though such aliens are citizens of another country and that country has such a treaty with the United States.

The Department, therefore, recommends that the provisions in question be modified so that amounts accumulated before enactment of the amendments now being considered, as well as benefits that are withheld by the Treasury Department in the future, would be payable in full to the beneficiary from whom they have been withheld. If, in the future, he dies before the ban is lifted, the withheld benefits would be payable only to a survivor entitled on the same earnings record and only in an amount equal to the last 12 months' benefits that have been withheld. As under present law, where the beneficiary is alive when payments are resumed, the full amount of the withheld benefits would be payable to him.

4. *Residual payments to certain children.* The provision in H.R. 12080 under which certain children would get "residual" benefits would take care of a situation that developed under the 1965 amendments, where, for example, a widow already getting benefits might have had her benefits or the benefits of her children reduced under the family maximum provisions because another child of her husband became entitled to benefits by reasons of the 1965 change in the law.

It would, however, provide unduly harsh treatment in the future for children made eligible by the 1965 amendments. We believe the 1965 provision (inserted by the Senate) should be retained but that benefits payable prior to the 1965 provision should be restored to the full amount without regard to the family maximum.

The CHAIRMAN. I am going to ask that those charts be included in the record at the appropriate point so that we can see how the charts support your statement.

Mr. BALL. Yes, Mr. Chairman, and if there are people who have difficulty seeing these big charts, we do have small charts so they can be following at the same time.

The CHAIRMAN. I would think if you simply turned your charts parallel to the wall there everybody could see them those on the committee and also those in the audience. Anyone who has difficulty seeing them can move over around to this side.

## **MAJOR PROPOSALS FOR IMPROVEMENTS IN SOCIAL SECURITY**

### **CASH BENEFIT LEVELS AND CONTRIBUTIONS**

- AT LEAST 15% INCREASE WITH \$70 MINIMUM BENEFIT
- INCREASES IN CONTRIBUTION AND BENEFIT BASE

### **OTHER CASH BENEFIT CHANGES**

- SPECIAL MINIMUM BENEFIT FOR LONG SERVICE WORKERS
- CASH BENEFITS FOR DISABLED WIDOWS
- LIBERALIZATION OF THE RETIREMENT TEST

### **HEALTH INSURANCE PROPOSALS**

- HOSPITAL INSURANCE FOR DISABILITY BENEFICIARIES
- OTHER HEALTH INSURANCE PROPOSALS
- SIMPLIFICATION OF MEDICARE ADMINISTRATION

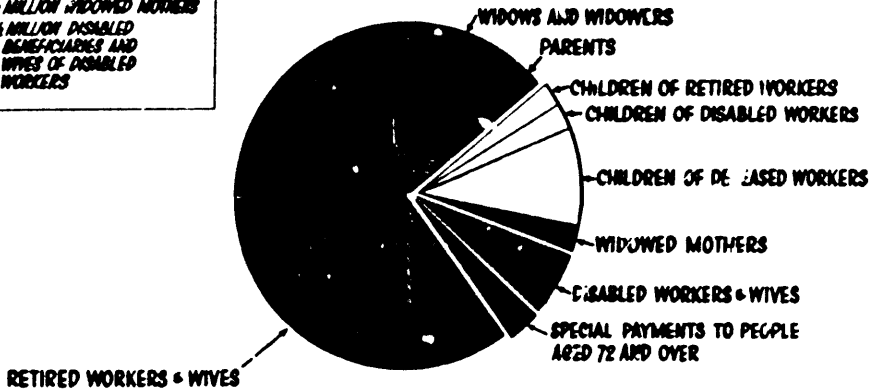
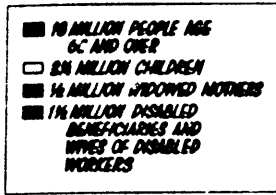
Mr. BALL. Mr. Chairman, on this large stationary chart we have at the top an outline of the matters that I intend to cover in the chart presentation. These are the major proposals for improvements in social security. At first, I will be talking about the cash benefit levels and contributions; that is, at least 15 percent increase with a \$70 minimum benefit, and increases in the contribution and benefit base and the contribution schedule.

These are all interrelated matters that the first few charts will deal with. Then, I will talk about some of the most important of the other cash benefit changes—the special minimum benefit for long service workers, cash benefits for disabled widows, and liberalization of the retirement test. And then I will turn to an entirely different part of the program. All the first part will deal solely with the cash benefit part of the program, and then I will turn to what is generally called medicare, the health insurance proposals—hospital insurance for disability beneficiaries, other hospital insurance proposals, and some items for the simplification of medicare administration.

So we will start first, then, with cash benefit levels and contributions.

CHART 1

## HIGHER BENEFITS FOR OVER 23 MILLION BENEFICIARIES



And the first chart, Mr. Chairman, shows the people to whom the increase in benefits would immediately apply, the 23 million beneficiaries who get a check every month now from Social Security; that is, the one out of every nine Americans receiving these benefits today.

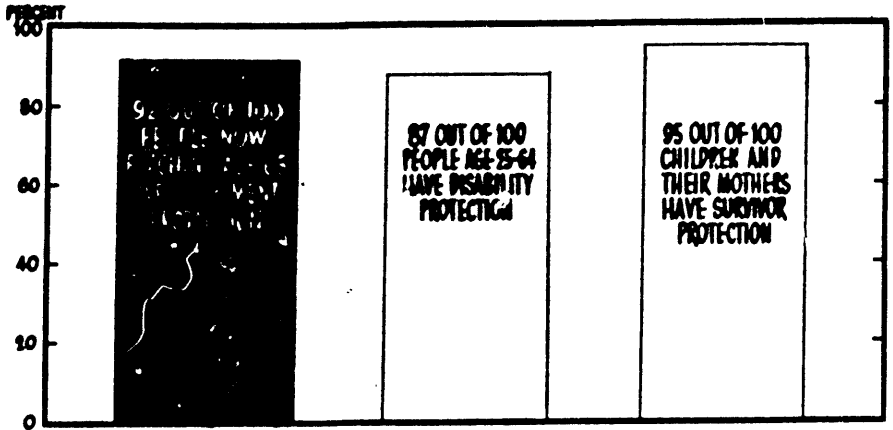
The large dark area in the chart are all people aged 62 and over. They, in total, amount to 18 million people out of these 23 million beneficiaries, the largest group being retired workers and their wives. But we also have a sizable number of widows who are over 62 receiving these benefits.

The fact that Social Security is paying 18 million older people is much better known perhaps than that it is also paying 3¼ million children, primarily orphans. This is this large group here. The smaller cut is made up of children of disabled workers and, here, children of retired workers. And then there are about a half million widowed mothers of these children who are getting benefits, about 1½ million disabled workers and their wives, and then a new benefit, the special payments that go to people who are 72 or over when they do not have enough credits to get benefits under the regular provisions of social security. Payments to this group are largely from general revenues. These payments are a flat \$35 to the single worker and \$52.50 for a couple. These payments result from the so-called Prouty amendment added in 1966 to an earlier provision that came from the House and made payments to certain people at 72.

Now, this entire chart depicts the group who would immediately get benefits as a result of this bill or the administration proposal. But, in addition to that, and perhaps even more important for the long-run economic security of Americans, is what the increased protection does for people who are working today and paying contributions under social security.

CHART 2

## INCREASED SOCIAL SECURITY PROTECTION FOR NEARLY ALL WORKERS AND THEIR FAMILIES-- 86 MILLION WORKERS WILL CONTRIBUTE TO SOCIAL SECURITY IN 1967



There will be 86 million workers contributing to the social security program during the course of this year. That is, of course, a lot more than there are workers at any one time during the year, but during the course of the year there will be 86 million contributing to the program. This bill will increase their protection and most of them will be eligible for larger benefits in the future.

This chart gives you some idea of the kind of protection that will be increased. Let me remind you that the social security program is really three programs. It is, first of all, a retirement program and, as the Secretary said, about 90 percent of all those 65 or over have that protection today. That proportion keeps growing and as this chart indicates, 92 out of 100 of the people who are now reaching 65 have retirement protection under social security.

But then a second part of the program is the protection against serious disability—protection against extended total disability. And 87 out of 100 of the people who are age 25 to 64 in the country have worked long enough under the program to have that protection or are the wives of men who have that protection. If there are young children in the family or if the wife is 62, she is eligible for benefits, too, if the individual becomes disabled.

And then finally, the third part of the program, the survivors part of the program, the life insurance part, and 95 out of 100 of all the mothers and children in the country would have monthly benefits payable on the death of the major breadwinner in the family.

So we have, then, 23 million people getting benefits immediately and practically every American family affected by the increased protection.

Now, to specifically compare the major differences in the cash benefits and contributions in the House bill and the administration proposal. Throughout the next few charts I am going to be making a distinction between people who are earning up to \$550 a month and people who earn above that amount. I think it is important that we keep that distinction in mind. On earnings that count for benefit credits, \$550 a month is the present ceiling on which people pay con-

tributions, and the effect of the House bill and the effect of the administration proposal is quite different depending on whether you are looking at the group below \$550 or earners above \$550 a month.

So, first of all, I will discuss the immediate effect of the benefit change for people earning less than \$550 a month.

## CHART 3

## **BENEFIT INCREASE FOR PEOPLE EARNING UP TO \$550 A MONTH**

**HOUSE BILL:** • AT LEAST 12½ PERCENT  
• MINIMUM BENEFIT OF \$50

**PROPOSAL:** • AT LEAST 15 PERCENT  
• MINIMUM BENEFIT OF \$70

As the Secretary said, the House bill provides at least a 12½-percent increase with a minimum benefit of \$50, and the administration bill provides at least a 15-percent increase with a minimum benefit of \$70.

## CHART 4

## **BENEFIT INCREASE FOR PEOPLE EARNING ABOVE \$550 A MONTH NEW CONTRIBUTION AND BENEFIT BASE**

**HOUSE BILL:** \$7,600 FOR 1968 AND AFTER  
FUTURE BENEFIT INCREASES UP TO 26 PERCENT

**PROPOSAL:** \$7,800 FOR 1968-70  
9,000 FOR 1971-73  
10,800 FOR 1974 AND AFTER  
FUTURE BENEFIT INCREASES UP TO 70 PERCENT

Now, if you look at the effect of the proposals on people who earn at least \$6,600 a year, \$550 a month—and I might for a base point remind you that the average full-time male worker today is getting just a little under that \$6,600, about \$6,300 or \$6,400 a year—now, for this group both the House bill and our proposal have an increase in the contribution and benefit base, so there is in both cases increased protection for people who are earning above this \$550 amount.

In very summary terms, the House bill goes to \$7,600 for 1968 as compared with our \$7,800 proposal for 1968. The increase to \$7,600 for 1968 which the House bill continues indefinitely into the future would give increases in retirement benefits up to 26 percent for those people who pay on this higher amount over a long period of time. This is the result of counting those higher earnings in their benefit computation, so that it is not possible to think of the House bill proposal solely as a 12½-percent increase. With the higher wage base, people paying on the higher amount can in the long run, get up to as much as 26 percent over present law.

Now, our proposal for an increased earnings base is in steps. We go from \$7,800 in 1968 to \$9,000 for 1971 to 1973, and then a final level of \$10,800 for 1974 and after, and on the same basis as previously discussed, people paying on these higher amounts over a substantial period of time as compared with present law, can get up to a 70-percent increase.

We will go into these facts now in considerably more detail. Let me first present to you a reminder of the present contribution rates in present law and the proposal in the House bill which we endorse.

CHART 5

## PRESENT AND PROPOSED CONTRIBUTION RATES FOR CASH BENEFITS

YEAR	EMPLOYEE AND EMPLOYER, EACH		SELF-EMPLOYED	
	PRESENT LAW	PROPOSED	PRESENT LAW	PROPOSED
1967-68	3.9%	3.9%	5.9%	5.9%
1969-70	4.4	4.2	6.6	6.3
1971-72	4.4	4.6	6.6	6.9
1973 and after	4.85	5.0	7.0	7.0

**PROPOSAL THE SAME AS HOUSE BILL**

There is no difference between the House bill and the administration proposal in terms of contribution rates for cash benefits. These are the rates that would be applied to the earnings bases that we talked about earlier.

The first point I would like to emphasize and call to your attention again is that present law—these are the single rates for the employee that are shown, matched by the employer—provides for a significant increase in the rate.

On the left we have the years that the rate would change. You will note that for cash benefits—this whole first part of the presentation is on cash benefits only—people today are paying 3.9 percent.

Senator CURTIS. Mr. Chairman, may I ask a brief question for clarification at that point?

The CHAIRMAN. Sure.

Senator CURTIS. Now, those figures do not show the total deduction for social security, do they, if you take into account what is taken out for medicare?

Mr. BALL. That is exactly right, Mr. Curtis, and Senator, we will have a chart toward the end of the presentation where I will put all these things together for you and give you the total.

Senator CURTIS. Now, the effective rate this year is already 4.4?

Mr. BALL. That is correct. But, looking at the financing of the benefits that we are talking about here, the cash benefits, present law ultimately goes up to 4.85. The proposal, as you see, stays the same in 1968 as people are now paying and actually is lower, that is the proposal is to be lower than present law in 1969-70, then goes somewhat higher in 1971-72 and then finally, is fifteen-hundredths of 1 percent higher.

In summary, I might say that the House bill, and we would now adopt their proposal, makes really very slight increases in the contribution rate although we have larger increases in the earnings to which the rate applies than does the House bill.

Now, turning to—

Senator BENNETT. Before he leaves that, Mr. Chairman, may I have a question?

Why is it lower in 1969-70?

Mr. BALL. Well, the House felt that it would be better to have these rates rise more gradually than present law does. Present law has a jump of five-tenths of a percent on the employee and five-tenths on the employer in 1969 and then it holds steady, you see, for 4 years. They preferred to make it three-tenths in 1969 and four-tenths in 1971 rather than making one big jump and holding it, and we had no objection to that. As you will see in the final charts on income and outgo in the cash program, there is sufficient money to continue a considerable buildup of the fund during this period even with the somewhat lower rate. We have a very big building if you leave it as it is in present law.

Senator BENNETT. What you are saying is not that the rate goes down in 1969-70. It does not go up as fast as present law?

Mr. BALL. That is exactly right.

Senator BENNETT. So, you do not have the psychological effect of having the rate reduced and then having to boost it up again.

Mr. BALL. No, sir. No, sir. You are absolutely correct. Under the proposal it goes from the present 3.9 to 4.2 in 1969, but the present law would have raised it to 4.4.

Senator BENNETT. Thank you.

Mr. BALL. Now, to go back to putting together the effect of earnings base changes and the contribution rate increases. Let us see exactly what people have to pay under the House bill and under the proposal. I will again be making that distinction between those with earnings of \$550 and below and then later those above \$550. This distinction is important because there is no effect from the increase in the earnings base for people who earn below \$6,600. It is only the increase in the rate that has any effect on them.

CHART 6

## MONTHLY CONTRIBUTIONS FOR CASH BENEFITS ON EARNINGS OF \$ 550 OR BELOW

MONTHLY EARNINGS	1968	1969-70		1971-72		1973 & AFTER		INCREASE IN ULTIMATE CONTRIBUTIONS
	PRESENT LAW AND PROPOSAL	PRESENT LAW	PROPOSAL	PRESENT LAW	PROPOSAL	PRESENT LAW	PROPOSAL	
\$ 200	\$ 7.80	\$ 8.80	\$ 8.40	\$ 8.80	\$ 9.20	\$ 9.70	\$ 10.00	30 <sup>+</sup>
300	11.70	13.20	12.60	13.20	13.80	14.55	15.00	45 <sup>+</sup>
400	15.60	17.60	16.80	17.60	18.40	19.40	20.00	60 <sup>+</sup>
550	21.45	24.20	23.10	24.20	25.30	26.68	27.50	82 <sup>+</sup>

PROPOSAL THE SAME AS HOUSE BILL

CHART 7

## INCREASES IN MONTHLY CASH BENEFITS FOR AVERAGE MONTHLY EARNINGS OF \$ 550 OR BELOW

MONTHLY EARNINGS	WORKER			COUPLE		
	PRESENT MONTHLY BENEFITS	INCREASES		PRESENT MONTHLY BENEFITS	INCREASES	
		HOUSE BILL	PROPOSAL		HOUSE BILL	PROPOSAL
\$ 200	\$ 89.90	\$ 11.30	\$ 13.50	\$ 134.90	\$ 16.90	\$ 20.20
300	112.40	14.10	16.90	168.60	21.20	25.40
400	135.90	17.00	20.40	203.90	25.50	30.60
550	168.00	21.00	25.20	252.00	31.50	37.80

Across the top of this chart we have the years in which some change is made in the contribution rate as shown on the chart just before, and then down the left-hand side of this chart we have monthly earnings going from very low earnings of, say, roughly the minimum wage, on up to the maximum that is counted under present law. The actual dollar amounts that people are now paying are shown in this first column ranging from \$7.80 a month at \$200 a month earnings. Now this is cash benefits still. Senator Curtis is completely right about an additional amount for hospital insurance. We will go later to the combined amount, but for cash benefits, \$7.80, ranging up to \$21.45 in 1968.



But, as we indicated earlier, present law shows significant increases in this in the years ahead so that in 1973 and after, the range for cash benefits will be from \$9.70 to \$26.68 under present law.

Now, the proposal for people earning \$550 and below, is exactly the same in our proposal and the House bill. We have accepted the House contribution schedule, so these two are the same. You will see that the amounts for 1969 and 1970 are a little less than present law as we were saying earlier, Senator Bennett. Then in 1971 we have increases. In this column we have the ultimate amounts under the proposal that people would pay who earn \$550 and below, with a range from \$10 for those earning \$200 to \$27.50 for those earning \$550 instead of the present law range of from \$9.70 to \$26.68. The difference, the actual increases, are shown over here in cents. So, under the proposal for people earning \$550 and below, the increase in contributions over present law per month is only 82 cents at the maximum.

Senator WILLIAMS. May ask a question, before you leave that? Do you have a chart showing the increases over the present law as it is effective today rather than the House bill as it would be effective in 1969 and 1970?

Mr. BALL. Senator Williams, I think this first column has the information that you want to direct your attention to. This is what people are paying right now in 1967; it would stay the same in 1968. You can compare these final figures for 1973 and after with this first column to show how much more people would be paying in 1973 compared to 1967 or 1968 for the proposal. This other column shows how much more they would be paying under present law by that year.

Senator CURTIS. That is the combined employer-employee?

Mr. BALL. No. This is the single rate just as on the other chart. This is what the employee would be paying. In addition, it is matched by the employer.

Senator WILLIAMS. And, you multiply those by 12 to get the annual increase in his tax rate over the years?

Mr. BALL. Yes.

Senator WILLIAMS. Is there any special reason why the effective tax rate on those with \$550 per month income and less would go into effect in 1969 rather than 1968?

Mr. BALL. Well, mainly because as you will see when we come to the income-outgo figures for the whole system, no increase is really needed until 1969 to cover the cost of the benefits. The present law provides for a very sizable excess of income over outgo in 1968 and it is perfectly possible to have these increases in benefits and still leave a sizable surplus for 1968.

Now, in 1969 an increase is needed to cover the cost of the benefits.

Senator WILLIAMS. Then the fact that the election comes in 1968 has no significance to the fact that the tax increase goes into effect 2 months after the election; is that correct?

Mr. BALL. No. It does not have any relation.

Senator CURTIS. They will have a sizable tax increase because they will pay on a bigger base.

Mr. BALL. No. We are talking here, Senator—that is what I wanted to make clear—we are talking here of people making \$550 and below and there is no increased base for them. I am coming to a chart that shows what happens to people who earn \$550 and above.

Senator WILLIAMS. Those earning \$550 a month and less do not get any tax increase until 1969.

Mr. BALL. Beginning in 1969 will be when the increases come under both present law, Senator, and the proposal. Present law did not call for any increase in 1968, either. Present law contribution rate is the same in 1968 as in 1967.

Senator WILLIAMS. That is true, but—

Mr. BALL. That just was not moved up. It was kept the same in 1968. Present law has this sizable increase for 1969 and that big an increase is not needed.

Senator WILLIAMS. That is correct; but there are benefit increases being proposed effective July 1. And, as I understand it under the bill, there is no provision to pay for those increased benefits until the beginning of 1969.

Mr. BALL. The only point I would add to your information there, Senator, is that the House bill changed that effective date in a way that is perfectly satisfactory to us. They made the benefits effective for the second month after the month of enactment which presumably could hardly be until, say, the month of December or something of that sort rather than last July.

Now, these contribution increases for the people under \$550 on this chart are to be compared with the increases in the monthly cash benefits on the next chart. Here again, we are talking about only the individual with earnings of \$550 and below. The chart has two main divisions in it. Over on this side we show the increases for the worker alone; that is, a retired worker or disabled worker, and over here we show the increases for a man and wife, whether disabled or whether retired.

Again, we have the same monthly earning column down the side—\$200, \$300, \$400, and \$550—and we have present monthly benefits in dollars in these two columns. The House bill increases are the result, of course, of the 12½-percent increase and the benefits in these columns are somewhat higher as a result of the 15-percent increase for the worker and for the couple.

I think the two points that might be emphasized from putting these two charts together are that for the worker earning \$550 and below, the increases that he is called on to pay by either the House bill or the administration proposal—and they are the same on this point—are relatively small. The increases in the benefit amounts that he would get are quite substantial and that the benefit amounts paid under the administration proposal are somewhat higher even though the contribution rates remain the same.

Senator CURTIS. Mr. Chairman, may I ask a question about the chart?

Now, actually the increase in the \$200-a-month man will pay between now and 1973 is not 30 cents but \$2.20; is that not right?

Mr. BALL. No, Senator.

Senator CURTIS. It is \$7.80 now and he will pay \$10?

Mr. BALL. I see what you mean. You mean the entire increase from this time. Yes, that is correct.

Senator CURTIS. Yes. That 30 cents and 45 cents business is not the total increase from now until the bill reaches its maximum, but just the last step.

Mr. BALL. Well, it is the increase that these liberalizations call for over the presently scheduled rates.

Secretary GARDNER. Over the present law.

Mr. BALL. Yes, without changing the present law at all, present benefits require increases up to these amounts. We need that much to finance the present—

Senator CURTIS. I am aware of what it does but I also think it would be a mistake to have people get the impression that they are going to get all this and pay 30 cents more or 45 or 60 cents or 82 cents more than they are now.

Mr. BALL. That is absolutely right and at the same time, I think it is very important that people realize that present law—that the present level of benefits is going to require these increases in contributions up to this point. I have seen, for instance, stories that seem to attribute to these proposals the full increase, from what people are now paying up to what they would be paying at the end. I think it is best to make both of these distinctions clear.

Senator WILLIAMS. That is because when Congress approved prior increases in benefits they postponed the effective date of the tax that would pay for those benefits in exactly the same manner as you are proposing under this bill to postpone the tax increase until 1969. All of this would have been corrected if we had had the increased tax that is necessary to pay for the benefits become effective the same day the benefits go into effect, would it not?

Mr. BALL. Senator Williams, from the very beginning of the social security program, both the Executive and the Congress, I believe, felt that it was unwise to impose at the very beginning the level of contributions that would be necessary to finance the system 75 years later. So, there has always been a stepped up schedule. That has always been the situation.

You would build huge funds if you charge in the early days the rates that would be necessary later with so many more older people entitled to benefits. The schedule is now set at a point where the income will fully cover the cost of the benefits and administrative costs on into the future—in fact, with a considerable surplus—but you do not reach the ultimate rate until 1973 in order not to build up the fund so much before you need it.

Senator WILLIAMS. That is correct, but still those increased rates projected in 1973 and thereafter are to pay for the benefits approved in years prior.

Mr. BALL. Yes. It is necessary to cover the cost of benefits already approved. I agree.

Senator ANDERSON (presiding). We agreed to have questions later. I think Mr. Ball should go right ahead.

Mr. BALL. If we can turn to the same sort of combination of charts for the worker who earns \$550 or more, we have now the combined effect of the contribution increases and the increased earnings base.

CHART 8

## MONTHLY CONTRIBUTIONS FOR CASH BENEFITS ON EARNINGS OF \$550 AND ABOVE

MONTHLY EARNINGS	1968		1969-70		1971-72		1973		1974-AFTER		REVENUE IN ULTIMATE CONTRIBUTION
	PRESENT LAW	PROPOSAL	PRESENT LAW	PROPOSAL	PRESENT LAW	PROPOSAL	PRESENT LAW	PROPOSAL	PRESENT LAW	PROPOSAL	
\$550	\$21.45	21.45	21.20	23.10	21.20	23.30	26.00	27.50			82
633	"	21.69	"	26.59	"	29.12	"	31.65		BASE AS 1973	\$4.97
APPLIES ONLY UNDER ADMINISTRATION PROPOSAL											
650	"	25.35	"	27.30	"	29.90	"	32.50			5.82
750	"	"	"	"	"	34.50	"	37.50		BASE AS 1973	10.02
900	"	"	"	"	"	"	"	"	"	45.00	18.32

CHART 9

## INCREASES IN MONTHLY CASH BENEFITS FOR AVERAGE MONTHLY EARNINGS OF \$550 AND ABOVE

MONTHLY EARNINGS	WORKER				COUPLE		
	PRESENT MONTHLY BENEFITS	INCREASES		PRESENT MONTHLY BENEFITS	INCREASES		
		HOUSE BILL	PROPOSAL		HOUSE BILL	PROPOSAL	
\$550	\$168.00	\$21.00	\$25.20	\$252.00	\$31.50	\$37.80	
633	"	44.00	48.00	"	65.00	69.00	
APPLIES ONLY UNDER ADMINISTRATION PROPOSAL							
650	"	"	53.00	"	"	74.00	
750	"	"	80.00	"	"	101.00	
900	"	"	120.00	"	"	141.00	

People who earn above \$6,600 a year will pay more as a result of that combination. We have first the effect as far as the House bill is concerned which, for people who earn between \$550 and \$633 a month is the same as the administration proposal because we adopt the same contribution schedule and under the House bill the maximum earnings that count are \$7,600 a year or \$633 a month. So we have—to skip some of the intermediate points that were made in connection with the other chart—we have an increase under the House bill in the ultimate rate, at the maximum, with all the qualifications that we have been talking about of \$4.97. This first line showing the effect at earnings of \$550 is just the same as the last line on the other chart. It is included as a pickup point.

Now, under the administration proposal you see that the higher earnings base that we are proposing—up to \$10,800 beginning in

1974—means that these higher earnings are counted for purposes of benefits and are also counted, of course, for purposes of contribution. So that in 1968 the man earning \$650 a month or \$7,800 a year pays somewhat more than what would be true under the House proposal since they only go to \$7,600. And the same sort of thing down here as our higher earnings base takes hold in later years until at the very maximum in 1974 when \$10,800 would go into effect, the total payment by such an employee would become \$45 or \$18.32 more than would be true under present law. And in this column are the comparable increases for people earning at the \$7,800 and the \$9,000 level.

Now, what these earners pay is to be compared with the benefit result of counting these higher earnings for purposes of benefit computation. These very people who earn more and who pay more are the very ones who are going to get greatly increased protection, not 12½ percent under the House bill or not 15 percent under the administration bill, but because they are paying on higher earnings, their increases over present law will eventually be very substantial and as I indicated under the other chart, up to 70 percent under the administration proposal.

So, we have in this column for a person earning these somewhat higher amounts, \$650 a month, \$750 a month and \$900 a month, increases in his monthly benefits—absolute increases now, not the benefits but added to the benefits—amounts of \$53, \$80, and \$120 and for the couple, \$74, \$101, and \$141.

If I could digress just for a minute to bring out another point that this last column shows—up until now the wife's benefit has always been one-half of the wage earner's benefit. The House bill proposes a special maximum on the wife's benefits of \$105. So the wife's benefit would not rise at the upper earnings.

The reasoning behind this special maximum is that since the dependent's benefits are to an extent over and beyond the benefit-wage relationship, that perhaps it would be better, the reasoning goes, to increase the worker's own benefits somewhat more at these higher earnings levels and have the couple's benefits a somewhat lower percentage. We have adopted that provision in this proposal.

Senator WILLIAMS. How many years would a wage earner at the \$900 per month level have to contribute to the fund before he could draw the maximum benefits proposed?

Mr. BALL. These workers who would be getting these amounts as retired people are all young workers today. These are the people who would be paying these contributions over a working lifetime. I will get for the record the exact number of years, but I think to get to this absolute final maximum it would probably take about—

Senator WILLIAMS. The year 2000 or later, is that correct?

Mr. BALL. I think just a little bit beyond that for retired workers. Now, for survivors, for a survivor or disabled person, the full maximum is reached much more quickly. A man who dies while he is young and has been paying on these higher amounts could get the full protection in a very few years.

(The information furnished for the record at this point is that the new maximum would be reached by a young man now 20 who would retire at 65 in the year 2012.)

Senator CURTIS. How many quarters does it take to become fully insured?

Mr. BALL. Well, for a young man, it will take 40 quarters or 10 years, to be fully insured.

Senator CURTIS. And, at the end of 10 years, figuring his benefits, cannot he eliminate certain years of average wage?

Mr. BALL. For the average wage you can eliminate 5 years of the lowest earnings.

Senator CURTIS. Not 10?

Mr. BALL. No. Five years out of the whole period from 1950 on.

Senator CURTIS. Somebody could go to work at 55, draw the maximum the last 5 years, and qualify for your maximum?

Mr. BALL. Not any more, Senator. That used to be true, but, you see, you figure benefits from 1950 up until the time the individual becomes 65.

Senator CURTIS. Even if he goes beyond 10 years?

Mr. BALL. Yes. Keep in mind that you are eligible for some benefit if you have 10 years, but how much you have depends on your average from 1950.

I think we can bring out the point that Senator Williams has in mind very well with this next chart, Senator.

CHART 10

## EXAMPLES OF BENEFITS PAYABLE AT AGE 65 FOR MAN NOW AGE 50 AND EARNING \$550 AND ABOVE

MONTHLY EARNINGS	PRESENT LAW	HOUSE BILL		PROPOSAL	
	MONTHLY AMOUNT	MONTHLY AMOUNT	PERCENT INCREASE	MONTHLY AMOUNT	PERCENT INCREASE
\$550	\$15400	\$17330	125%	\$177.10	150%
633	"	18450	198	18860	225
650	"	"	"	19090	240
750	"	"	"	20200	312
900	"	"	"	21500	396

You are quite right. The people who get that full amount in retirement are young people today. They are the people who are going to pay over a long time and they are the ones that are going to get the full credit.

Senator WILLIAMS. The staff advised me it will be the year 2006 before the full benefits are recovered.

Mr. BALL. For retirement benefits, not disability or survivors.

Here, Senator, I think is the important followup point on the point you are making, and that is, although it is true that to hit the absolute maximum in retirement, it is the young people today that we are talking about, they are the ones who are going to be getting the highest

amounts, but for a man who is 50 today, the people who, you might say, have really started to think about retirement, the age-50 man, who is earning \$550 and above, this chart shows how much that increased base does for him. In other words, you do not hit that maximum for retirement benefits except for young people but very quickly the earnings base improves benefits a great deal for people who are already middle aged and older. So, the examples here on this chart are for the man now aged 50. Under present law the highest benefit that he could get is \$154 no matter how much he earns. By the time he is 65 he would be getting \$154 benefits because he gets credit only for \$550. Well, under the House bill, by the time he is 65 he would get \$184.50, if he had earnings of \$633 or higher. We have indicated here how much this 50-year-old man paying on earnings above \$633 would get when he is 65.

And you will see that, at the maximum, the man earning \$10,800 today, by the time he is 65, he would get about a 40-percent increase in benefits—not the maximum of 70—that is what the young man paying a long, long time gets—but the 50-year-old would get a 40-percent increase or \$215 as compared with \$154 under present law.

The point I want to emphasize is that the individuals who are called upon to pay a lot more under this proposal are the very ones who are also getting greatly increased protection under the proposal.

Mr. Chairman, if I could turn to a different part of our proposal, the other cash benefit changes, the first one is the special minimum benefit for long-service workers, and then before I finish the cash benefits section I will bring it all together in terms of financing.

CHART 11

## A SPECIAL MINIMUM BENEFIT FOR WORKERS WITH LONG-TERM COVERAGE

**\$ 4 FOR EACH  
YEAR OF COVERAGE  
UP TO A  
MAXIMUM OF  
\$100\***

**\* For workers with 25 years or more of coverage**

The House did not include a provision that the President recommended to benefit workers of relatively low earnings who are under the program for a long period of time. This is the special minimum of \$100 for workers who have at least 25 years' coverage under the

program. As I am sure you realize, most people will earn benefits of much more than the \$100 on the basis of the formula. Most people will earn much more than any minimum. But, what this does is to say if the formula gives them something less than a \$100, if they have been under the program for 25 years, they ought to get at least \$100.

Now, it is a notched-in provision. Describing it as a \$100 minimum for the 25-year worker is an oversimplified statement of it. What it really amounts to is that you get \$4 credit toward a minimum each year so that if, for example, a man had 24 years of coverage he would get a \$96 benefit. If he had—

Senator CURTIS. Is this in the House bill or—

Mr. BALL. No. This is not in the House bill. This was our recommendation that the House did not accept. And we believe it would be desirable for that to be put back in.

Now, another proposal that we thought was of special importance, Mr. Chairman, is a proposal to start a new benefit category. That is cash benefits for disabled widows, and as you will see as I go through it, the House adopted a partial benefit for this group. They took a step in this direction but we would like to ask the Senate to restore the full provision.

But first, before we get to the differences, let me explain the basic concept.

#### CHART 12

## CASH BENEFITS FOR DISABLED WIDOWS\*

### HOUSE BILL

- PAYABLE AT AGE 50
- BENEFITS PERMANENTLY REDUCED ACCORDING TO AGE

50% OF HUSBAND'S BENEFIT, IF ENTITLED AT AGE 50, TO 71% OF HUSBAND'S BENEFIT IF ENTITLED AT AGE 60

### PROPOSAL

- NO AGE LIMITATION
- BENEFITS SAME AS AGED WIDOWS

82% OF HUSBAND'S BENEFIT

\* IF TOTALLY DISABLED BEFORE, OR WITHIN 7 YEARS AFTER, HUSBAND'S DEATH OR END OF BENEFITS AS A MOTHER

In the present Social Security Act the treatment of widows seems to be based on this reasoning: If the widow has a child under the age of 18 in her care, then it is not assumed that she would be working because she might think it better to stay home to take care of the child. She has that choice. A benefit is paid if she does not work. The reasoning is also based on the idea that if she is 60 or 62 she is like other older people and should be able to draw a benefit because of the difficulty of getting and holding a job. But otherwise, the present law is based on the idea that she would be expected to support herself. So, no benefits are paid to widows under social security unless they are in the older age group or have children in their care.



Now, that line of reasoning, the Advisory Council of 1965 said, does not apply if the widow is so disabled that she cannot work. So that is the reason for this proposal.

What the House bill does is to pay the benefits beginning only at age 50. In other words, a disabled widow at 45 would not get the benefit. She would have to wait until 50, and then the House bill bases the amount that she gets depending on her age. Nothing is payable until 50, but if she draws it at 50, she gets 50 percent of the retirement benefit, and then that rises until at just before 60, she would get just under 71½ percent of the retired worker's benefit.

They fixed on that percentage because under present law a widow can get a benefit at age 60, whether disabled or not, of 71½ percent. That is a reduced benefit from the full 82½ percent that she gets at 62.

Now, our proposal would not have an age limitation and we would propose to pay the same amounts to the disabled widow regardless of age as is paid now to the widow at 62, which is 82½ percent.

Now, the provision on the retirement test in the House bill is the same as the administration proposal. The provision I am now going to describe is both our recommendation and in the House bill.

Senator BENNETT. Before you leave that other chart, Mr. Chairman, there is a little footnote at the bottom which is not completely clear.

If totally disabled before, or within seven years after, husband's death or end of benefits as a mother.

Is that 7 years after end of benefits as a mother or immediate?

Mr. BALL. Within 7 years after it. I am very glad you called that footnote to my attention, Senator, because I meant to explain that. Our proposal just as in the House bill, would not pay benefits to disabled widows regardless of when they became disabled. The concept here is to pay them benefits if they became disabled before they could reasonably have been expected to get disability rights as a worker themselves. It takes 5 years to get disability rights as a worker. So, the reasoning is that if she becomes disabled within 7 years after her husband's death, there is not a certainty at all that she could have gone into the labor market and picked up that 5 years. Or if she becomes disabled within 7 years of when her child became 18, one cannot reason that way.

So, this is a circumscribed proposal that says if she became disabled a long time after she would be expected to go into the labor market, she ought to be relying on her own earnings for disability protection.

Senator ANDERSON. I think Senator Williams would like to have some charts.

Senator WILLIAMS. No. I was going to suggest that you bring, when you come back tomorrow, your proposed amendments in written form in order that we could make them a part of the record along with a projected estimate for the next 5 or 10 years as to what the entire dollar cost of each recommendation would be.

Mr. BALL. Certainly, we would be glad to.

Senator WILLIAMS. If we have any savings, put that in the report, too.

Mr. BALL. We will be glad to do that, Senator.

(The amendments to H.R. 12080 as recommended by the Department of Health, Education, and Welfare, appear at p. 417.)

CHART 13

## INCREASE IN THE AMOUNT A BENEFICIARY CAN EARN AND STILL GET BENEFITS

	PRESENT LAW	HOUSE BILL AND PROPOSAL
<b>ANNUAL EXEMPT AMOUNT</b>	<b>\$1500</b>	<b>\$1680</b>
<b>MONTHLY MEASURE</b>	<b>\$125</b>	<b>\$140</b>
<b><del>\$1 for</del> \$2 ADJUSTMENT</b>	<b>\$1500-<del>\$2700</del></b>	<b>\$1680-<del>\$2880</del></b>
<b><del>\$1 for</del> \$1 ADJUSTMENT</b>	<b>above \$2700</b>	<b>above \$2880</b>

Mr. BALL. Now, the retirement test change as I say, is the same under both the House and our own proposals. If I could just take a minute first to remind the Senators of what the present law is, because it is a rather complicated provision and hard to keep in mind.

There are really two aspects to it. The first is that all social security benefits are payable to an individual if he has less than \$1,500 in earnings. If less than \$1,500, he gets all his social security benefits and there are no "ands," "ifs" and "buts" about that. This is an absolute thing. If he has earnings above \$1,500, for earnings between \$1,500 and \$2,700, \$1 is deducted from his total benefits for the year and for each \$2 that he has earned. For every dollar he earns above \$2,700, \$1 is deducted for each dollar of earnings. So that you have a graded situation there that makes it possible to generalize that a person is always better off by working. His combined income and earnings are better than if he did not work. The only exception would be for a person in the upper income tax brackets because of the fact that social security benefits are not taxable and work income is.

Senator CURTIS. This applies to the group between 65 and 72.

Mr. BALL. Yes. At 72 he gets the payments without regard to the retirement test.

Senator CARLSON. Is the administration opposed to any increase in the \$1,500?

Mr. BALL. No, Senator. This was our proposal, adopted by the House, the proposal to raise the \$1,500 to \$1,680 and corresponding changes shown on chart 13. That is another increase in the same amount here, the \$2,700 to \$2,880, and a change in here, the same provision, above \$2,880.

Senator WILLIAMS. There is considerable sentiment for raising that figure. Would the administration oppose any raise along that \$1,680 figure?

Mr. BALL. Senator, this is a very expensive provision and it really comes down to the choice of whether you want to increase this more

or whether you want to raise benefits more for people who are not working, and when I come to my next chart, I think I can give you a more factual basis for our feeling that it is preferable to put money that is available for increased social security benefits into the benefits in general rather than to keep pushing the amount of the retirement test up further.

We are in favor of this adjustment on the basis of time that has passed since the last change but we would not like to push that too high.

Senator WILLIAMS. Then your answer is that you would oppose any increase above \$1,680; is that correct?

Mr. BALL. Yes.

Senator CARLSON. Do you know of any retirement program where there are any limitations of earnings? For instance, military retirement, Federal employee retirement, civil service? Do you know of any program where they do have a limitation?

Mr. BALL. Senator, I think the real difference is that almost all of them require you to be retired from the occupation or business that pays you the benefit. For example, a civil servant will not get his civil service payment and continue to work for the Federal Government. He can go work somewhere else. Or an auto worker does not get his benefits if he continues to work in the auto industry. Social security is just about a universal system and here, in order to fulfill the idea that it is a retirement program, you almost have to say that in order to determine that a person has suffered the risk of retirement and should get a benefit, that he not have earnings in general over a certain amount. I think that is the difference.

Senator CARLSON. Do I understand that one retires from the military service, that he cannot take a Federal position and build up a social security retirement without losing his military?

Mr. BALL. I did not mean that. I meant that he cannot continue in the military. That is his career and he has left the military and is considered retired from the military, so they give him retirement pay. And, I think, almost all these systems do require retirement from the career or business that the individual is in. In social security, the retirement test is a rough approach to the same thing. If we could tell each person's career and determine that he has retired from that, then I think you could allow any amount of earnings elsewhere, but that is in a universal system very difficult to determine. You have got long-shoremen or construction workers who change their employers all the time. What is the basis of saying he is retired from a particular job? That, I think, is the problem.

Senator RIBICOFF. Along that line, Mr. Ball, along the line of Senator Carlson, if you remove the income limitation and people did work, what would be brought into the General Treasury and general revenues in taxes?

Mr. BALL. Your question, Senator, is that would it induce more people to work and that would increase—

Senator RIBICOFF. The tax take.

Mr. BALL (continuing). The tax take. I think part of our problem with that has been that we have not thought that there was any significant discouragement in the test and that you would not get very much more employment without it. Now, there would be some, I would

have to agree to that. But we have not been able to estimate just how much. In other words, I think there are few people who refuse to work at a job, a regular job with significant earnings, in order to keep their social security benefits. I think this happens on the borderline where the man cannot get a job that amounts to very much and there he may limit his earnings because of the test. But whether it would induce a lot more people to go to work, I am doubtful. I think most of these people who are not working cannot work, or employers will not hire them or they are too old.

**Senator RIBICOFF.** Your actuarial cost, is that worked out on the basis of people working anywhere, and this would be extra income to them? Is that how you figure your actuarial costs?

**Mr. BALL.** Bob, you had better answer for the record.

**Mr. MYERS.** Yes, Senator; that is correct.

**Senator RIBICOFF.** So, you take that on the basis of who is working at the present time and not drawing social security benefits?

**Mr. MYERS.** Yes. In addition, there is a small allowance made that, if the exempt amount is raised, then some people near the border will work additionally and perhaps get a little less benefits and contribute a little more taxes, but the net effect of that, as the Commissioner has said, is very small.

**Senator CARLSON.** Mr. Ball, on that very point which we are going to discuss at greater length when we get into executive session, I think it is well to mention that there are people drawing social security whose professional services we need. I will mention nurses, and I am personally acquainted with many of them. A nurse can draw \$1,500 in a case sometimes, a lengthy one. I know many that say they are not going to nurse any more. They say, "I am drawing my social security and I am not going to jeopardize it."

I think there are other professions but that is one group whose services we really need. We are going to discuss this at length when we get into executive session.

**Mr. BALL.** Senator, if I could just round out the other aspect of this test. We were talking about the annual part but there is another provision that says regardless of how much your earnings are for the whole year, you would get your benefits for any month in which you had earnings of \$125 or less under present law or under the proposal, less than \$140. You can see if you did not have that, if it was completely an annual test, there would be a problem when an individual retired. A man might have earned \$3,000 in the year, retire in March or April, and if there was a straight annual test, you could not pay him benefits until the next year. This monthly test says he is due benefits for any months in which he has earnings less than these amounts, and you pick him up right away in a retirement situation. He must also not have performed substantial services in self-employment in the month.

**Senator CURTIS.** In other words, a realtor could earn a \$10,000 commission in one month and still draw benefits for 11 months?

**Mr. BALL.** That is correct.

**Senator WILLIAMS.** There are a considerable number of people overseas who have established social security benefits while in this country and have gone back and are drawing benefits. How do you determine their earning test when a man is living in one of these other countries?

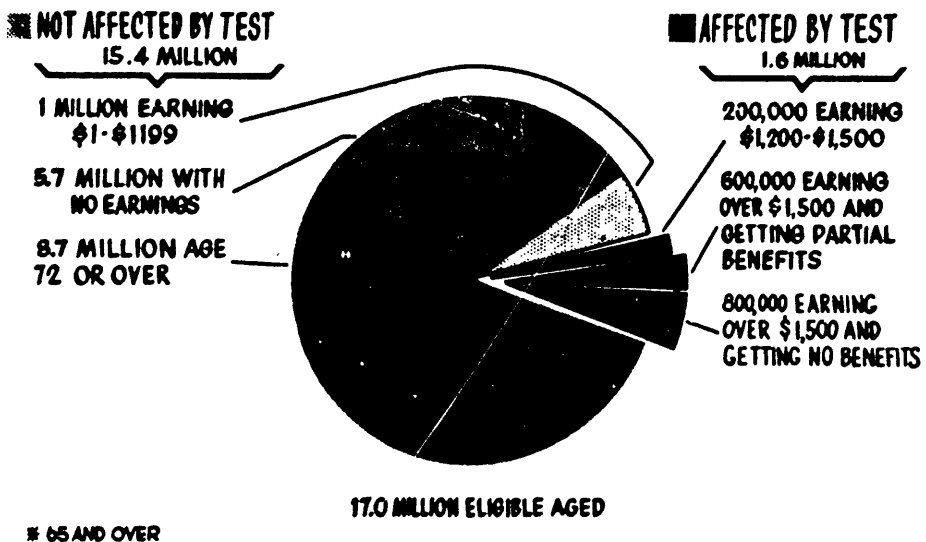
Mr. BALL. Senator, there is a special provision that relates to the retirement test abroad. It was defined not in dollars but in terms of an individual working on 7 days within a month. If he works on 7 days at all for that month he is not entitled to benefits for that month.

What we do with this is we require each person to fill out a questionnaire periodically related to this point and then we have sample audits and investigations. In fact, in regard to all aspects of the foreign beneficiary load, we have surveys in one country after another to try to pick up any problems. But there is a special provision on that.

Now, the result of this test as shown in the next chart, I think, is quite significant.

CHART 14

## NUMBER OF PEOPLE AFFECTED BY RETIREMENT TEST



Here I have taken the 17 million people who are 65 and over and eligible for social security with the intent of showing to what extent they are affected by the retirement test or any change that might be made. By and large, our analysis indicates that this large shaded part here, representing 15.4 million out of 17 million, are really not affected by the retirement test or what changes might be made. It is the darker part over here, representing 1.6 million, that are affected or might be by changes in the test. I think it is important to go through this because I know that many people think of the retirement test as applying and affecting all older beneficiaries and in our judgment it does not affect most of them.

Now, the first reason for this is that 8.7 million of these people are 72 or over and as Senator Curtis said, the program does become a straight annuity at age 72 and is no longer a program designed to partly make up for the loss of income on retirement.

Then, it is our feeling that most of the people in the 5.7 million here who have no earnings at all and are between 65 and 72 would not be affected by changes in the test. They tend to be those who cannot get jobs or do not want jobs and if they could they would probably be earning something and shown in one of these other groups. We have in this

cut those who earn up to \$1,200 and we assume that most of them would not be affected by a change in the test because, of course, it is \$1,500 already and they get their full benefit.

So, both of these groups already get their full benefits and so does this group get its full benefits because they are 72 or over. This accounts for 15.4 million people.

Now, in this part of the chart are the people that we think would be the ones primarily affected by changes in the earnings test. First of all, there are 800,000 people who are earning over \$1,500 and earning enough so that they get no benefits at all during the year. It would be mostly this group—they are full-time earners typically with reasonably good income—mostly this group who would benefit from, say, a complete abolition of the test.

Senator CURTIS. What is the average age of retirement?

Mr. BALL. Well, the average age of people coming on the rolls now, I believe, is down to about 67, maybe even slightly less than that.

Senator CURTIS. Many of that 800,000 are between 65 and 67.

Mr. BALL. Yes. I would think many of them are and I think our main feeling, Senator, is that most of these people are earning just as they earned at 55 or 58 and that you will incur a cost of about \$2 billion a year, have to increase the payroll contributions by almost 1 percent of payroll, and the main result is to pay that money to people who are earning as they were before when, I think, the concept of the program has always been that it should partially make up for earnings that people lose when they retire.

Senator WILLIAMS. Changing that figure to \$1,800 to \$2,000 would not affect that 800,000 anyway, would it?

Mr. BALL. It would affect some of them. Some of them would come in and start to get some benefits.

Senator WILLIAMS. But, not too many?

Mr. BALL. There is a borderline group in here that some would start to get benefits if that was raised to \$1,800 and any change in the retirement test, any liberalization, would affect this 600,000 that I did not mention yet. These are people getting over \$1,500 but they have lower earnings usually than the group we were just speaking of so that they are getting partial benefits. That one for two provision is affecting them. If you liberalize to \$1,800 or change the part above on the one for two, these 600,000 would all either get more benefits or get their full benefits. But it also could affect some of the 800,000 group.

Senator WILLIAMS. But those 600,000 and 200,000 referred to are the ones that need it the most?

Mr. BALL. Yes. It would be so.

Senator WILLIAMS. They are the ones that would get the benefits of the increase in earning allowance and they are really the ones who need it?

Mr. BALL. These are the ones who are more apt to be doing part-time work. This 200,000 that I did not mention yet, we put in this broad grouping on the presumption that a person who is earning between \$1,200 and \$1,500 may very likely be doing what Senator Carlson said about the nurse and deliberately limiting his earnings to that \$1,500 amount because he does not want to get involved in a reduction in social security, and I suspect if that were raised, most of these 200,000 would benefit from it.

Senator CURTIS. Would it be unfair to generalize and say that the 600,000 group perhaps were working as a matter of necessity in order to get along? And that many of the 800,000 are working from a choice not to retire?

Mr. BALL. I would not want to quarrel with that generalization, Senator, as long as you realize, of course, these are very mixed groups. There are some people in the group getting partial benefits who are earning as much as, even, \$3,000 or more a year. Do not focus entirely on that \$1,500 or \$1,800. The one for two provision that we talked about means that an individual can get quite a sizable wage or salary and get some of his benefits because it is only a reduction by one for two between \$1,500 and \$2,700.

Senator CURTIS. Do you have the same poverty level cutoff as the poverty program?

Mr. BALL. Yes, Senator. We have done the work on the definition and I think it has been adopted throughout the Government now in terms of large—

Senator CURTIS. In other words, somebody can earn up to the poverty level and not have their—they can earn so their earnings plus their benefits would be not less than the poverty program.

Mr. BALL. That would certainly happen sometimes. I could not generalize and say that would always be. But, they could.

Now, I just wanted to make clear there are some people in this group, too, who are earning as they always did. There may be a person who has been earning \$3,000 a year right along and yet when he becomes 65, he can start to draw some benefits under that one for two provision. That can happen.

Now, before going to the health insurance, I would like to summarize the financial situation as far as the cash benefit program is concerned.

CHART 15

## FINANCING SOCIAL SECURITY CASH BENEFITS UNDER HOUSE BILL PLUS ADMINISTRATION PROPOSAL

	PERCENT OF PAYROLL		
	LEVEL COST OF BENEFITS	LEVEL EQUIVALENT OF INCOME	BALANCE
PRESENT PROGRAM	8.76	9.50	+0.74
PROPOSALS			
CONTRIBUTION BASE*	-0.50		
BENEFIT INCREASE	1.36		
OTHER IMPROVEMENTS	0.21		
CONTRIBUTORY RATES		0.23	
PROPOSED PROGRAM	9.83	9.73	-0.10

\* THIS IS A NET FIGURE. ADDED INCOME = 0.97; BENEFIT COST FROM ADDED EARNINGS = 0.47.

This chart starts with the present program.

We are dealing here in terms of the percentage of payroll what the benefits cost on a long-range basis. Our actuary now makes these estimates on a 75-year basis. The cost of the benefits and administration over that period are shown here and the average income as a percent of payroll to the system over that time is shown here.

This is a way of determining the actuarial soundness and sufficiency of the financing of the program—will we have sufficient money to pay all benefits as they fall due in the future.

The CHAIRMAN (presiding). May I just ask one question? I have tried to withhold them up to now. On chart 14 under the heading, "Number of People Affected by the Retirement Test," your second largest group of people who have no earnings—now, are those people who are unable to earn anything or are those people who simply have no earnings but perhaps could achieve some if they wanted to?

Mr. BALL. Well, it is our impression, Senator, that the great majority of people in this group who have no earnings at all are either people who themselves feel they cannot work, or people employers feel cannot work, or who just do not want to work. Now—

Senator CURTIS. They may have independent incomes.

Mr. BALL. Yes. For whatever reason, although our surveys show that a very high proportion really consider themselves to be disabled and not able to work. They are too old to take regular jobs at least. It is our feeling that most people who wanted to work and who could get jobs would be more apt to be up in the group that is earning something up here, or even earning so much as to not get benefits. I admit this analysis is not a hundred percent, you know, right down to the last few cases. It is our best evaluation of some gross figures.

Senator CARLSON. Before you leave that, Mr. Ball, the Secretary stated that the average earnings were \$85 a month for a retired person, \$98 for a disabled, \$62 for a child of a deceased individual, and an individual monthly benefit for an individual is \$44. How many do we have that are drawing around \$44 to \$45 roughly?

Mr. BALL. About 10 percent of the 23 million, of the retired worker group which was—Mr. Myers is saying that about 10 percent of the retired workers are at that very bottom level of benefits, \$44 to \$45 and that means—I think it is about 15 million, is it not, we are paying in the retired worker and wife category?

Senator CARLSON. It would mean to me, then, whatever percentage it is that are drawing \$44 per month, they would have to have additional income from public assistance or they would have to work a little. There is no question about it.

Mr. BALL. Yes. I think that is regret and I think the main point, Senator, is that there is no correlation between the people who have these low benefits and people who could get jobs.

To summarize the cash benefit part now in terms of the financing. This chart shows the cost as a percentage of payroll now when we add together the House bill and our proposals for additions to the House bill. These are percentages of payroll. We start with the present program on this top line. We have a level cost for the present program of 8.76 over the next 75 years on the basis of the actuarial assumptions but we have an equivalent income of 9½ percent estimated over that period, to give us a surplus at the present time in actuarial terms. I



do not mean it is in the fund but in terms of these long-range projections, we have almost three-quarters of a percent of payroll more than is needed for the present benefits. That is a big part of how the proposals are financed in either the House bill or in our proposal.

Now, the contribution base as recommended by the administration, has the net effect of lowering the cost of benefits by about a half percent of payroll. Of course, it increases benefits, as we have been discussing, by having more earnings credited for benefits. The added income from the increased wage base is almost a percent of payroll but 0.47 percent or about half of it is used up for the higher benefits that come just from the inclusion of higher earnings credits in the benefit computations and that leaves a net saving in the level cost of a half percent of payroll. The benefit increases in the formula, not those that come from the earnings base but from the formula, cost 1.36. These other improvements are our proposals and the improvements in the House bill combined, costing 0.21, for a combined new level cost of benefits of 9.83.

We have the level equivalent of income when you add the income from the new contribution rate of 0.23, giving an equivalent income of 9.73 with a slight deficit of a 10th of 1 percent over the long range period or a deficit of about 1 percent of the total. As you can see, the total value of benefits is almost 10 percent and the slight actuarial imbalance is about 1 percent of that under the proposals. Traditionally this committee and the Ways and Means Committee has felt that that much of a deviation, around a 10th in this part of the program, is in keeping with a completely actuarially sound basis.

Senator BENNETT. Does that then mean that you subtract the point 10 from the .74 and if these new programs are adopted, your balance for the period will be 0.64?

Mr. BALL. No. This 0.74 is necessary to support the new level and after you have made the wage base changes and the contribution changes, the net result of all is a slight imbalance of minus one-tenth. The 0.74 was used to finance the increase.

Senator BENNETT. So, the new programs will use up the 0.74?

Mr. BALL. Yes.

Senator BENNETT. In fact, they will use up 0.74 and leave you 0.1 behind.

Mr. BALL. Right, you really cannot be that accurate in 75 year actuarial estimates and 1 percent leeway either way has been thought to be really on the nose.

Senator WILLIAMS. And those figures are based on the administration's proposal and not the House bill?

Mr. BALL. It is based on the House bill plus our additions to it. We have accepted, Senator, a couple of cost increases that the House put in and the chart would add our proposals to that.

Senator CURTIS. One question. The level of benefits, the level cost, payroll tax, in the next 75 years under the administration's proposal is 9.73?

Mr. BALL. No. This is the level equivalent of income not the tax rate. You can look at it this way. If you started to pay that right now, as Senator Williams was saying earlier—divide that between employers and employees, and pay that full amount right now, then that would be enough to finance the system indefinitely. But the schedule that is pro-

posed that I had up here on the easel earlier is a graduated schedule. The full rate does not go into effect immediately and therefore, it is a little higher in the end—the ultimate rates proposed are 5 or a combined 10 percent as against the 9.73 here. That comes from having a staggered schedule.

Senator CURTIS. That makes 75 years at that.

Mr. BALL. No. We will start the percent in 1973 under the proposal, but my point is if you had started it today instead of 1973, then it could be slightly lower as indicated in the level cost of 9.82.

Senator WILLIAMS. That is based on the \$10,800 ceiling?

Mr. BALL. Yes. This is based on the \$10,800.

The CHAIRMAN. As much as we are interested in these charts, I would hope that we could stay with our original plan and withhold questions insofar as we possibly can until we have completed this presentation in chief. It is my understanding that some of the most controversial items in the bill, particularly the items of greatest difference between the House and the Department, are in Mr. Cohen's statement and that is a 25-page statement. I hope that we can hear it this morning.

Mr. BALL. I can go through the rest of these very quickly, Senator.

The CHAIRMAN. I do not want to completely cut off questions, but I hope we would try to withhold them insofar as we can and come back to them later on. But, if you just do not understand something, I will still say the Senators can go ahead and ask.

Mr. BALL. The final chart in the cash benefit area is responsive to a couple of questions that were asked earlier.

CHART 16

## ESTIMATED PROGRESS OF THE CASH-BENEFITS TRUST FUNDS 1968-70

( In Billions )

CALENDAR YEAR	INCOME			OUTGO			NET INCREASE IN FUNDS		
	PRESENT LAW	HOUSE BILL	PROPOSAL	PRESENT LAW	HOUSE BILL	PROPOSAL	PRESENT LAW	HOUSE BILL	PROPOSAL
1968	\$275	\$285	\$286	\$233	\$26.5	\$280	\$4.2	\$1.9	\$0.6
1969	31.7	31.9	32.2	24.2	27.7	29.3	7.5	4.2	2.9
1970	33.4	33.4	33.7	25.2	28.9	30.5	8.2	4.5	3.2

This is income and outgo for the old-age and survivor disability insurance fund under present law, the House bill, and the proposal. This is income and outgo on this side for the next 3 years. Senator Williams particularly asked a question about this.

In the present law you see that there are very sizable increases in the fund if you did not change the benefits, \$4.2 billion excess in 1968, \$7.5 billion in the next 2 years. The House bill with the 12½-percent in-

crease and the other changes still leaves very sizeable surpluses in 1968, 1969, and 1970 and our proposal as well, leaves a \$600 million surplus in 1968, almost \$3 billion in 1969 and \$3.2 billion in 1970.

With that we turn to a completely different kind of subject matter, the health insurance proposals.

CHART 17

## EXTENSION OF HOSPITAL INSURANCE PROTECTION

**1.5 MILLION  
DISABLED  
BENEFICIARIES**

### **COST COVERED BY**

- **ADDITIONAL 0.05% EACH TO CONTRIBUTION RATES  
IN HOUSE BILL, BEGINNING IN 1969**
- **INCREASE IN CONTRIBUTION BASE UNDER PROPOSAL**

Our first, in fact, our major suggestion for addition to the House-passed bill in this area is the extension of the hospital insurance program to a million and a half disabled persons. These are primarily the workers receiving disability benefits under social security today; but it also adds those disabled widows we were talking about earlier if that group is included in the legislation and it adds the beneficiaries disabled since childhood, which is one of the dependents' benefits in the present program, totaling but a million and a half disabled beneficiaries. To cover this cost, on the basis of new estimates of the cost of disability, would require 0.05-percent increase in the contribution rate on employee and a like amount on the employer over what the House bill had, and I should point out to you that the House bill itself has an increase of one-tenth on employer and employee each for the present hospital insurance program. This would be a 0.05 more beyond that beginning in 1969, and this would finance the protection for the disabled, taking into account the increase in the contribution base that the administration is recommending and that I previously went into.

We are concerned about some aspects of the supplementary medical insurance plan as it would be applied to disabled beneficiaries and we feel the House provision, for further study of that part of the program is desirable. We are talking here about an extension of hospital insurance only. As the Secretary indicated, our general view on medicare is that it is really too early with this complex a program to think of changing the benefit package very much, but here we are talking about just taking what we have, with the same administrative arrangements and applying it to an additional group.

## CHART 18

**OTHER HEALTH INSURANCE PROPOSALS**

- **ADDITIONAL DAYS OF HOSPITAL COVERAGE**
- **PAY IN FULL FOR INPATIENT X-RAY AND LABORATORY SERVICES**
- **EXPERIMENTATION WITH INCENTIVE REIMBURSEMENT**
- **COORDINATION OF MEDICARE REIMBURSEMENT WITH STATE HEALTH PLANNING**

Now, on this chart we have the other substantive hospital insurance proposals. Some were in our original recommendations and some developed out of discussions in the House. The first substantive one of importance is that the bill increases the total number of days of hospitalization from 90 to 120, but for that last 30 days, the patient must pay roughly half the cost. He starts out paying \$20 a day for those benefits. And, you remember between 60 and 90, he pays \$10 a day under present law.

Then, under the House bill, the next substantive change is related to inpatient X-ray and lab services. Today there is a coinsurance charge under this program which is not typical of other types of health insurance programs, so that the beneficiary in a hospital has to pay 20 percent of the physician's part of furnishing X-ray and lab services. It is quite a nuisance, as well as a monetary question for these individuals. The House bill, which we agree with, drops that coinsurance and pays fully for inpatient X-ray and laboratory services, a procedure which is typical of Blue Cross-Blue Shield plans. This provision also results in a considerable administrative simplification.

The House added what I think is a very important provision allowing the Secretary to conduct experiments with limited numbers of hospitals for reimbursement on a basis other than a straight cost basis. We are presently reimbursing hospitals their cost of supplying these services and the point has been, I think, very validly made that reimbursement on a cost basis does not give an incentive to improve efficiency and economy in the delivery of services. This would authorize experimentation with different kinds of reimbursement formulas that might lead us in the direction of getting more economical and efficient services for our money.

And then, the provision that is not in the House bill—the three already mentioned are in the House bill—this one is not. A provision that was recommended originally by Senator Anderson, who has a bill on this. We think it is a very sound idea. It would require the hospitals to take that part of reimbursement which is given them for depreciation

and fund it—not spend it for current operations but fund it—and then capital expenditures are to be in accord with a State plan if there is a State plan for the development of medical facilities.

## CHART 19

## SIMPLIFICATION OF MEDICARE ADMINISTRATION

### • CONSOLIDATE OUTPATIENT BENEFITS

NOW DIVIDED BETWEEN PARTS A & B

### • DROP PHYSICIAN CERTIFICATION

FOR GENERAL HOSPITAL ADMISSION AND OUTPATIENT SERVICES

### • PROVIDE ADDITIONAL METHODS OF PAYMENT FOR PHYSICIAN SERVICES

1. TO THE PHYSICIAN WITHOUT ASSIGNMENT IF CHARGE DOES NOT EXCEED  
"REASONABLE CHARGE"

2. DIRECTLY TO THE PATIENT ON ITEMIZED RATHER THAN RECEIPTED BILL

And then on this chart we have simplification of Medicare administration. I will go over these very quickly and we can go into them in more detail later. These are, I think, very important proposals. As the Secretary said, we feel quite good about the administration of the medicare program in general, considering its newness, but these changes would be of very great help, not only to the Social Security Administration but to hospitals, patients, physicians, and others who are involved in the program.

One of the most complicated things at present is the outpatient hospital benefit where distinctions have to be made between diagnostic services and whether they are not diagnostic services, between whether they are performed by a doctor or not performed by a doctor, and depending on a variety of other distinctions, including a special deductible of \$20, these benefits are covered under either parts A or B. The proposal in the House bill consolidates them all in one place and greatly simplifies the situation. The President's original proposals on this was accepted by the House in large part. This is a slight modification of the proposal by the President.

The next proposal, and it is in the House bill, is to drop the initial certification by the physicians of a patient's need to go into a general hospital. We can assume that almost always admission is a matter of medical necessity. It is not necessary to have the physician actually sign a certification on this initial admission. We think it is important to keep the recertification provisions and some special certifications that are involved in admission to mental hospitals, tuberculosis hospitals, and extended care facilities, but not the general hospital.

Now, next is a very important proposal to add to the present methods for reimbursing for physicians' bills, two other methods. One we believe will encourage physicians to take responsibility for the submission of bills. Under this proposal the physician can be the one to file the claim without first agreeing to accept the determination of reasonable cost as he must under the present assignment procedures. If their fee is determined to be reasonable, then they would be paid directly. But a last resort type of provision is included—that if the physician does not do it, does not submit the bill either under the present methods or under this new one, then the patient himself without having to pay the bill first, would be reimbursed directly by the carrier on the basis of an itemized bill. These provisions are in the House bill.

Finally, Mr. Chairman, just a couple of quick summary charts that are responsive to some of the earlier questions.

CHART 20

## CONTRIBUTION RATES FOR EMPLOYEES AND EMPLOYERS

YEAR	CASH BENEFITS		HOSPITAL INSURANCE		TOTAL	
	PRESENT LAW	NEW RATES	PRESENT LAW	NEW RATES <sup>1</sup>	PRESENT LAW	NEW RATES <sup>1</sup>
1967-68	3.9%	3.9%	0.5%	0.5%	4.4%	4.4%
1969-70	4.4	4.2	0.5	0.65	4.9	4.85
1971-72	4.4	4.6	0.5	0.65	4.9	5.25
1973-75	4.85	5.0	0.55	0.70	5.4	5.70
1976-79	"	"	0.6	0.75	5.45	5.75
1980-86	"	"	0.7	0.85	5.55	5.85
1987 & AFTER	"	"	0.8	0.95	5.65	5.95

<sup>1</sup>RATES UNDER HOUSE BILL 0.05% LOWER, BEGINNING IN 1969, BECAUSE OF NO COVERAGE OF DISABLED

This chart puts together the contribution rates for both the cash benefits and hospital insurance, both present law and proposed, so that you have the whole story. This part on the left is what you saw before, for the cash benefits. Under present law at the present time, people are paying an additional half percent for hospital insurance which rises gradually in 1987 to 0.8. Under our proposal this would be fifteen one-hundredths higher beginning in 1969 and you will remember the House bill would be 0.5 less than the figures shown here because they did not extend hospital insurance to the disabled. That is why ours will be a 0.5 greater.

The final, combined under our proposal is just slightly under 6 percent with both hospital insurance and cash included. Five percent for cash and then the 0.95 in 1987 for hospital insurance.

And finally, the absolutely last chart the combination of present law pay out in 1968, what the House bill—

The CHAIRMAN. Stop there a minute. That new rate is on both employer and employee, right?

Mr. BALL. Yes, these are the single rates. They each would pay these amounts.

The CHAIRMAN. So, you get up to almost 12 percent if you took the two?

Mr. BALL. That is correct.

The CHAIRMAN. What year is that?

Mr. BALL. 1987.

The CHAIRMAN. You cross 10 percent between now and 1971?

Mr. BALL. Yes. The big increases, of course, are because of the cash benefit program. Your 5.70 in 1973 includes the last increase for cash benefits and then the increases for hospital insurance are quite small over quite a long period of time, going finally to 5.95.

Senator CARLSON. That bill reaches a \$100 a month maximum if we adopt the administration program?

Mr. BALL. The \$100 a month is—

Senator CARLSON. You have got \$10,800 of wages. Twelve percent.

Mr. BALL. You are saying on combined. I am sorry, I was thinking of what the employee would pay. Yes, you are right for the combined employer and employee.

Senator WILLIAMS. That 12 percent would be applicable to the \$10,800 earnings?

Mr. BALL. Yes. And that is the combined amount for employer and employee.

Senator WILLIAMS. That is in addition to his income tax, is it not?

Mr. BALL. Yes, sir.

CHART 21

## SOCIAL SECURITY BENEFITS IN 1968 (IN BILLIONS)

### CASH BENEFITS

PRESENT LAW  
 ADDED BY HOUSE BILL  
 ADDED TO HOUSE BILL BY PROPOSAL  
 TOTAL ADDED  
 TOTAL

	<b>TOTALS</b>	
	\$ 3.2	\$ 22.3
	<u>1.5</u>	
	4.7	
		\$ 27.0
<b>HEALTH INSURANCE BENEFITS</b>		
PRESENT LAW		4.65
ADDED BY HOUSE BILL	.05	
ADDED TO HOUSE BILL BY PROPOSAL	<u>.83</u>	
TOTAL ADDED	.88	
TOTAL		<u>5.5</u>
<b>TOTAL SOCIAL SECURITY BENEFITS</b>		<b>32.5</b>

The final chart, Mr. Chairman and members of the committee, takes what would be paid out under present law for cash benefits which would be \$22.3 billion in 1968. That is just leaving the law as it is. Then it shows that adding the House bill to it would be \$3.2 billion more, and the administration proposals would add another \$1.5 billion

for a total of \$4.7 billion over the present law, making total payouts for cash benefits under the proposal in 1968, \$27 billion. The health insurance benefits under present law are \$4.65 billion. Very little is added by the House bill here—\$50 million for dropping coinsurance on radiology and lab services that I mentioned earlier, and then our addition is primarily for adding the disability under hospital insurance, for a total addition of \$880 million, or a total payout under health insurance in 1968 of \$5½ billion, a combined amount of \$32.5 billion, total social security benefits in 1968 as compared with the combination under present law of \$22.3 and \$4.65 billion.

Mr. Chairman, that completes the material that I had in mind to present to the committee at this time.

The CHAIRMAN. Thank you very much, Mr. Ball.

Now, we will hear from Under Secretary Wilbur Cohen.

Mr. Cohen, you may proceed.

### STATEMENT OF HON. WILBUR J. COHEN, UNDER SECRETARY, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Mr. COHEN. Mr. Chairman, the Secretary has highlighted our major recommendations in the welfare and maternal and child health sections of the bill. I would like to begin with some general information on the public assistance programs, and then I will discuss in more detail the changes we are recommending.

#### PUBLIC ASSISTANCE PROGRAMS

The federally aided public assistance programs are designed to provide maintenance payments and rehabilitative services to persons who cannot provide for themselves and are aged, blind, permanently and totally disabled, or from families with dependent children.

In May of this year, about 7.7 million persons received cash payments under the federally aided assistance programs. About 2 million of them were 65 or over, 700,000 were blind or permanently and totally disabled, and 5 million were in families with dependent children. I have included, as an appendix, a complete State-by-State table on the number of individuals in each of these categories, the amounts they are receiving on the average and the amounts being paid out by the States.

It is a measure of the success of our social security system that in the areas of old-age and survivorship coverage where the social insurance protection is offered, the number of assistance recipients has decreased. As the number of social security recipients age 65 and over has increased from less than 3 million in 1950 to almost 16 million today, the number of old-age assistance recipients has decreased from 2.8 million to a little over 2 million. Over this same period, the number of orphans receiving public assistance has decreased from 350,000 to about 150,000.

Excluding these two groups, the number of recipients has gone up steadily over the past 15 years. Since its establishment in 1951, aid to the permanently and totally disabled has increased to 600,000 today. The category responsible for what has been by far the largest increase is aid to families with dependent children, whose rolls have risen from 2 million to 5 million recipients in the past 15 years. I will discuss the characteristics of this program in more detail later.



These trends are reflected even more sharply in the changing rates of dependency by category. In 1950, 23 percent of the total population aged 65 and over received Federal-State old-age assistance. By this year, the rate had decreased to 11 percent, and it is expected to continue to go down in future years. By way of contrast, in the last 15 years the proportion of children receiving aid to families with dependent children has risen from somewhat less than 3½ percent of the population of age 18 up to almost 5 percent.

The total cost of public assistance is expected to reach \$7.8 billion in the current fiscal year. About three-fifths of this total, or \$4.5 billion, represents the Federal share.

Of the total Federal, State, and local expenditures, \$2.6 billion is estimated for aid to families with dependent children, \$1.9 billion for old-age assistance, \$700 million for aid to the blind and disabled, and \$2.6 billion for all medical vendor payment programs; that is, all types of medical assistance.

Senator CARLSON. That does not include the medical program that is going on in the poverty program?

Mr. COHEN. No, sir. I am only speaking here of the medical assistance in the Social Security Act, primarily title XIX, or medicaid, but also some small part of old-age assistance, aid to the blind, and aid to the permanently and totally disabled.

On a comparable basis, the Federal amounts are estimated at \$1.5 billion for AFDC, \$1.2 billion for old-age assistance, \$500 million for the disabled and the blind, and \$1.4 billion for medical vendor programs.

The Federal Government shares on a variable basis the cost of public assistance payments. In addition, 50 percent of the cost of administration and 75 percent of the cost of special services to prevent or reduce dependency is paid by the Federal Government. The Federal matching formulas are very complex and I did not summarize them for you, but we can do that for you later.

Despite rises in public assistance costs, total assistance expenditures in 1966 represented about the same portion of gross national product as they did in 1950. In 1950, they represented 0.84 percent of GNP; this percentage dropped to 0.69 by 1955, and it has been rising gradually since, reaching 0.85 percent in 1966. I have a table giving this for selected years attached to my statement.

The figures I have provided so far, Mr. Chairman, reflect the public assistance programs in the Nation as a whole. But public assistance is administered in the States, and it varies widely among the States. The rates of dependency, State fiscal effort, State needs standards, and average payments are quite diverse in different States.

In the United States as a whole, 3.8 percent of the population received public assistance money payments last December. But individual States ranged from a low of 1.4 percent in Indiana to a high of 8 percent in Mississippi. The table attached gives the figure for each State.

The CHAIRMAN. Where is that table?

Mr. COHEN. That is the second table, headed "Recipients of Public Assistance Money Payments Under the Federally Aided Categories." (See p. 292.)

Though 4.9 percent of the population under 18 in the United States receives aid to families with dependent children, the State rates vary between 1.7 percent in New Hampshire and 11.1 in West Virginia. Eleven percent of the population 65 and over receives old-age assistance, but in New Jersey, only 2.1 percent of the aged receive assistance while in Louisiana, 45.5 percent do. The attached chart gives the figures for each State.

State fiscal effort to finance these programs similarly shows wide variations. In 1966, \$4.86 was spent on public assistance in the United States for every \$1,000 of 1965 personal income; but the individual State fiscal effort ranged from \$1.03 in Virginia to \$9.44 in Oklahoma. As I said, detailed tables by States with regard to all the statistics I have quoted are attached to my statement.

(The tables referred to appear at p. 284.)

#### AID TO FAMILIES WITH DEPENDENT CHILDREN

Mr. COHEN. Now, with respect to aid to families with dependent children. As I stated, the greatest part of the increase in public assistance over the past years has been due to growth in the program of aid to families with dependent children. I would like to outline now the characteristics of the AFDC caseload.

About 5 million persons receive AFDC. This figure represents 1.2 million families with over 3.7 million children. Fifteen years ago, the AFDC rolls included 2 million persons representing 600,000 families with 1.5 million children. Since 1961 the Federal Government has participated in the payment of AFDC to children who are needy because of a parent's unemployment. About 265,000 children received assistance this past May because of the unemployment of their father. Over the past 15 years there has also been a net increase of about 300,000 children who are dependent because of the incapacity of their father. But by far the largest part of the AFDC growth over the past decade and a half has been the increase of 1.5 million children dependent because of the absence of their father from the home.

The CHAIRMAN. Mr. Cohen, are you on the same—I was interrupted, I regret to say, while you were testifying. What page are you on?

Mr. COHEN. Page 5. I am just starting the first full paragraph.

The CHAIRMAN. Would you mind waiting just a moment until I catch up with you?

Mr. COHEN. I am going to start now on what these figures do not show.

The CHAIRMAN. Will you now proceed, sir?

Mr. COHEN. What these figures do not show, Mr. Chairman, is the great turnover in the AFDC rolls. Averaged over the year, about 45,000 new families come on the rolls each month, and about 41,000 leave the rolls. Our latest survey of AFDC recipients, made in late 1961, showed that one out of six families receiving AFDC had been on the rolls for less than 6 months, one out of three had been on for less than 1 year, and one out of two had been on for less than 2 years. Of all the families on AFDC, 67 percent were dependent because of their father's absence, 18 percent because of his incapacity, 8 percent because of his death, and 5 percent because of his unemployment.

Looking at the largest group, its major components are the following: In 21 percent of the families the father was not married to the mother, in 19 percent he had deserted the mother, in 14 percent he was

divorced or legally separated, in 8 percent he was otherwise separated, and in 4 percent of the families he was in prison.

We also have data showing the reasons why recipients leave the rolls. In our most recent study of case closures over a 6-month period, we found that 54 percent of the cases were closed by the State because of increased family income or resources. The bulk of these cases—34 percent of the 54 percent—were due to employment or increased earnings of family members. Other reasons for increased income and resources were the return of an absent parent, receipt of support from the absent father, and remarriage of the mother.

In 24 percent of the cases, the case was terminated because the family no longer met eligibility requirements other than need. This would include cases where there was no longer an eligible child in the home, or where there was recovery of an incapacitated parent, or refusal by a family to comply with an eligibility requirement. All of these different reasons for case closures exist in widely varying proportions in the different States, but I think they illustrate the complex composition and tremendous turnover in the AFDC rolls today. It would be a great mistake to think of the caseload as being static, with the same families continuing to receive assistance for long periods of time.

#### MEETING FULL NEED

Now, Mr. Chairman, I would like to turn to our recommendations for improvements in the bill before you.

Present law requires that eligibility to receive public assistance payments be based on State estimates of the minimum amounts required for food, clothing, shelter, and other needs. The Federal law recognizes that conditions are different in different States, and it is up to the State to determine their own needs standards.

Variations in State standards are wide. For example, the District of Columbia estimates that an aged woman living alone in rented quarters requires \$87.20 a month to meet her minimum needs, while in Nevada it is estimated that \$138.75 is required for an aged woman in the same circumstances. Need standards similarly vary widely for the blind, the disabled, and families with dependent children.

Though standards of need are set by the States, Federal law does not require their assistance payments to meet full needs. Many States place arbitrary ceilings on the amount of assistance that can actually be paid, ceilings which may be substantially lower than the minimum need as determined by the State itself.

Though most States estimate that an aged woman living alone requires between \$95 and \$135 a month, 12 States will not pay more than \$85 per month. The discrepancy between needs standard and maximum payment is illustrated by Indiana, whose maximum payment of \$80 is only 64 percent of its own determined needs standard of \$125.50; similarly, Wyoming will not pay more than \$100, or 76 percent of its \$132 needs standard which it has determined.

The CHAIRMAN. Let me stop you there a moment. Does not that happen for a different reason? In other words, does not that have something to do with the fact that those States are trying to make eligible a lot of people who have limited incomes or who have some social security income? In other words, has not this happened for a reason that does not quite meet the eye, based on your statements here? They are trying to achieve a different objective, as I under-

stand it. They are trying to get everybody up to—trying to get as many people as possible, let us say, up to an \$80 payment—\$80 pension payment or \$80 old-age payment as they might call it and, that being the case, they would let them earn some money, own their own home, have a little automobile, a few dollars in the bank, and things like that and still manage to get up to that flat figure?

Mr. COHEN. There are many reasons, as you indicate, but I would have to say that if I were to assign one major reason to cover 50 States which have a lot of different reasons for doing things, I would say that they wish to limit the State and local financial responsibility. In other words, the legislature, the Governor, in effect, determine a certain number of dollars for that year or that biennium and they say, well, we have a standard of \$132 and we just do not have enough money to pay more than some lower amount, and so we will put either a proportion or dollar limit on the payment.

Senator WILLIAMS. What is your percentage of matching if the State raised or lowered it?

Mr. COHEN. The Federal matching for the adult category goes up to \$75 per month, on the average, and for aid to dependent children, up to \$32, on the average. So on amounts beyond an average of above \$75 and \$32, respectively, the State has to pay the full amount.

The CHAIRMAN. My impression is that the reason you have this hiatus where the State fixes someone's minimum need at \$125 and then puts \$80 as the maximum payment is that the States are trying to avoid charging that aged person for something that they might be spending for some earnings, that they might be trying to avoid reducing their check because they own their own little home or because someone is letting them live in the home with the family and matters of that sort. In trying to bypass some of these needs requirements, they are using this device to do it. I gather the impression that is one of the principal reasons.

Mr. COHEN. I would say that this is true in certain States that I could name, but I think that it is only a minor factor in other States, Senator.

Senator WILLIAMS. Do you have any estimates as to what the additional cost to the Government would be if all States brought their payments up to the maximum now being paid by any one State?

Mr. COHEN. Yes, sir; I have that table with me. I will be glad to put it in the record.

Senator WILLIAMS. No. Brought it up—

Mr. COHEN. Up to the \$75 and \$32?

Senator WILLIAMS. Brought it up to the standard you are recommending as minimum standards. If all States accepted that proposal what would the extra cost be to the Government?

Mr. COHEN. I will put the table I have in the record.

Senator WILLIAMS. Then, in addition, what would be the extra cost to the Government if all of the 49 States brought their payments up to what the top 50th States pays now?

Mr. COHEN. I would be glad to put it in.

(The estimate requested by Senator Williams follows:)

NOTE.—The following table shows the additional Federal cost if all States average payments are now at least \$75 in the adult categories and \$32 in aid to families with dependent children were to increase their average payments to this amount. If all States were to raise their payments even higher, for example

to the level of the State making the highest maximum payment, the increased Federal cost would be the same as shown in the table since there is no Federal matching for average payments above \$75 and \$32 respectively.

PUBLIC ASSISTANCE MONEY PAYMENTS: ANNUAL INCREASE IN FEDERAL FUNDS IF ALL STATES RAISED PAYMENTS TO AVERAGE MONTHLY PAYMENT MAXIMUMS IN WHICH THERE IS FEDERAL FINANCIAL PARTICIPATION OF \$75 IN ADULT CATEGORIES AND \$32 PER RECIPIENT IN AID TO FAMILIES WITH DEPENDENT CHILDREN (BASED ON NUMBER OF RECIPIENTS AND AVERAGE PAYMENTS IN MAY 1967)<sup>1</sup>

(In thousands of dollars)

State	Total	OAA	AB	APTD	AFDC
Alabama.....	28,143	12,963	67	3,515	11,598
Alaska.....	21	16	1	4	
Arizona.....	3,186	1,726	23	338	1,099
Arkansas.....	12,073	7,089	213	1,234	3,537
California <sup>2</sup> .....					
Colorado.....	441		3	438	
Connecticut <sup>2</sup> .....	147	147			
Delaware.....	112	112			
District of Columbia.....	46	46			
Florida.....	35,781	13,253	435	3,519	18,574
Georgia.....	31,352	18,829	632	5,627	6,264
Guam.....					
Hawaii.....					
Idaho <sup>2</sup> .....	327	283		44	
Illinois.....	2,539	1,305	68	1,076	
Indiana.....	5,028	3,421	112	423	1,072
Iowa.....	2,300	2,183		117	
Kansas.....					
Kentucky.....	12,576	7,489	314	1,677	3,096
Louisiana <sup>2</sup> .....	15,188	1,949		4,678	8,561
Maine.....	1,952	1,264	28	294	366
Maryland.....	809	349	15	445	
Massachusetts.....					
Michigan.....	1,559	1,559			
Minnesota <sup>2</sup> .....	2,825	2,694		131	
Mississippi.....	44,169	20,769	562	4,734	18,104
Missouri.....	9,128	3,903		222	5,003
Montana.....	343	343			
Nebraska.....	2,212	1,387	59	431	335
Nevada.....	35	3			32
New Hampshire <sup>2</sup> .....					
New Jersey.....					
New Mexico.....	1,838	963	36	470	369
New York <sup>2</sup> .....					
North Carolina.....	12,364	4,437	38	1,579	6,310
North Dakota <sup>2</sup> .....					
Ohio.....	330			330	
Oklahoma <sup>2</sup> .....					
Oregon.....	1,565	1,565			
Pennsylvania.....	355	173		182	
Puerto Rico.....					
Rhode Island.....	443	258	8	177	
South Carolina.....	10,930	5,766	290	1,955	2,919
South Dakota.....	660	547		113	
Tennessee.....	12,872	7,834	117	1,210	3,711
Texas.....	32,736	22,836	7	1,218	8,675
Utah.....	847	508	9	330	
Vermont <sup>2</sup> .....	455	241	6	172	136
Virgin Islands.....					
Virginia.....	3,598	1,700	17	570	1,311
Washington.....	1,594	1,342		252	
West Virginia.....	8,286	1,850	108	1,038	5,290
Wisconsin.....	2,221	1,869		352	
Wyoming.....	94	74	1	19	
Total.....	303,480	155,135	3,169	38,814	106,362

<sup>1</sup> Assumes all States will have a medical assistance program under title XIX of the Social Security Act.

<sup>2</sup> Average payments were raised to Federal maximums if below that average, but there are no Federal maximums in these States because they use Federal medical assistance percentage.

The CHAIRMAN. My thought about this thing is, Mr. Secretary, that if you come up with a calculation of what it would cost if you took most liberal eligibility standards that exists in the country and then multiply that by the highest average payment in any State, you would have a very high figure.

Mr. COHEN. Yes.

The CHAIRMAN. Now, if you simply go into the States by present eligibility and then come up to the higher standard, the higher payment standard, my guess is you would not catch half of that but if you take the most liberal eligibility and then multiply it through by the highest average payment, you will have a large amount of money.

Mr. COHEN. We are not recommending that, Senator.

Senator CURTIS. Is it not true that your low payments are the best bargain in Federal dollars?

Mr. COHEN. Yes, in the sense that there is a higher proportion of the Federal share for the lower payments. You are correct, sir.

Senator CURTIS. To make a low payment and put a lot of people on does not cost the State very much money.

Mr. COHEN. No. The Federal matching is 83 percent on the lower part of the payment.

Senator CURTIS. So, if you put somebody on at, say \$35 or \$40, the State would not have much money in it, would they?

Mr. COHEN. Well, that is right, except that a State cannot just put on low payments in contradiction to its standards. I mean, we do require—

Senator CURTIS. They write the standards.

Mr. COHEN. They write the standards; yes. You are quite correct that theoretically, for instance, in a State where they only pay \$10 per month, let us say, obviously the Federal percentage is going to be quite substantial compared to the the percentage on \$75 paid by the Federal Government.

Senator RIBICOFF. What happens, Mr. Cohen, with the people who receive payments so far below the standard?

Mr. COHEN. Well, if a State does not pay its full standard, two things can happen. One is, as Senator Long indicated, that they may make up the difference from income from social security or earnings so that they still might meet the standard in those cases where an individual has social security or could work. But, I might say that out of the 2 million people who are old-age assistance recipients, the average age being 75, quite a number of them cannot work, although half of them do have social security benefits.

Senator RIBICOFF. I know, but you take all that into account in the standards that are being set. What they are receiving is not just a question of the amount they receive from the welfare agencies. You take into account all they receive. What happens to the child or the adult who receives so much less than what you consider or is considered a proper standard? How do they live?

Mr. COHEN. They have to live on the lesser amount.

Senator RIBICOFF. How do they live?

Mr. COHEN. They have to cut back on their food and clothing and other needs to live on the amount that the State gives them.

Senator RIBICOFF. Well, is not a study made or do not you know what happens to these people? I mean just what is happening to them?

Mr. COHEN. Well, I think that the evidence shows—I do not have it immediately before me—that many of these children and these families grow up without adequate food, without adequate medical care, and certainly their whole aspirations for improving their educational status are stunted, and I think that the evidence from the State administrators when you hear them will bear that conclusion out.

Secretary GARDNER. It shows up most clearly, I think, in the medical data. You will find a higher incidence of just about every kind of medical disorder and physical handicap in these youngsters—malnutrition and everything else.

Senator RIBICOFF. Well, in looking to the cost to society ultimately, the people who are below standard cause a greater drain eventually upon what the society has to pay out in every conceivable way, is that not right?

Secretary GARDNER. No question about that, Senator.

Mr. COHEN. I might add, Senator, just to give you a figure which I will come to later, that the average payment per child for the Nation as a whole is around \$36 per month per child. That is the actual payment, which is a little bit more than \$1 per day per child.

Now, I think that this is an indication of the rather low level and inadequacy of payments that exist in the country as a whole. Some are higher and some are notably and substantially lower.

The CHAIRMAN. Where are you now in your statement? We are on page 8 now?

Mr. COHEN. Yes, sir. In the aid to families with dependent children program, the gap is even wider. The lowest standard set by any State for a family of four receiving AFDC is \$131; most State standards for such a family range between \$150 and \$250. But seven States place arbitrary ceilings of less than \$100 a month on what can actually be paid, and 20 States pay less than \$150. Vermont will not pay an AFDC family of four more than \$140, only 67 percent of its \$209.50 monthly needs standard; and Mississippi places a maximum of \$40 on the monthly payments, only 23 percent of its own \$175.62 standard of need as it determined it.

Data for old-age assistance and aid to families with dependent children for all States are shown in an attached chart.

It is this serious discrepancy between what the States themselves determine to be minimal need and the amounts they will actually pay that has led us to strongly recommend that States be required to meet needs in full as they determine them. The bill before you, Mr. Chairman, does not contain such a requirement. We urge you to amend the bill to include this.

But, it is not enough only to require the States to meet need standards. They must assure that these standards reflect current prices. There is no requirement in present Federal law that State standards be kept up to date. In Colorado, the standards for aid to the permanently and totally disabled have not been changed since 1956. Those for the blind have not been changed in Massachusetts since 1956. Wisconsin standards used today for all assistance programs were set in 1958, and Ohio's were set in 1959. Only 25 States have standards that have been brought up to date in terms of recent pricing within the last 2 years.

We propose that States be required to update on July 1, 1968, the assistance standards they are now using. From that date on they would have to review these standards annually and modify them with significant changes occurring in the cost of living.

To assure an appropriate relationship between State standards for cash assistance and those for medical assistance, we are also proposing that cash assistance standards be set at least at two-thirds of medical

assistance standards. This provision is complementary to our medicaid proposal which I will discuss later.

Based on present information, we estimate that it would cost the Federal Government an additional \$150 million annually if all States made assistance payments on the basis of meeting full need as they themselves define it. An additional amount, approximately \$100 million, would be needed for States to bring their needs standards up to date in terms of 1967 prices. The requirement that cash assistance standards be set at least at two-thirds the level of medical indigence will entail additional costs beginning in fiscal year 1970. Some of these costs would be offset by the increase in social security benefits which will reduce the amount paid under assistance. Because of the additional fiscal burden our proposals will place on some States, we are requesting a transitional authorization of \$60 million in Federal funds for each of the fiscal years 1970 and 1971 to help States with special fiscal problems meet the new requirements we are recommending.

Senator WILLIAMS. I understand all these amendments you are proposing today will be submitted to us tomorrow.

Mr. COHEN. Yes, sir.

Senator WILLIAMS. Along with the estimated cost of each amendment over the period of 5 or 10 years.

Mr. COHEN. Our estimates of cost go for 5 years, Senator.

Senator WILLIAMS. That is all right.

(HEW recommendations to H.R. 12080, with cost estimates, appear at p. 417.)

#### WORK INCENTIVES

Mr. COHEN. Present law affords a wide variety of provisions for disregarding some portions of earned income in determining need as an incentive to encourage assistance recipients to work. The aged and the permanently and totally disabled are allowed an exemption of \$20 of monthly earnings plus one-half of the next \$60. The exemption for the blind is \$85 per month plus one-half of their remaining earned income. AFDC children may earn up to \$50 a month with no reduction in assistance payments, with a maximum of \$150 a month per family. Adults in AFDC families are allowed no earned income exemptions under the Social Security Act, though under the Elementary and Secondary Education Act they are offered an exemption if they work on education programs under the act, and another exemption applies to them if their employment is within an agency receiving funds under the Economic Opportunity Act.

Except for the earned income exemption for the blind, States are not required to permit the exemptions authorized under the Social Security Act; 31 States permit the aged to work without reducing assistance payments \$1 for every dollar they earn. But only 25 States offer such incentives to dependent children.

The House bill wisely eliminates the serious work disincentive for adult AFDC recipients by providing an exemption of the first \$30 of monthly earnings plus one-third of additional earnings. For the sake of consistency, the House provision supersedes exemptions under other acts. The House bill also provides that all earnings of AFDC children 16 and over attending school full time be exempted.

Mr. Chairman, we enthusiastically support the House income incentive provisions but urge that the exemption be increased to \$50 monthly



plus one-half of additional earnings. We also recommend that the same exemption be extended to the aged and the permanently and totally disabled.

#### COMMUNITY WORK AND TRAINING

In 1962, when Senator Ribicoff was Secretary, the Congress amended the Social Security Act to permit the use of Federal funds for payments to AFDC parents on work and training projects. Yet, by May of this year only 12 States had community work and training programs, and only five of these programs involved more than 500 families.

Senator RIBICOFF. How do you explain—this is so important with everybody talking about putting people to work and getting people off the welfare rolls—how do you explain the fact that so few States who have had the opportunity to do so have done so?

Mr. COHEN. Well, there are two factors, Senator. First, only 22 States took up the recommendation you made to include the children with unemployed parents, in the AFDC program.

Secondly, during the intervening period, while the States were considering this, the Congress put into title V of the Economic Opportunity Act a work and training program financed 100 percent out of Federal funds, because they felt the States were not doing enough. About 65,000 people are working under that work and training program.

So, in the meantime, most of the States did not act expeditiously in my opinion to have a program for the unemployed, and they sat back and waited while the Economic Opportunity Act program went into effect.

Senator RIBICOFF. Well, how many are taking advantage of the Economic Opportunity Act program?

Mr. COHEN. Well, I think that practically every State has a project, but since the Economic Opportunity Act was enacted, authorizations under title V have decreased from \$160 million successively to \$70 million. The net effect is that there has been a reduction in the number of people who are in work and training programs.

Senator RIBICOFF. So, in other words, while we make a lot of talk about wanting to put people to work, we are not doing very much about putting them to work really?

Mr. COHEN. That is correct, and the House-passed bill would enable a lot more people to go into the work and training programs. I will touch on that in a moment.

To return to my statement: One of the major reasons why States have not participated in this program is that Federal funds have only been available in relation to the assistance payment and not for the cost of supervision, equipment, and materials. This is remedied in the House-passed bill.

In 1964 the Congress enacted a somewhat broader work experience program as title V of the Economic Opportunity Act. This program may be financed 100 percent by Federal funds; it may cover all costs associated with the work training program, and persons may participate who are not receiving public assistance. This May, training under title V was offered to 65,000 trainees, more than half of them women; the trainees and their dependents represented 325,000 persons.

On the basis of our experience under these two programs, we can conclude that work training is a practical method of ending depend-

ency in many families. During a 8-month period last year, 2,000 AFDC cases (representing 10,400 persons) were closed because recipients got jobs after participating in a public assistance work and training program. Assistance payments to this group had amounted to \$341,000 monthly. Training under the work experience program of the Economic Opportunity Act resulted in monthly reductions of almost \$250,000 in AFDC payments.

Senator RIBICOFF. I wonder, Mr. Chairman, if the statistics and the places where these programs have been put into effect could be put in the record at this point.

Mr. COHEN. They are the last three tables attached at the end of my testimony. (See p. 305.)

Senator CURTIS. Now, do those charts show the the cost of the program, for instance, that reduced monthly AFDC payments by \$250,000?

Mr. COHEN. They show—

Senator CURTIS. That is only about \$3 or \$4 million a year, is it not?

Mr. COHEN. Yes. That is correct, Senator. But it applies only to cases closed in May. Over an entire year there are many more case closings.

Senator CURTIS. That is \$3 million. What did it cost us to save \$3 million?

Mr. COHEN. Pardon, sir?

Senator CURTIS. What did it cost, the operation of the poverty program, to save \$3 million?

Mr. COHEN. Well, the total expenditure under the economic opportunity program for title V is \$70 million for this year.

Senator CURTIS. \$70 million.

Mr. COHEN. \$70 million. Some of this amount, of course, is for people who are trained who are not on assistance. Now, I would say this, Senator, that you cannot look at it just 1 year at a time. Some of these people have not worked for so long and they have such marginal skills and so little education that in my opinion, some of them need training anywhere from 24 to 36 months in a training program before they can compete with people who have an eighth grade or high school education in a labor market that wants people who have that kind of educational competence.

The CHAIRMAN. The thing that occurs to me about some of this, Mr. Secretary, is that while admittedly many of these people have very limited skills, I do not think it takes any skill for somebody to pick up an empty can on the side of the highways or to pick up dead dogs off the highway so they will not just lie there and disintegrate. In other words, it does not take a lot of skill to perform some of the simple tasks that are going untended. If we could treat some of this money as a subsidy or supplement to someone's income on the basis that a person do what he might be able to do such as cleaning up the streets. People talk about the slums. They are loaded down with welfare clients. You would think that if we had some understanding with some of these people that they get this check and maybe something to go with it if they get out and clean the streets up. You would not have near as much squalor. As a matter of fact, people have been talking about catching rats. I was catching rats in my own part of town when I was big enough to set a trap which was about 4 years of age.

It seems to me, someone could do some of that, clean up some of the garbage as has been suggested to me, just a lot of things that people can do without having any substantial skill.

Mr. COHEN. Some of the States have programs such as that, Senator. West Virginia has a program that uses the men on the welfare rolls to clean up the shoulders of the highway, pick up tin cans, as you said, keep the highways clean, and other States are doing that. That is what I would call the work part of the program. But we have also conceived of this to be a work and training program. We plan to develop the work skills of these people and to train them well enough that private enterprise will take them on. That is why I think the work incentive that we are recommending, the \$50 income exemption, is so important, because it gives the person, after the work and training, an opportunity and encouragement later on to work in private enterprise.

Senator RIBICOFF. One more point. You have got HEW involved in work programs, you have got OEO involved in work and training, and you got the Labor Department involved in work and training. So, how many separate agencies out of all the various departments—Agriculture—are involved in work and training programs?

Mr. COHEN. Well, there are a number—I cannot give you the exact total right now, but if you add in both the manpower development and training program and the vocational education program, which are the two big ones, in my opinion, there are at least five, six, or seven separate types of training programs.

Senator RIBICOFF. There are about 11 separate work and training programs. Do you not think the time has come to put all the work and training programs in one agency and stop scattering them around in 11 different agencies in our Government?

Mr. COHEN. Well, I certainly think they should be centralized in some way. We are recommending that this program be given to the Labor Department, which already has the manpower development and training program and the administration of the Nelson-Scheuer amendments, so they can be coordinated more effectively. We do not think this should be in HEW, but rather should be tied together by the Labor Department which has these other work and training programs.

Senator RIBICOFF. This is one of the problems we have. You come here, Mr. Cohen, and Secretary Gardner, and you make a plea, and I think a justifiable plea, for work-training programs. You come and show that there is a competitiveness in different types of work-training programs. There are some of us who feel that the Government, the Federal Government, is long overdue for taking scattered programs together and pulling them together and placing them in one place. And yet you come here, the administration comes here and seeks more funds but it does not seem to be coming up with any constructive suggestion of economy and efficiency to make better utilization of the programs and funds that you have. When do you think the time will come for that?

Mr. COHEN. Well, the Appropriations Committee authorized and directed us to make a study of the entire training programs of the Government in our Department and outside, including the Labor Department and the OEO. The Secretary appointed a commission to do that and they have now been engaged for several months in

doing it and their report will be available later this year. Out of this will come, I think, a recommendation for the simplification and coordination of the programs.

Senator RIBICOFF. Why do you have to wait for the Appropriations Committee to ask you to make that study? Why is not that study being done in the Federal Government now, by the executive branch?

Mr. COHEN. Well, it was being done but the Appropriations Committee felt it was desirable to have an outside group look at the proposals we were making because they involved a number of different agencies in the Federal Government.

The CHAIRMAN. The time granted us by the Senate has expired, so I am going to ask Mr. Cohen to come back tomorrow, but I am not going to cut you off, Senator. Go ahead and ask your questions. Let us conclude this part of it and then we will come back tomorrow.

Senator RIBICOFF. I would assume from what you say—you are developing this, Mr. Cohen—that you feel probably the most important phase of the entire dependency and poverty element in this country is jobs and job training.

Mr. COHEN. I would not say the only important one. I think the—

Senator RIBICOFF. The most important.

Mr. COHEN. Well, I think it is very important, but I think it should be part of a broader context of making these families independent. In this, work and training is a central part.

Senator RIBICOFF. Well, you take not only the problem of welfare but the problem of the American city that is so much in the fore, the high unemployment rates among the Negroes in the ghettos, about one out of every three. It seems that almost everyone who has looked at this entire field comes up with the conclusion that the No. 1 priority is probably jobs. Of course, it is obvious to you from your experience with the Appropriations Committee and all the other committees in Congress, you are not going to get all the money you want; is that correct?

Mr. COHEN. I think that is a very fair statement.

Senator RIBICOFF. Now, since you are not going to get all the money you want, it becomes very obvious, first, the President is not going to recommend it. He has got problems. Secondly, even if the President did recommend it, I do not think Congress would give it to the President or the members of the executive branch. So, you are faced with a basic problem of what can you do to get the most for the dollars you are spending. And, since we have so many programs and it is obvious we are not going to be able to fund all of them or get them all authorized, what system of priorities does the executive branch have for the expenditure of the money that it asked of Congress or it wants Congress to authorize?

Mr. COHEN. Well, I would say, Senator, that in view of the fact that the Federal Government is spending several billion dollars in Federal funds in the welfare program, we should give priority to a total program of work and making people independent, people that are on the welfare rolls. That is a cost to the general taxpayer. These are people who the general taxpayer is supporting and to the maximum extent that it is feasible, priority should be given to helping the States and the localities have a total program in which work is a central part. But there are other aspects to making these families independent.

Now, the reason I say that, Senator, is that not all of these people on the welfare rolls can be put to work. There are 2 million people who are aged, and their average age is 75. Most of those people cannot go to work. As far as the blind and disabled are concerned, there is a small portion who, with rehabilitation, can be returned to work; 900,000 of the mothers in the aid to dependent children program have children in their care. Many separate alternative arrangements would have to be made before those mothers could go to work if the interests of the children are to be safeguarded. But, after I have said all that, I still think that there are more than 80,000 of the people on welfare who could work and be trained if funds were authorized.

SENATOR RIBICOFF. Since it becomes obvious that you are not going to get all the money you want and all the programs that you want from this committee, would you give this committee a list of the priorities as far as you are concerned as to what you consider are the most important programs that you are advocating today? I think the problem we have, Mr. Chairman, is this: this committee is going to be asked to consider a tax increase of a substantial sum of money. I believe that it is very questionable whether Congress will give the President what he asks for. It becomes very obvious, too, Mr. Chairman, that many programs are going to be advocated here and before other committees and since we are not going to give everything the executive branch asks for and we are also going to be asked to vote a substantial sum of money, I think we have a right to expect that the administration give us a list of what they consider are the most important priorities of where they would like our Federal dollars to be spent.

THE CHAIRMAN. Well, then—have you concluded? If there is no one else who cares to ask a question of Mr. Cohen at this time, we will stand in recess until 9:30 tomorrow morning. Thank you very much, gentlemen.

SECRETARY GARDNER. Thank you, Mr. Chairman.

(Whereupon, at 12:45 p.m., the hearing was recessed to reconvene at 9:30 a.m., Wednesday, August 23, 1967.)

# SOCIAL SECURITY AMENDMENTS OF 1967

WEDNESDAY, AUGUST 23, 1967

U.S. SENATE,  
COMMITTEE ON FINANCE,  
Washington, D.C.

The committee met, pursuant to notice, at 9:32 a.m., in room 2221, New Senate Office Building, Senator Russell B. Long (chairman) presiding.

Present: Senators Long, Anderson, McCarthy, Hartke, Ribicoff, Williams, Carlson, Bennett, and Curtis.

Senator ANDERSON (presiding). The meeting will come to order.

Yesterday, when the committee adjourned, Under Secretary Cohen was in the process of delivering his statement on the welfare aspects of the House bill.

This morning, he will conclude his statement, and the committee will begin its interrogation.

As the chairman indicated yesterday, we will follow the 10-minute rule, under which each Senator may question the witnesses for 10 minutes, in order to give all of us an opportunity to ask questions. Mr. Cohen, we are glad to have you here.

**STATEMENT OF HON. JOHN W. GARDNER, SECRETARY OF HEALTH, EDUCATION, AND WELFARE, ACCOMPANIED BY WILBUR J. COHEN, UNDER SECRETARY; ROBERT M. BALL, COMMISSIONER OF SOCIAL SECURITY; ROBERT J. MYERS, CHIEF ACTUARY, SOCIAL SECURITY ADMINISTRATION; AND CHARLES HAWKINS, LEGISLATIVE OFFICER, SOCIAL AND REHABILITATION SERVICE**

Mr. COHEN (continuing). Mr. Chairman, I will start this morning at the top of page 13 of my statement.

Senator ANDERSON. Fine.

Mr. COHEN. There are many employment programs which are being used to train public assistance recipients, and there is a great need for coordination if we are not to set up overlapping and duplicative programs. We, therefore recommend that the Senate adopt, in lieu of the House work training provisions, those proposed by the President and incorporated in H.R. 5710. This proposal would authorize the Secretary of Labor to provide work and training programs for AFDC recipients over the age of 16. Funds for these programs would be transferred from our public assistance appropriation. If the Secretary of Labor does not operate a program, or finds it impractical to do so throughout a State, programs could be set up by the State welfare agency.

The Federal Government would pay 90 percent of the cost of training, supplies, and materials.

We also strongly recommend that training incentive payments of up to \$20 a week for trainees and project grants be authorized for needy persons ineligible for AFDC.

Present law requires that appropriate arrangements be provided for the care and protection of a child while his parent is participating in a work-training program. This requirement is designed to assure that that participation will not be inimical to the welfare of the child. The House bill does not include this provision. We urge its restoration.

Secretary Gardner has already outlined his concern to you that recipients be offered work training in a voluntary manner. The Secretary has also already expressed his strong feelings that the limitation on Federal participation in aid to families with dependent children based on the proportion of the child population who received aid because a parent is absent from the home, be deleted.

#### FAMILY PLANNING

Now, we will discuss family planning, Mr. Chairman. The House bill requires States to offer family planning services to all appropriate AFDC recipients. In accordance with the policies of our Department, we intend to insure that the recipient will be completely free to accept or reject these services in accordance with the dictates of her own conscience. The report of the House Ways and Means Committee on page 98 of the committee report indicates that this is the policy intended in the House bill, which we will carry out scrupulously.

#### UNEMPLOYED PARENT UNDER AFDC

The 1961 Social Security Amendments for the first time permitted assistance payments to children who were needy because their father was unemployed. In effect, it permitted Federal financial participation for those assistance payments.

Today, 22 States have programs to assist such children. But the differences between State programs are great. States may define unemployment as narrowly or broadly as they wish, requiring substantial previous work experience or no work experience. This variation in definition of unemployment is shown clearly by three adjacent Southwestern States, Arizona, Utah, and Colorado. Each of these States has a population of between 1 and 2 million, yet in Arizona only 19 families of unemployed parents received AFDC in May, while during the same month there were 880 in Utah and 1,600 in Colorado. Arizona's narrow definition of unemployment has kept its program to a token level.

The House bill continues to allow States to choose whether they will include dependent children of unemployed parents under AFDC. But for the first time the House will set a Federal definition of unemployment. We are in complete agreement that there should be a Federal definition of unemployment established by the Congress and the Secretary. But two limitations on this definition in the House bill cause us serious concern.

First, the House bill excludes from the unemployed parent program any person who received unemployment compensation at any time during the month. We see no reason to preclude supplementation of unemployment compensation payments when they fall below State welfare needs standards established by the State. Though only a small portion of the AFDC recipients are involved, they could face a serious financial crisis if a small unemployment compensation check received only in the first week of the month would not permit them to receive any public assistance during the entire month. Unemployment compensation checks, Mr. Chairman, are on a monthly basis and AFDC is on a monthly basis so there obviously could be a discrepancy in here and we urge that the restriction in the House bill be deleted.

Senator ANDERSON. It would not be very large, would it?

Mr. COHEN. It would not be very large but for a mother with several children it could be very meaningful. She could be without any—

Senator WILLIAMS. I notice you say you are in complete agreement that there should be a Federal definition of unemployment and then urge deletion of the section. Is there a substitute in place of it or just delete it?

Mr. COHEN. No. Just deletion of several factors in the House bill.

Senator WILLIAMS. I was trying to reconcile that with the fact that you express agreement but in favor of deletion.

Mr. COHEN. The committee did a number of things in connection with this definition of unemployment. They said the concept of unemployment relates to attachment to the labor market, seeking work and being available for work, but then they added on another thing to preclude the States from supplementing unemployment compensation. I am merely saying that this one factor should be deleted.

The House bill also links the definition of unemployment to substantial prior connection with the labor force. Fathers with no work experience have the most need of work training if they are to become independent, productive citizens—the goal of the House bill.

#### PROTECTIVE AND VENDOR PAYMENTS

Now, Mr. Chairman, protective and vendor payments. A provision added to the law in 1962 allowed States to make protective payments to a third party if the child's parent was found unable to manage money. Perhaps I should explain that. Up until 1962 the Federal financial participation in a payment made by the individual could only be for a money payment directly to an individual, or a vendor payment for medical care. In 1962 the law was modified to say that we would allow Federal financial participation to continue if the State decided to make a payment to a third party where the child's parent was found unable to manage money. That is called a protective payment, as distinct from the money payment or medical care payment. This provision has been used by the States very little. Only seven States have plans for protective payments and in the entire Nation, less than 50 assistance recipients are affected.

After the House committee went into this exhaustively, they include in the bill a provision which requires all States to have some kind of a program for protective payments and vendor payments which can be



used in those relatively few cases of demonstrated fiscal irresponsibility.

The present law limits the existing provision to 5 percent of the cases and the House struck this out. We believe that this provision is appropriate, but feel that as a safeguard against abuse, a State should be limited in its use of protective or vendor payments. We would have no objection to raising the limit from 5 percent to 10 percent.

#### EMERGENCY ASSISTANCE

There is no mechanism in the existing Federal law to meet the special needs of children which may arise in a crisis situation. The House bill allows the State a large measure of flexibility in an emergency situation by providing 50 percent Federal matching for emergency assistance to children and their families for up to 30 days in a 12-month period. The provision in the House bill, Mr. Chairman, is an excellent one, but in our opinion, the 30-day time period is too limited. We recommend that emergency assistance be available for up to 120 days, and that the Federal share be 75 percent instead of 50 percent in order to encourage the States to undertake this most valuable addition that the House has included in the bill.

In the President's recommendations to the Congress, he sought authorization for grants to welfare agencies to provide temporary assistance to migrant workers and their families in emergency situations. Migrant workers are almost universally excluded from State and local public assistance programs by virtue of their residence requirements which most States have. The emergency assistance provisions of the House bill will not cover the migrant workers in many States. We request the Senate to include our original proposal in the Senate bill which was in H.R. 5710.

Senator ANDERSON. You have in the House bill 30 days in a 12-month period. You want it extended to 120 days?

Mr. COHEN. Yes, sir.

Senator ANDERSON. Sixty days would not be enough?

Mr. COHEN. Well, Senator, I think that would be a matter of experience. I would not want to say that it is or is not enough.

We have not had really any opportunity to experiment with this, but our general thought is somewhat along the following lines.

There are many kinds of cases in which there is disorganization in the family. There may be alcoholism, there may be mental illness, there may be serious physical illness, or simply lack of education. The children may have to be placed with some other relative, or they may have to be placed in an institution. They may have to be placed in foster care. They may have to go to a court.

Thirty days does not seem to be a sufficient time to allow the administrative agency, the courts, or the family to make the adjustment. What we are really asking is for a longer period of time that would permit the State welfare agency to undertake handling that child in that family in a responsible way. I would say somewhere between 60 and 120 days would cover a very large proportion of the cases.

Senator ANDERSON. Well, you said the States had no experience. You do not have any either.

Mr. COHEN. That is correct, but we do know that there are many problems with children that have to go to the courts, that there are a growing number of cases of abuse and neglect of children, and we do know these are difficult cases to handle where the parents are not always responsible and you want to care for the child. All I am saying is you may not be able to solve the problem in 30 days.

#### REPATRIATED U.S. NATIONALS

Legislation originally enacted in 1961 authorized our Department to provide temporary assistance and care to U.S. citizens who have been returned to this country because of destitution, illness, war, or similar crises and who are without resources. Since 1961, the program has assisted repatriates from two countries involved in such crises—Cuba and the Dominican Republic. The present authorization expires by June 30, 1968. We request that the authorization for this small but significant program for U.S. nationals be made permanent.

#### PUBLIC ASSISTANCE DEMONSTRATION GRANTS

Five years ago, the Congress established a program under the Social Security Act to support demonstration grants in the area of public assistance. The program has become a valuable tool for improving welfare services and administration. By January of this year 164 projects had been approved. Projects supported to date have dealt with more efficient ways of administering public assistance; tested the effect of earned income exemptions as incentives to work; and experimented with the development of new types of services and new ways of providing services.

But the statutory limit of \$2 million on the program does not permit the range of experimentation so vitally needed in these programs. In the current fiscal year, the Nation will spend \$7.8 billion on public assistance; \$4.5 billion of this represents Federal funds. The House bill increases the limitation on demonstration grants from \$2 to \$4 million; but much more is needed. We urge you to amend the bill to provide authorization of \$25 million for this very much needed experimentation.

#### SOCIAL WORK MANPOWER TRAINING

The administration of many of our important programs is handicapped by lack of social work manpower. The need for manpower is growing far beyond the present capacity of the schools of social work to produce qualified people. In the public welfare programs alone, the projected need for social workers is staggering when compared with the current prospects for output of the schools. The most serious barrier to increasing the supply of trained manpower lies in the limited training resources of the schools of social work themselves.

The House bill authorizes \$5 million in each of the next 4 years for a program of grants to colleges, universities, and accredited graduate schools of social work to meet part of the costs of developing, expanding, or improving their social work training resources. The grants would be available to pay the cost of additional faculty members and administrative personnel and to make minor improvements in existing facilities.

We anticipate that this program will help very much to increase substantially the number of trained social workers serving in public welfare and other programs. But, room for expansion is needed. We urge the Senate to remove the ceiling on the authorization for the program, so the Appropriations Committee can decide what is the proper amount to accomplish this purpose.

#### HOME REPAIRS

The House bill provides 50 percent Federal matching to meet the cost (up to \$500) of repairing the home of an assistance recipient if the home cannot be occupied and if the cost of rent would exceed the cost of repairs. This provision may prove a useful tool in allowing some recipients to remain in their own homes. Unfortunately, the House bill excludes AFDC recipients from this provision. In other words, it only applies to the adult categories of old-age assistance, aid to the blind, aid to the disabled.

Senator ANDERSON. Have you any facts at all as to what OEO is doing in this field? They have got projects all over the country for home improvements for unemployed people.

Mr. COHEN. Yes. This, however, at the present time, is a State where these several millions of people are on welfare and they are paying the rent already, all we are saying here is an authorization to allow them to repair the home if they otherwise would have to leave the home and go out and get rental property.

Senator ANDERSON. If OEO already has a project, could they not do it?

Mr. COHEN. If OEO already has a project, and would take care of the case, there would be no problem. But obviously there are many cases the House felt should be taken care of that are not being taken care of now.

Senator WILLIAMS. You do not want another agency to get ahead of you.

Mr. COHEN. This was a provision put in by the House committee itself, and I think they decided on it after an exploration of all the situations that existed now and felt that it would be wiser to have this built into the existing program than have a lot of new programs that would be duplicative.

Senator ANDERSON. This is sort of an advance question.

Many of us are going to wonder how many things—what they are going to cost. I am glad Senator Williams has asked to have these figures available.

Senator WILLIAMS. It is my understanding that you brought with you this morning a series of amendments that will carry out your recommendations and the recommendations of the Secretary as made yesterday along with the cost factor attached to each amendment. Now, do you have those with you?

Mr. COHEN. I do not have them with me. We have not finished them yet, Senator. We are still working on them.

Senator WILLIAMS. How do you know what you are recommending if you do not have it drafted and you do not know what they will cost?

Mr. COHEN. Well, I do, but I do not have it all together in one place this morning.

Senator WILLIAMS. When will they be available to us in written, amendment form?

Mr. COHEN. All of us, of course, were at the hearings yesterday and worked part of the evening last night and as soon as the hearings are over we will complete the material if possible. I will try to do it this afternoon or this evening.

Senator WILLIAMS. But, surely you realize the importance of having these recommendations in written form when you testify. It would be much more important to us. Mr. Chairman, I would suggest we reserve a day or two at the end of the hearings or sometime to have them back to discuss the various amendments they are recommending after they have been put in written form.

Mr. COHEN. We would be glad to.

Senator WILLIAMS. After you decide on the cost factor.

Mr. COHEN. Glad to.

Senator WILLIAMS. How many amendments will there be? About 75 as near as I can get it. Do you think there will be 100 or more?

Mr. COHEN. I have not added them up yet.

Senator WILLIAMS. Somebody said there were about 75 amendments that you have recommended thus far.

Mr. COHEN. Well, there are a great many, but I have not totaled up the exact number.

Senator WILLIAMS. Well, we will have those amendments, each one in a written form.

Mr. COHEN. Yes, sir.

Senator WILLIAMS. With the cost factor for a 5-year period attached to each?

Mr. COHEN. Yes, sir.

Senator WILLIAMS. When?

Mr. COHEN. I will try to do it either this afternoon or tomorrow.

Senator WILLIAMS. They will be made a part of the record.

Mr. COHEN. Yes, sir.

(The recommended amendments referred to appear at p. 417.)

Senator ANDERSON. We do know that the budget had to cut a great many people. I saw a memorandum of what the space organizations would face. They are all trimming down. This bill goes up very substantially. Have you tried to check out the total cost it is going to be? I am just anxious for you to tell us the total cost of all these amendments that you propose.

Mr. COHEN. The total cost? I do not have the table in front of me right this minute, but when I submit it, I will be glad to give you that figure and go over every one individually.

Senator ANDERSON. Thank you, sir.

#### CHILD WELFARE SERVICES

Mr. COHEN. We fully support those provisions in the House bill which broaden Federal support for foster care under AFDC and which approximately double the authorization for child welfare services. In 1966, total Federal, State, and local expenditures for child welfare services were close to \$400 million. Federal

funds accounted for about 10 percent of this amount. Expenditures for foster care accounted for nearly two-third of the total expenditures for child welfare services. In 1966, about 250,000 children were receiving foster care through public child welfare agencies.

#### MEDICAL ASSISTANCE

Medical assistance, title XIX of the Social Security Act, the so-called medicaid program—the original Social Security Act provided money only for cash payments to public assistance recipients. In 1950 for the first time, the Federal law permitted States to pay vendors of medical care directly. Then the Congress in 1960 enacted the Kerr-Mills law which authorized vendor payments to aged persons who were not receiving cash assistance payments, but who required help to any pay for medical care. In 1965, the category of medical indigence was broadened to include the medically needy in all public assistance categories: the blind, the permanently and totally disabled, and dependent children and their families as well as the aged. Under the present law, all other vendor medical payments programs will be superseded by the new medicaid title XIX program by 1970 putting all of the Federal provisions in one title in one place with one matching formula for the whole group.

Now, to have the medicaid program under title XIX, States must include all persons receiving cash assistance. At their option, they may also include medically needy persons. That is sometimes referred to as the medically indigent.

Today, 29 jurisdictions have programs in operation under approved State plans. Six others are operating programs under plans that have not been approved. By January 1, 1970, we expect all 54 jurisdictions to have programs in operation. Seven of the 29 States with programs currently offer medical assistance only to persons eligible for cash assistance.

In the current fiscal year, we estimate that medicaid payments—

Senator HARTKE. Mr. Chairman, can we have an identification of those States? Do you have a chart of that somewhere?

Mr. COHEN. Yes, I will put it in the record right at this point.

(The information referred to follows:)

#### 1965 AMENDMENTS (FEDERAL LAW EFFECTIVE JANUARY 1, 1966)

#### TITLE XIX—ACTIVITIES OF THE 54 JURISDICTIONS TO PUT INTO EFFECT THE NEW MEDICAL ASSISTANCE PROGRAM (AS REPORTED JULY 31, 1967)

##### A. Program in operation: 35 jurisdictions.

##### 1. Plan approved—29 jurisdictions:

California	Maryland	Pennsylvania
Connecticut	Massachusetts	Puerto Rico
Delaware	Michigan	Rhode Island
Guam	Minnesota	Utah
Hawaii	Nebraska	Vermont
Idaho	New Mexico	Virgin Islands
Illinois	New York	Washington
Kentucky	North Dakota	West Virginia
Louisiana	Ohio	Wisconsin
Maine	Oklahoma	

##### 2. Plan not yet approved—6 jurisdictions:

Iowa	Montana	New Hampshire
Kansas	Nevada	Oregon

## B. Not in operation ; plan material submitted, not approved—2 jurisdictions :

Alabama  
South Dakota<sup>1</sup>

## C. Plan material in preparation—4 jurisdictions :

Missouri\*  
South Carolina<sup>2</sup>  
Texas  
Wyoming\*\*

## D. Legislation enacted—1 jurisdiction :

Georgia<sup>3</sup>\*\*

## E. Legislation in process—2 jurisdictions :

Passed both Houses : Florida<sup>4</sup>\*\*  
Bill introduced : D.C.\*\*

## F. Will not implement at present—10 jurisdictions :

Alaska <sup>4</sup>	Colorado <sup>5</sup>	New Jersey <sup>6</sup>
Arizona <sup>5</sup>	Indiana <sup>7</sup>	North Carolina <sup>8</sup>
Arkansas	Mississippi	Tennessee <sup>9</sup>

Senator HARTKE. Thank you.

Mr. COHEN. In the current fiscal year, we estimate that medicaid payments will total \$2.4 billion, of which \$1.3 billion will be the Federal share. Of the total amount spent for medical assistance, two-fifths is for persons 65 and over and about one-fifth is for children and youth under the age of 21. In total, about 8 million persons are expected to receive medical care under the medicaid Federal-State program during the current fiscal year. I always say the medicaid Federal-State program to distinguish it from medicare under the social insurance program, which Mr. Ball discussed yesterday.

Senator Anderson?

Senator ANDERSON. Was there an estimate made a year and a half ago on this item?

Mr. COHEN. Yes. At the time we were before the House and Senate committee, there were a number of estimates and I think those estimates—

Senator ANDERSON. How do those compare with this?

Mr. COHEN. I think the estimates were too low.

Senator ANDERSON. I thought so, too.

Senator WILLIAMS. Your first estimate on the cost of title XIX was \$238 million, if I understand it correctly. Then you were before the committee a year ago and were shocked to find it was going to cost a billion and a quarter. Later in the year before the Ways and Means Committee, the latter part of the last session, you testified that it would cost around \$2 billion.

Now, what is the estimated cost of this title XIX as it stands, about \$3 billion or more, is it not?

Mr. COHEN. Let me start back because there are a number of mis-statements in your statistical analysis. This figure of \$238 million that

\*Conference scheduled in Central Office for discussion of prospectus.

\*\*Conference has been held in Central Office on prospectus or plan.

<sup>1</sup> Plan effective July 1, 1967, "or as soon thereafter as . . . approved".

<sup>2</sup> "Target date" set by State is October 1967.

<sup>3</sup> Awaiting Governor's signature. [On 8/4/67 was vetoed by Governor.]

<sup>4</sup> State is interested. Has legal authority but no funds available.

<sup>5</sup> Needs legislation.

<sup>6</sup> Bill introduced in 1967 session was not enacted.

<sup>7</sup> Bill passed by 1967 legislature was vetoed by Governor.

<sup>8</sup> Interested but no action yet taken. *North Carolina*—Governor stated he will request study of effects of Title XIX on existing programs.

<sup>9</sup> Plan material in preparation ; needs appropriation. Expects to implement in July 1968.

was in the committee report at that time was not the estimated total cost of the medicaid program. If you look at that table, that was the estimated additional Federal cost, based on 1964 State vendor payment experience then there was also something like \$75 million more in another category in the committee report for amendments that Senator Long put on the medical care program. But there was also something in the nature of \$600 million already being spent for medical vendor payments under existing law. So I think if you will look at the total of all of these, our estimate was somewhere between \$900 million and a billion dollars. Your conclusion is still correct, that that estimate was too low; as I said, our estimate for this year is \$1.3 billion as the Federal share of a \$2.4 billion total. And as this year's House committee reports shows, this figure will be estimated to go up in the future as more States expand their programs and as the population increases. It was for this reason that the House put a limit on Federal participation.

Senator WILLIAMS. Well, Mr. Chairman, I would ask at this point that we put in the record page 86 of the committee report of 1965 wherein this \$238 million cost estimate is broken down for title XIX.

Mr. COHEN. Yes, sir, but that is not the whole story, Senator.

Senator WILLIAMS. No. We are just now getting the rest of the story. Now, how much extra cost is medicaid costing today? What is your estimate today?

Mr. COHEN. As I said already, medicaid today is costing \$2.4 billion in total.

Senator WILLIAMS. That is 2.4 billion. That is right. That difference is your so-called slip page. I think that is the word coined yesterday. I ask that this report of the original estimate be printed.

Senator ANDERSON. Without objection, it will be done.

Mr. COHEN. I would like the full story to be in. I am saying your conclusion is correct, but if you want all of the facts that bear on this, then I think not only that table but the other part of the committee report and other material should be put in the record, if you have no objection.

Senator ANDERSON. You are submitting your report. You can put in—

Senator WILLIAMS. I want you to put in your new estimates. I am just putting in the committee report and I am quoting from a gentleman by the name of Mr. Cohen, who was before our committee about a year ago when he said that these figures were getting to be fantastic. They were about a billion and a quarter then and we agreed that that was about a billion more than Congress expected in the beginning.

Mr. COHEN. I think that is correct. I just would like the whole full picture to be in and if Mr. Cohen said that, I think I would stand by it.

Senator ANDERSON. Well, you submit it and we will see what it does. I merely say that this figure of \$2.4 billion is surprising to some of us who were not sure how much it would cost in previous years.

Mr. COHEN. It might be well. Senator, if we are going to have it in one place when we come to the record, to put in that material and also the material from the appropriate section of the present House committee report, on page 117, that deals with title XIX, on the basis of both the 1968 and 1972 year costs as they are estimated in this report, too. Then you would have in one place everything that we are talking about.

Senator ANDERSON. Well, a great many people are very anxious as to what the total figures might be. You submit them. We have some other questions.

Mr. COHEN. Yes. If you will look in the House report on page 117, in the second line of that table, it says title XIX costs, if there is no change in the present law, will be in fiscal year 1968, \$1,391 million, and in fiscal year 1972, \$3,118 million.

Senator ANDERSON. You say these figures are if there is no change in the law.

Mr. COHEN. Yes.

Senator ANDERSON. Maybe we ought to keep the law as it is and find out how much it costs.

Mr. COHEN. Then, in the House committee report, they state that the restrictions they put in for 1972 could reduce the cost by \$1,434 million. I think all of these figures should be in the record. It gives you the complete picture.

Senator WILLIAMS. The restrictions in the House bill will bring the cost of title XIX down to around two and a quarter billion dollars, is that not correct?

Mr. COHEN. No, sir. It will bring the cost down to about \$1.7 billion.

Senator WILLIAMS. The House by reducing \$1.4 billion in the potential cost of this program, will bring down the cost to \$1.8 billion. This was a program that was supposed to cost only \$238 million.

Mr. COHEN. I would say that the estimate was not \$238 million, Senator. But, we will let the record show what the total is.

(The material referred to follows:)

The following table which appeared on page 86 of the Report of the Committee on Finance on the Social Security Amendments of 1965 indicates, by State, the amount of additional Federal funds which would be made available to the States on the basis of the formulas contained in title XIX if States continued to spend the same amount of non-Federal funds for medical care that they were spending.

PUBLIC ASSISTANCE—INCREASED FEDERAL FUNDS AVAILABLE FOR MEDICAL PAYMENTS UNDER TITLE XIX

[In thousands of dollars]

State	Increase available under title XIX <sup>1</sup>	State	Increase available under title XIX <sup>1</sup>
Total.....	\$238,005	Missouri.....	\$350
Alabama.....	1,045	Montana.....	27
Alaska.....	5	Nebraska.....	1,511
Arizona.....	19	Nevada.....	263
Arkansas.....	3,905	New Hampshire.....	1,931
California.....	20,411	New Jersey.....	5,559
Colorado.....	2,689	New Mexico.....	1,634
Connecticut.....	3,922	New York.....	46,580
Delaware.....	8	North Carolina.....	2,890
District of Columbia.....	344	North Dakota.....	3,809
Florida.....	684	Ohio.....	2,871
Georgia.....	363	Oklahoma.....	14,752
Hawaii.....	898	Oregon.....	1,291
Idaho.....	477	Pennsylvania.....	3,098
Illinois.....	18,395	Rhode Island.....	2,437
Indiana.....	2,136	South Carolina.....	2,137
Iowa.....	5,315	South Dakota.....	148
Kansas.....	5,808	Tennessee.....	324
Kentucky.....	262	Texas.....	1,237
Louisiana.....	3,950	Utah.....	3,028
Maine.....	781	Vermont.....	330
Maryland.....	141	Virginia.....	159
Massachusetts.....	16,614	Washington.....	2,290
Michigan.....	3,715	West Virginia.....	2,260
Minnesota.....	27,578	Wisconsin.....	17,031
Mississippi.....	317	Wyoming.....	280

<sup>1</sup> Based on expenditures for vendor medical payments from State and local funds for all programs combined in January 1964. If State and local expenditures were reduced, the Federal expenditure would be correspondingly lower, while increases in State and local expenditures would also result in increases in the Federal cost.



This amount did not include the changes made by the bill with respect to Federal participation in the costs of aged persons in mental institutions. This change is described on pages 144-147 of the Committee Report and a cost estimate for it is included on page 288 of that report. A further amendment made on the Senate Floor increasing the number of children eligible for inclusion in Title XIX programs was estimated to cost \$40 million, a figure which is reflected in the tables appearing on page 17721 of the Congressional Record for July 27, 1965, when the Conference Report was considered by the Senate. That table indicates first year costs of these three items would be \$315 million.

All of these are additional costs. Title XIX represented a new method of providing vendor payments for medical care. Such payments under the law prior to title XIX were already a large and rather rapidly expanding activity. In the calendar year 1965 just prior to the effective date of title XIX such payments under the Federally-aided assistance programs amounted to \$1,359,056 from Federal, State, and local funds of which the Federal share was \$602 million.

The existing Federal expenditures plus the estimated additional costs due to the legislation were thus calculated at over \$900 million as the first full year cost.

The total expenditures increased by an average of \$170 million a year in the fiscal years 1960-1965 with the increases from 1964 to 1965 amounting to \$206 million. Further increases in both the total and the Federal share could, accordingly, be anticipated without regard to the enactment of title XIX.

In response to a request of the Committee on Ways and Means of the House of Representatives, Mr. R. J. Myers, Chief Actuary of the Social Security Administration, analyzed the costs in relation to the cost estimates. That memo follows:

OCTOBER 6, 1966.

MEMORANDUM

From: Robert J. Myers.

Subject: Cost estimates for vendor medical payments under public assistance.

This memorandum will present cost estimates both for the fiscal year 1967-68 and for "mature" conditions with respect to vendor medical payments under the categorical public assistance programs under various alternatives as to legislative provisions.

It is hoped that the cost picture for the estimates for fiscal year 1967-68 will thereby be presented more clearly if the transition from one legislative situation to another is taken in steps, as follows:

*A. Cost of vendor medical payments if title XVIII and XIX had not been enacted*

It is estimated that the total payments would be \$1,699 million and that the Federal cost would be \$749 million, with the State cost (including any local government cost) being \$950 million. The relatively low level of Federal funds involved results from the fact that a substantial proportion of the vendor medical payments would be above the maximum matchable limits. In other words, quite properly from an analytical approach, it is assumed that the cash-assistance payments are matched first and that the vendor medical payments come "on top" and are matched afterward.

*B. Cost of vendor medical payments if title XVIII had been enacted, but title XIX had not been enacted*

The estimated total vendor medical payments would be \$1,174 million, of which \$518 million is the Federal cost, and \$656 million is the State cost.

*C. Cost of vendor medical payments if both titles XVIII and XIX had been enacted, but title XIX would apply only to cash-assistance recipients*

The estimated total cost of vendor medical payments would be \$1,726 million, of which the Federal cost would be \$1,070 million, and the State cost would be \$656 million.

*D. Cost of vendor medical payments if both titles XVIII and XIX had been acted as they actually were*

The estimated total cost of vendor medical payments would be \$2,167 million; the Federal cost would be \$1,300 million, and the State cost would be \$867 million. This Federal cost would be an increase of \$551 million over the cost of the vendor medical payments if titles XVIII and XIX had not been enacted (i.e., comparing the Federal cost in this paragraph with that in paragraph A). This \$551 million additional Federal cost may be compared with the estimates made at

the time of enactment of the legislation. At that time, it was estimated that the additional first-year cost would be \$238 million (see p. 75, H. Rept. No. 213, 80th Cong.), but to this should be added \$75 million as the cost for tubercular and mental patients, since these payments are largely made in the form of vendor medical payments through title XIX (see p. 19 of H. Rept. No. 213, 80th Cong.), and a further \$40 million, representing the additional medical assistance cost for children aged 18 to 21 who are not in school, which provision was added on the Senate floor (see p. 17087 of the Congressional Record for July 21, 1965). Thus, it might be said that the original cost estimate for title XIX that was made at the time of enactment was a first-year cost of \$353 million, which may reasonably be compared with the current cost estimate of \$551 million (although the former may be said to relate to calendar year 1966, while the latter relates to fiscal year 1967-68).

*E. Cost of vendor medical payments if both titles XVIII and XIX had been enacted, and if the committee bill is enacted*

The Federal cost is estimated to be reduced to \$1,220 million—i.e., a reduction of \$80 million.

For those estimates involving title XIX or revisions thereof, the figures are probably "maximum" ones because of the assumption that all States not now having medical assistance plans will adopt "average" plans that will go into operation before the beginning of fiscal year 1967-68.

It should be noted that, although the estimated reductions in Federal cost under the proposals to modify title XIX are relatively small, nevertheless, these proposals will well serve as a brake on undue expansion of the program in the future. It seems quite likely that under "mature" conditions, with full utilization of the provisions by those eligible to do so, and with expansion of the provisions of many of the State plans (and, similarly, with extension of the concept of medical protection as a right for those meeting the eligibility conditions, with free choice of doctors and medical facilities and with no difficulties placed in the way of using these services) so that they become much more like the New York plan, the Federal cost for title XIX as it now exists would be as much as \$3 billion per year (or even more). The corresponding estimated figure for title XIX as it would be modified by the committee bill is \$1½ to \$2 billion per year. It should be noted that the foregoing figures do not represent the increase in cost due to the existence of title XIX, but rather, the total cost thereunder. The increase in cost should be measured against the Federal cost for vendor medical payments that would have occurred if title XIX had not been enacted (but title XVIII had been enacted), which is estimated to be about \$600 to \$700 million per year under "mature" conditions.

It should be noted that these estimates are based on today's population and on today's medical costs. The likely increases in the future in both of these factors would mean a further and substantial increase in the cost estimates. Furthermore, it should be noted that the estimates are based on the assumption that sufficient State funds will be available to enable the expansions of the program that are assumed to occur—such additional State funds being about \$1.1 billion for the estimate of the cost of existing title XIX and about \$150 to \$450 million for the estimate of the cost of title XIX as it would be modified by the committee bill.

ROBERT J. MYERS.

Mr. COHEN. In the medicaid program as in the other public assistance programs, eligibility standards and the scope of the program vary widely between States. While most States with medicaid programs have established quite modest eligibility standards, a few have quite generous definitions of medical indigence. This led the House Ways and Means Committee last year to recommend limitations on Federal participation. No action was taken by the Congress on these recommendations. The House bill this year contains a severe limitation on Federal participation, a limitation which will affect the programs in operation in 14 States and will severely restrict the future development of the program to meet the medical needs of persons who lack sufficient resources to pay for them. The 14 States affected by the

House amendment as far as our own calculations in the Department are concerned are California, Connecticut, Delaware, Illinois, Iowa, Kentucky, Maryland, Michigan, Nebraska, New York, Oklahoma, Pennsylvania, Rhode Island, and Wisconsin. Attached to my statement is a table showing the effect on eligibility in each of these States as we have computed them from the latest information available to us.

What is worse, Mr. Chairman, is the way the House limitation will destroy the concept of medical indigence in a number of States. The House bill limits Federal participation in title XIX to those persons and families whose income is less than 133 percent of the highest amount ordinarily paid a family of similar size under the State aid to families with dependent children programs. This means that in a State which will not pay recipients more than 75 percent of need, some persons will be able to receive cash assistance and yet have income too high to be eligible for medical assistance. For example, in Indiana, a family of four is eligible to receive assistance if their income is less than \$271.40 a month, yet the highest amount that can be paid in assistance is \$103. The House bill would mean that for purposes of Federal matching, the family could receive cash assistance if their monthly income is up to \$271.40, but medical assistance only if their income is below \$137, about half of the eligibility level for cash payments. Now, Mr. Chairman, I believe this was not the intent of the House bill. I believe that the House Members had not intended to obtain this result. It was probably a drafting oversight, but we believe that it ought to be corrected if, as we believe, it was the House intent not to reach that result.

Senator ANDERSON. Well, now that you have stopped, can you go back here and explain this a little bit. "What is worse, Mr. Chairman, is the way the House limitation will destroy the concept of medical indigence?"

What is that?

Mr. COHEN. Well, there are two levels of assistance eligibility, one for persons who are already receiving cash assistance, and one for the so-called medically needy, who have income above the cash assistance eligibility level. My statement is pointing out that if you took the provisions of the House bill literally, it would mean that you could not have Federal participation in some States even for some persons who are already on cash assistance. And as I said, I do not think the House intended to reach that result. That is a drafting error, in my opinion.

Senator ANDERSON. Have you asked the House?

Mr. COHEN. Well, I did not ask the House, but I was in the executive session of the committee when they asked me if this result would be obtained. I said no, that this result would not be obtained, but the actual House bill that was passed, some cash assistance recipients were in fact excluded. So I am of the opinion myself that some difficulty must have occurred in the drafting.

Senator WILLIAMS. Mr. Chairman, in addition to the report showing the \$238 million we inserted just a moment ago, I would like to ask that the colloquy appearing on pages 127 and 128 which I had with Mr. Cohen on that date of the hearings be put in, also.

Senator ANDERSON. Without objection, that will be done.

(The colloquy referred to follows:)

"ADDITIONAL BILL ESTIMATED

"The report of the House Ways and Means Committee, based on data provided by the Department of Health, Education and Welfare, estimated that the additional Federal bill for the expanded Kerr-Mills benefits would amount to \$238 million during the first full year of operation.

"The \$238 million was to be the total Federal increase if all states took advantage of the program. But the \$238 million has already been exceeded in the projected first-year costs made by the first seven states and Puerto Rico.

"And these costs can be expected to keep going up as more and more states come into the program and as they make the progressive improvements required by law.

"One of the most significant improvements is aimed at obtaining health care for all of the Nation's medically needed children under 21. This ultimately could aid more than 50 percent of the children who live in urban areas.

"But whether the Nation is actually committed to providing the financial followthrough to make this a reality is at the heart of the public argument to be heard in Albany this week."

Senator WILLIAMS. What concerns me is not whether this is right or wrong, but the fact that you have one program here which has changes increasing costs by \$75 million a year—changes which are being made over and above what the committee expected or over and above the estimate. Coupled with this, it looks to me like you have got another bill passed by the Congress which over the next 10 years is going to cost at least—I am almost afraid to say it. But if it is going to be like these eight States here, running \$262 million over the original estimate—in 10 years that is two and a half billion dollars. You have a multi-billion-dollar error in your estimated cost of this proposal. And that concerns me.

Mr. HAWKINS. Senator, these estimates are made on exactly the same basis as any other estimate given to the committee in the public assistance area.

Senator WILLIAMS. These other estimates are made on the same basis, are they not?

Mr. HAWKINS. No; they are not.

Senator WILLIAMS. Haven't you examined what these States have done to see what it is going to cost the Federal Government in matching funds? Are we committed under that law to match these in accordance with the formula outlined here?

Mr. HAWKINS. We are committed to participate in the payments—if that is what the payments under the State plan amount to.

Senator WILLIAMS. If the States want to implement these plans, we are committed under title 19 to match them. And we are committed—if each of the other 42 States wants to implement the same type of program, we are committed, under title 19, to match it. And that could run up, based on this initial experience, to where it is going to cost you \$2 to \$5 billion in 10 years more than the committee estimated, or was given as an estimate at the time it was adopted.

Mr. COHEN. Senator, could I say something?

Senator ANDERSON. I ask unanimous consent at the close of the hearing to put in a statement and resolution by the AHA.

Mr. COHEN. While I don't know the quantitative answer, the Senator in my opinion is correct. Title 19 does involve a very, very heavy and growing financial responsibility by the Federal Government to meet its commitments. And if the Senator will refer to section 1903 (e) which was written into the bill in the House committee, and in the final law, he will see that the congressional intent is clear—which bears out his point—where it says that the Secretary shall not make payments under the preceding provision or section to any State unless the State makes a satisfactory showing that it is making efforts in the direction of broadening the scope of care and services made available under the plan and in the direction of liberalizing the eligibility requirements for medical assistance with a view toward furnishing by July 1, 1975, comprehensive care and services to substantially all individuals who meet the plan's eligibility standards with respect to income and resources, including services to enable such individuals to attain or retain independence or self-care.

As I recall the discussion in the House committee, the executive sessions, and in the affirmation of this in the final legislation, it was the intent on the House side to develop a comprehensive medical assistance program for practically all persons

with low incomes in the United States. And that feature was written in by the House committee. And, therefore, with the open-end formula mechanism that is in here, I think the Senator is correct that substantially more Federal costs are involved in title 19 during the next 10 years than certainly were anticipated during the first year on the assumption that only existing State and local expenditures were to be matched.

Senator WILLIAMS. Well, that is the point that I am trying to get, Mr. Cohen. I appreciate your making the statement. I am not debating here that implementing this is illegal. I realize that it is in the law. The point that I am making is that it is now almost clear to anyone that the \$238 million given us, which over a 10-year period would be two and a quarter to two and a half billion dollars, is unrealistic in the light of the experience we are having as far as these States are concerned.

Mr. COHEN. I think you are most likely to be correct.

But let me explain, so you will understand, what the basis, at least over in the House committee, which was then transformed in the Senate committee report, has always been on State programs that involve State implementation.

That is, they have always gone on the assumption that the only estimate that seemed to be—I won't say the only one that seemed to be reasonable—but the best estimate they had is what would be the Federal cost if you would use all of the State and local funds that I think then were available for these purposes.

Now, beyond that I think if you look in the committee report, it says that if the States put up less money than this, or more money than this, as I recall it, it would cost more than this estimate.

But no estimate was made what would happen if the States did something different than what they were then doing with State and local money.

But I agree with you in your conclusion. The net result will be that title 19 is going to, over the next 10 years, have a substantially increased annual cost over what was presented in the committee report on that assumption.

Senator WILLIAMS. And again we are dealing with an assumption. Conceivably no other State would implement this. But on the assumption that the other States do implement it to the same degree that is proposed in these eight that we mentioned, their cost, instead of being \$238 million a year, could exceed a billion a year.

Mr. COHEN. To give another example—

Senator ANDERSON. I am only trying to find out what the concept of medical indigence is.

Mr. COHEN. The concept of medical indigence involves persons just above the public assistance level who do not receive cash assistance, but who do not have enough income to pay for medical care even though they are not getting assistance from the State for food, clothing, and shelter.

Senator ANDERSON. Very well. Thank you.

Mr. COHEN. To give another example: in Texas, a family of four with income below \$163.95 may qualify to receive cash assistance payments. Yet under the House bill, the family's income would have to be below \$124 before its members could be considered medically indigent.

To remedy this discrepancy and to establish a reasonable relationship between need for cash assistance and medical indigence, we recommend adoption of the President's proposal to limit eligibility for medical assistance to 150 percent of the needs standard for cash assistance.

## CHILD HEALTH

One of the major aims of the Congress in establishing the medic-aid program was to improve the health care of children living in poverty. Medicaid removes the financial barrier to health care, but another barrier looms ahead: the scarcity of trained health manpower.

Projections of the numbers of pediatricians and general practitioners show that we must significantly improve our methods of delivering health care. Unless we make more efficient use of professional time, our children will never have comprehensive health care available to many of them.

We have too few studies in this country on use of physician assistants. Many professional organizations have suggested that improved health care for larger numbers of patients can be provided by a physician with a number of skilled helpers at his command: nutritionists, psychologists, clinic nurses and visiting nurses, midwives, and well-trained physician assistants.

Now is the time to explore the use of physician assistants and other health personnel in ways that will improve the quality and multiply and expand the scope of the physician's services in order to bring good care to larger numbers of patients.

The bill before you in title V of the Social Security Act provides expanded research and training authority to increase the supply of scarce professional personnel providing services for mothers and children and to experiment with and demonstrate the use of obstetric and pediatric assistants in bringing comprehensive health care to large numbers of mothers and children, particularly in areas that suffer from lack of adequate maternal and child health services. We urge you to increase the authorizations for these services. The limitations in funding in the House bill will not permit us to mount the research and training program which is essential if we are to meet the health care needs of mothers and children.

That concludes my remarks, Mr. Chairman. I shall be glad to answer any questions the committee may have.

(Tables attached to Mr. Cohen's statement follow:)

## PUBLIC ASSISTANCE EXPENDITURES AS A PERCENT OF GROSS NATIONAL PRODUCT

[Dollar amounts in billions]

Year	Gross national product	Total public assistance expenditures	Percent
1940.....	\$99.7	\$1.035	1.07
1945.....	211.9	.990	.47
1950.....	284.8	2.395	.84
1955.....	398.0	2.757	.69
1960.....	503.7	3.804	.76
1961.....	520.1	4.115	.79
1962.....	560.3	4.457	.80
1963.....	590.5	4.736	.80
1964.....	631.7	5.096	.79
1965.....	681.2	5.505	.81
1966.....	739.5	6.320	.85

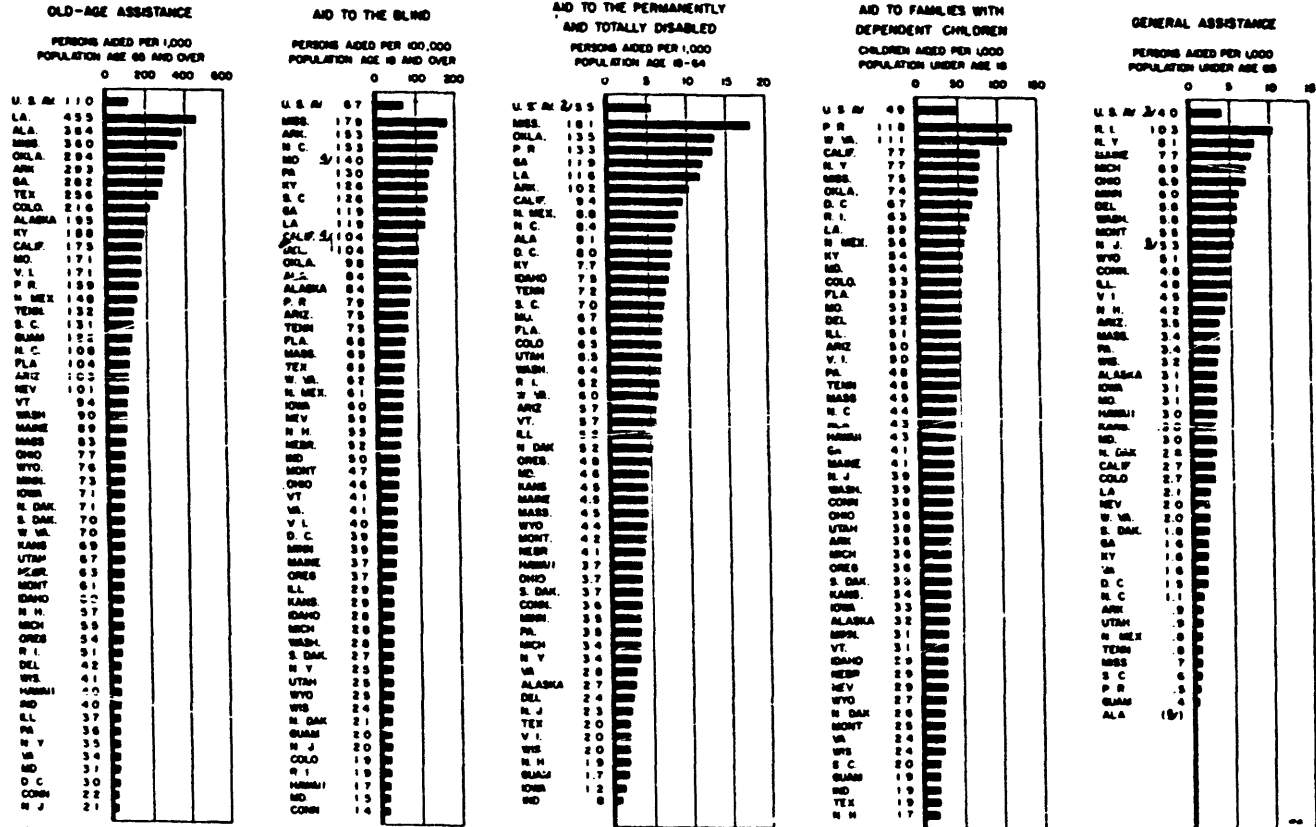
RECIPIENTS OF PUBLIC ASSISTANCE MONEY PAYMENTS UNDER THE FEDERALLY AIDED CATEGORIES<sup>1</sup> PER 1,000 CIVILIAN POPULATION, DECEMBER 1966

State	Recipient rate	Rank	State	Recipient rate	Rank
All States.....	38	-----	Missouri.....	49	12
Alabama.....	57	7	Montana.....	21	48
Alaska.....	28	35	Nebraska.....	24	42
Arizona.....	38	19	Nevada.....	20	49
Arkansas.....	56	8	New Hampshire.....	15	53
California.....	59	6	New Jersey.....	21	47
Colorado.....	51	10	New Mexico.....	47	13
Connecticut.....	22	46	New York.....	40	15
Delaware.....	31	26	North Carolina.....	35	21
District of Columbia.....	36	20	North Dakota.....	23	45
Florida.....	41	14	Ohio.....	28	34
Georgia.....	49	11	Oklahoma.....	75	3
Guam.....	16	52	Oregon.....	26	37
Hawaii.....	29	31	Pennsylvania.....	28	33
Idaho.....	25	41	Puerto Rico.....	83	1
Illinois.....	30	29	Rhode Island.....	38	16
Indiana.....	14	54	South Carolina.....	24	43
Iowa.....	26	38	South Dakota.....	29	32
Kansas.....	26	36	Tennessee.....	38	17
Kentucky.....	51	9	Texas.....	33	24
Louisiana.....	72	4	Utah.....	30	28
Maine.....	34	22	Vermont.....	29	30
Maryland.....	31	27	Virgin Islands.....	38	18
Massachusetts.....	33	23	Virginia.....	16	51
Michigan.....	25	40	Washington.....	32	25
Minnesota.....	25	39	West Virginia.....	66	5
Mississippi.....	80	2	Wisconsin.....	17	50
			Wyoming.....	23	44

<sup>1</sup> Old-age assistance, aid to the blind, aid to the permanently and totally disabled, and aid to families with dependent children.

PROPORTION OF POPULATION RECEIVING PUBLIC ASSISTANCE MONEY PAYMENTS (RECIPIENT RATES) IN THE UNITED STATES,  
DECEMBER 1966 <sup>1/</sup>

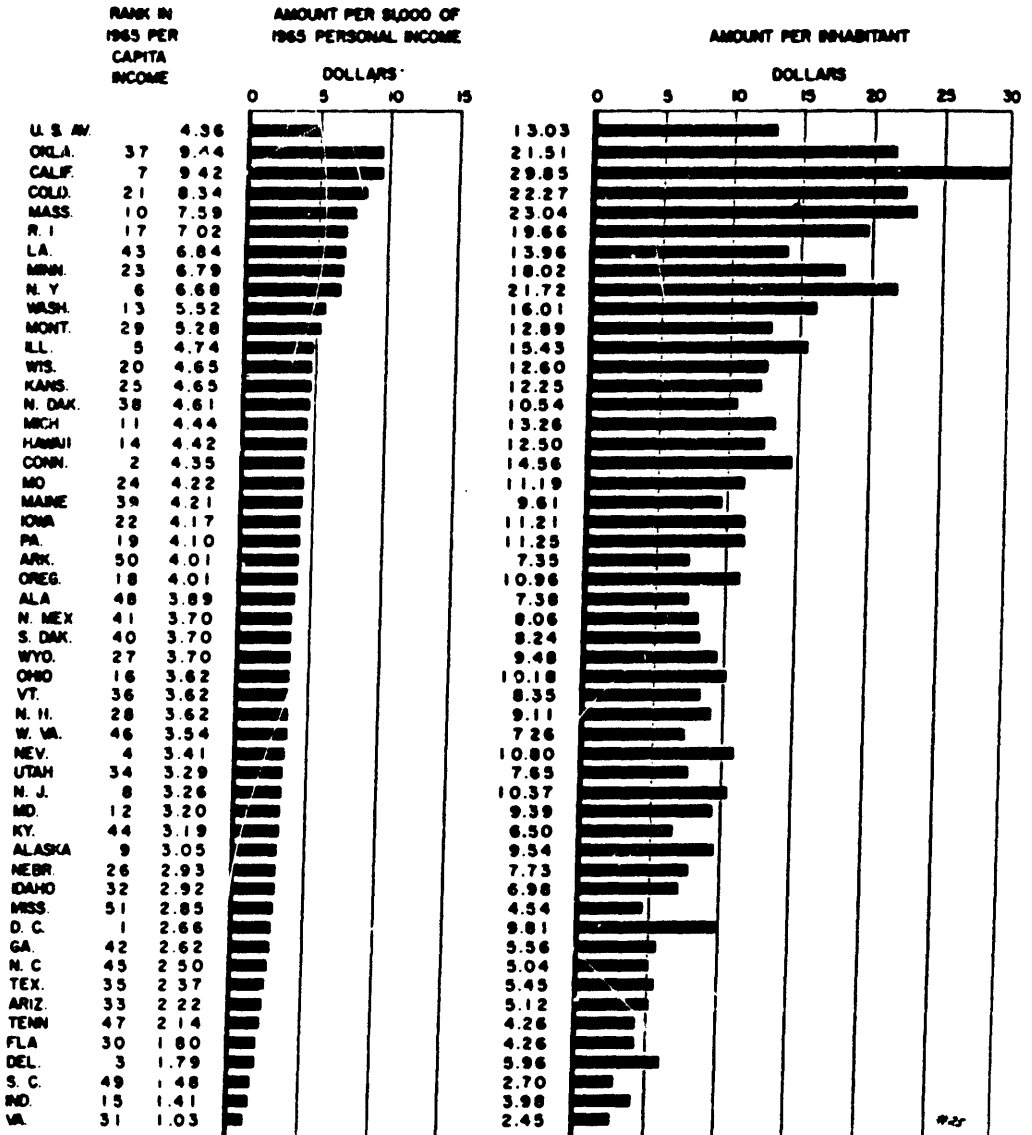
(EXCLUDES RECIPIENTS RECEIVING ONLY VENDOR PAYMENTS FOR MEDICAL CARE)  
CAUTION SHOULD BE USED IN MAKING COMPARISONS WITH EARLIER RATES BECAUSE OF REVISIONS IN POPULATION ESTIMATES ON WHICH RATES ARE BASED



<sup>1/</sup> BASED ON CIVILIAN POPULATION AS OF JANUARY 1, 1967 ESTIMATED BY THE BUREAU OF THE CENSUS. <sup>2/</sup> NO PROGRAM IN NEVADA. <sup>3/</sup> BASED ON DATA FOR 46 STATES. NUMBER AIDED NOT AVAILABLE FOR FLORIDA, IDAHO, INDIANA, NEBRASKA, OKLAHOMA, OREGON, TEXAS AND VERMONT. <sup>4/</sup> INCLUDES RECIPIENTS OF PAYMENTS MADE WITHOUT FEDERAL PARTICIPATION. RECIPIENT RATES EXCLUDING THESE RECIPIENTS ARE AS FOLLOWS: CALIFORNIA, 104 AND MISSOURI, 118. <sup>5/</sup> INCLUDES UNKNOWN NUMBER OF PERSONS RECEIVING MEDICAL CARE, HOSPITALIZATION, AND BURIAL ONLY. <sup>6/</sup> LESS THAN .005.

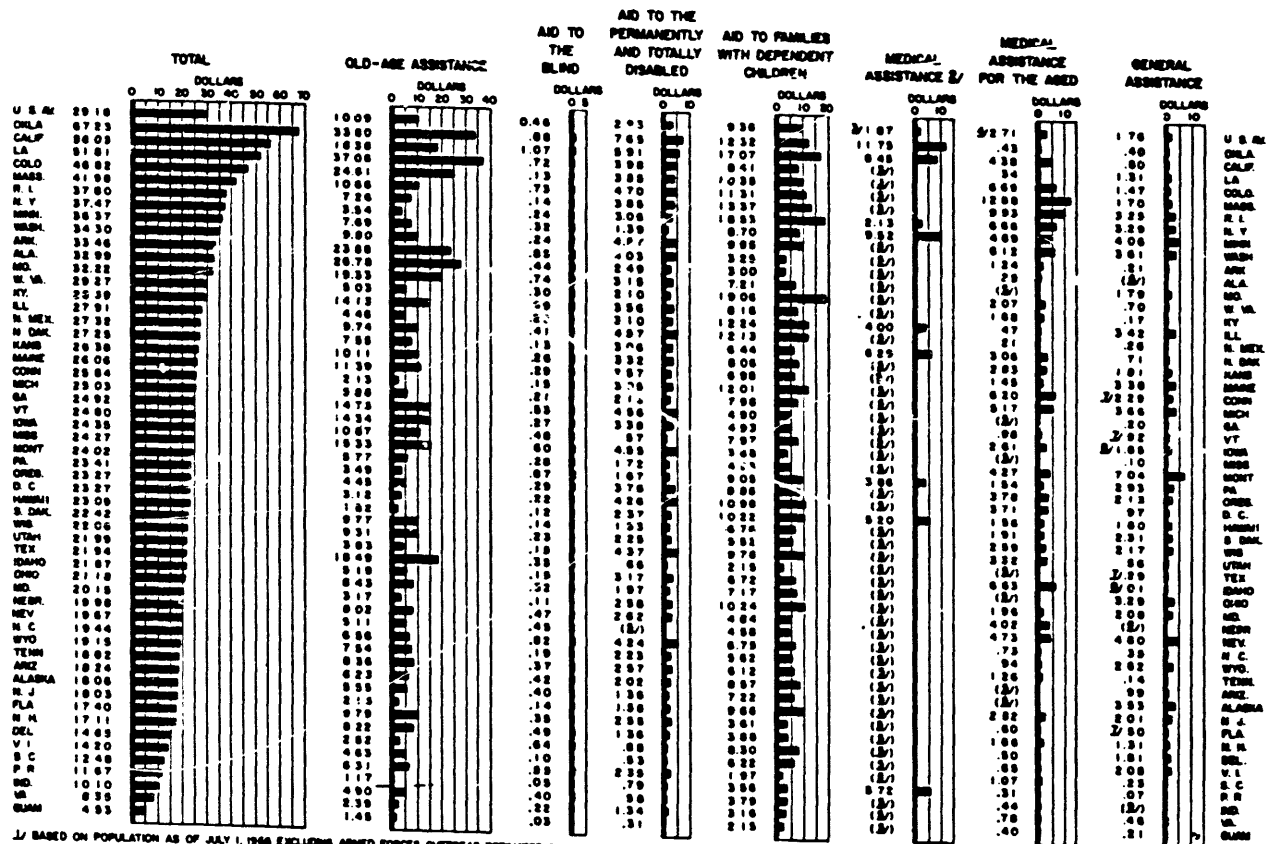


EXPENDITURES FOR PUBLIC ASSISTANCE 1/  
FROM STATE AND LOCAL FUNDS, FISCAL YEAR 1966 2/



1/ SPECIAL TYPES OF PUBLIC ASSISTANCE AND GENERAL ASSISTANCE. 2/ EXCLUDES GUAM, PUERTO RICO, AND VIRGIN ISLANDS; INCOME DATA NOT AVAILABLE.

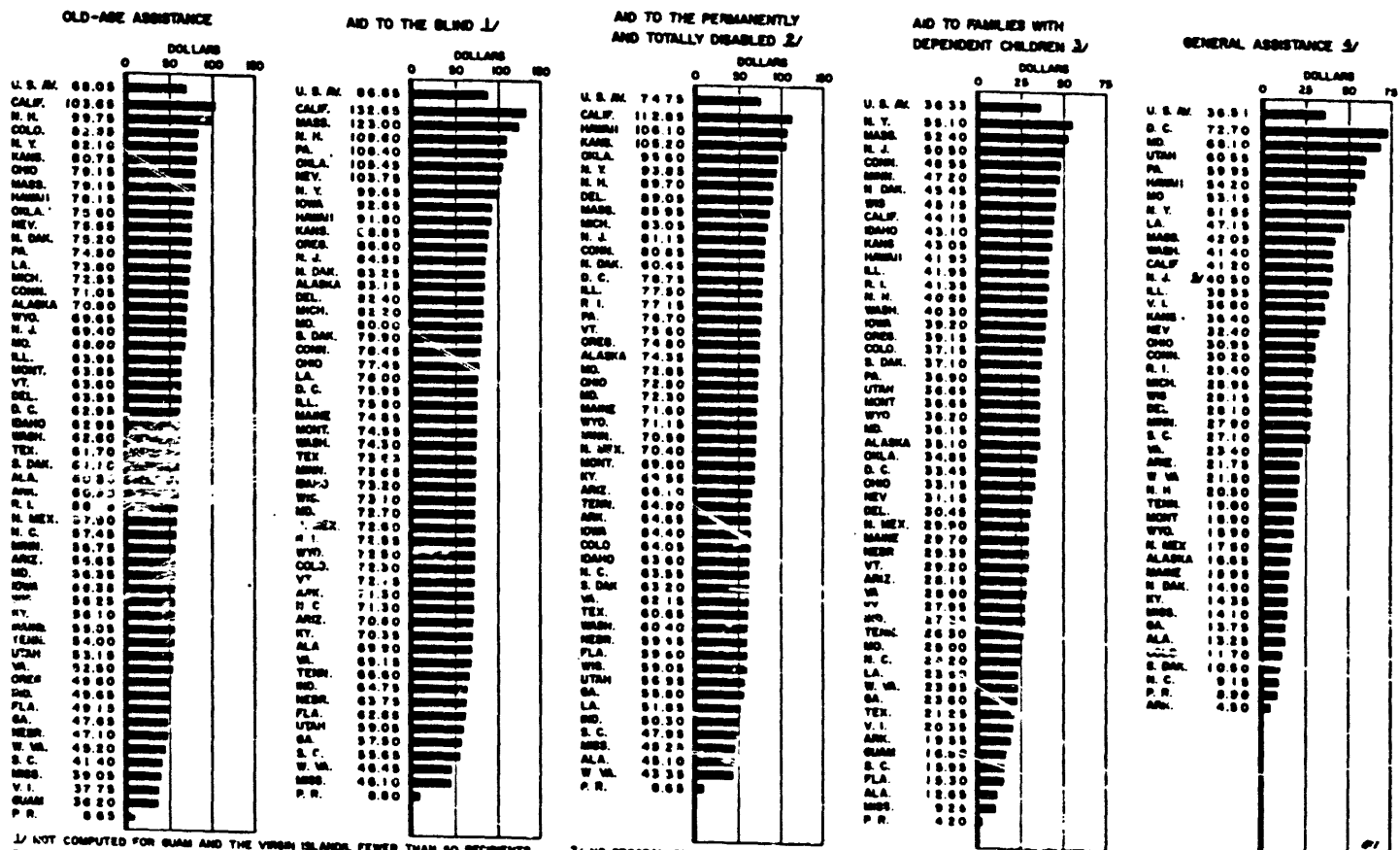
AMOUNT EXPENDED PER INHABITANT <sup>1/</sup> FOR PUBLIC ASSISTANCE PAYMENTS  
INCLUDING MEDICAL CARE VENDOR PAYMENTS,  
FISCAL YEAR ENDED JUNE 30, 1966



<sup>1/</sup> BASED ON POPULATION AS OF JULY 1, 1966 EXCLUDING ARMED FORCES OVERSEAS ESTIMATED BY THE BUREAU OF THE CENSUS. <sup>2/</sup> PROGRAM INITIATED JANUARY 1966 UNDER PUBLIC LAW 89-97. <sup>3/</sup> AVERAGE FOR ALL STATES FOR STATES MAKING MA PAYMENTS THE AVERAGE IS \$8.38. <sup>4/</sup> AVERAGE FOR ALL STATES, FOR STATES MAKING MA PAYMENTS THE AVERAGE IS \$12.7. <sup>5/</sup> NO PROGRAM. <sup>6/</sup> LESS THAN \$0.00. <sup>7/</sup> ESTIMATED. <sup>8/</sup> INCOMPLETE. <sup>9/</sup> NOT REPORTED.

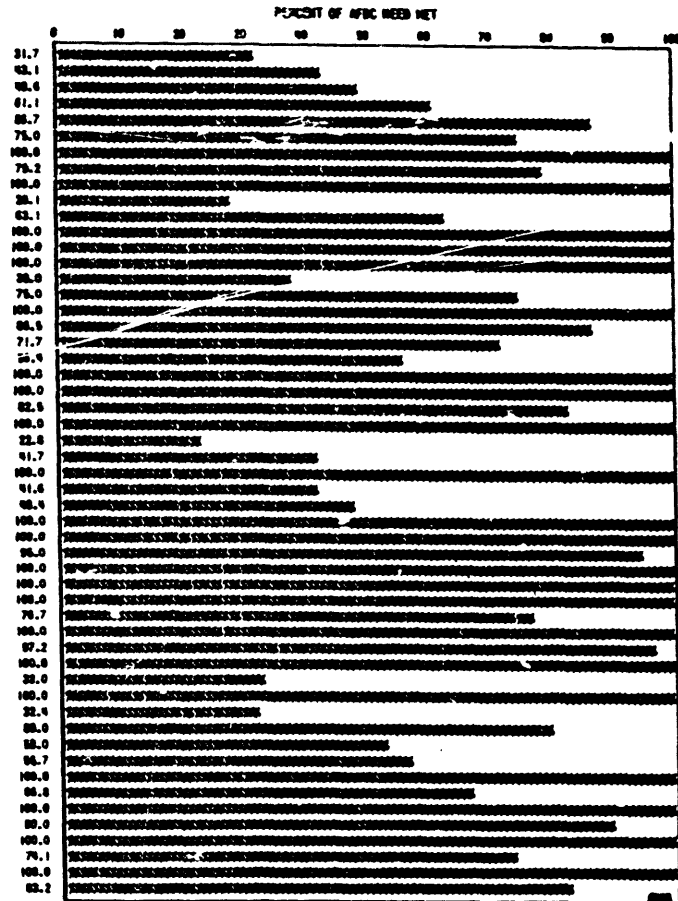
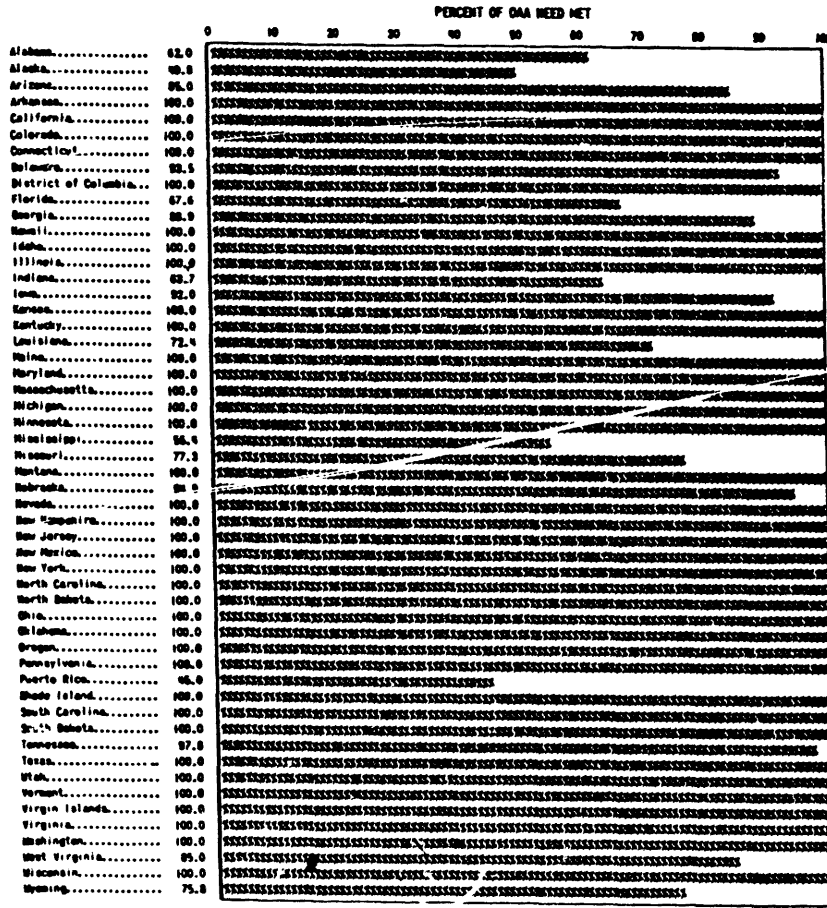
# AVERAGE MONTHLY PUBLIC ASSISTANCE MONEY PAYMENT PER RECIPIENT, DECEMBER 1966

(EXCLUDES VENDOR PAYMENTS FOR MEDICAL CARE)



1/ NOT COMPUTED FOR GUAM AND THE VIRGIN ISLANDS, FEWER THAN 50 RECIPIENTS. 2/ NO PROGRAM FOR NEVADA. NOT COMPUTED FOR GUAM AND THE VIRGIN ISLANDS, FEWER THAN 50 RECIPIENTS. 3/ NOT COMPUTED FOR MICHIGAN, DATA ESTIMATED. 4/ NOT COMPUTED FOR GUAM, FEWER THAN 50 RECIPIENTS; AND FLORIDA, IDAHO, INDIANA, IOWA, NEBRASKA, OKLAHOMA, OREGON, TEXAS, AND VERMONT, DATA NOT AVAILABLE. 5/ BASED ON DATA INCLUDING AN UNKNOWN NUMBER OF CASES RECEIVING MEDICAL CARE, HOSPITALIZATION, AND BURIAL ONLY, AND TOTAL PAYMENTS FOR THESE SERVICES.

PERCENT OF NEED MET, JANUARY 1967



The percent of need met shown above is for specified types of cases living in rented quarters: For OAA, an aged woman living alone; for AFDC, a family consisting of a father, mother, and two children. Percent of need met for total recipients of OAA and AFDC (including all types of cases) will vary from these percents.

EFFECT OF HOUSE BILL ON MEDICAID ELIGIBILITY REQUIREMENTS<sup>1</sup>

	1 person		2 persons		4 persons	
	Current State plan	Reduction in House bill	Current State plan	Reduction in House bill	Current State plan	Reduction in House bill
California.....	\$2,114	-\$514	\$3,324	-\$1,124	\$3,804	-\$704
Connecticut.....	2,100	-200	3,200	-600	3,800	-
Delaware.....	1,500	-	2,100	-	3,300	-300
Illinois.....	1,800	-400	2,400	-500	3,600	-800
Iowa.....	1,800	-400	2,400	-700	3,600	-1,200
Kentucky.....	1,620	-220	2,220	-320	3,420	-720
Maryland.....	1,800	-400	2,200	-300	3,120	-420
Michigan.....	1,900	-400	2,700	-600	3,540	-540
Nebraska.....	1,800	-600	2,200	-600	3,600	-1,100
New York.....	2,900	-900	4,000	-1,300	6,000	-2,100
Oklahoma.....	1,720	-320	1,950	-60	2,440	-
Pennsylvania.....	2,000	-400	2,500	-200	4,000	-600
Rhode Island.....	2,500	-1,000	3,200	-1,400	4,300	-1,400
Wisconsin.....	1,800	-	2,700	-100	3,700	-100

<sup>1</sup> The House bill precludes Federal participation, beginning July 1, 1970, in the medical care costs of individuals and families whose income is more than 133 percent of the highest payment ordinarily made to a family of the same size under the AFDC program.

**ADVANCE RELEASE OF STATISTICS ON PUBLIC ASSISTANCE AND APPENDIX ON WORK EXPERIENCE AND TRAINING PROGRAMS UNDER TITLE V OF ECONOMIC OPPORTUNITY ACT, AS AMENDED, MAY 1967**

Department of Health, Education, and Welfare, Welfare Administration, Bureau of Family Services, Division of Research and Office of Special Services

NOTE.—For the months of February, May, August, and November, the Advance Release includes tables on AFDC-Community Work and Training Programs (table 12) and AFDC-Foster Care (table 13).

TABLE 1.—AMOUNT OF PUBLIC ASSISTANCE PAYMENTS IN THE UNITED STATES, BY MONTH, MAY 1966-MAY 1967<sup>1</sup>

Year and month	Money payments (in thousands) <sup>2</sup>								Medical vendor payments (in thousands) <sup>3</sup>																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
	Total	Federally aided programs						Federally aided programs																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
		Total	Total	Old-age assistance <sup>4</sup>	Aid to the blind <sup>4</sup>	Aid to the permanently and totally disabled <sup>4</sup>	Aid to families with dependent children	General assistance <sup>4</sup>	Total	Medical assistance <sup>4</sup>	Medical assistance for the aged <sup>4</sup>	Other	General assistance <sup>4</sup>																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
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1966:														May.....	\$539,933	\$351,379	\$330,698	\$133,382	\$7,082	\$39,628	\$150,626	\$20,681	\$188,534	\$177,598	\$103,721	\$28,183	\$45,693	\$10,596	June.....	535,905	352,081	331,820	133,819	7,095	39,996	150,408	20,761	183,824	173,512	100,002	28,118	45,392	10,312	July.....	517,921	357,767	337,084	136,174	7,173	40,811	152,925	20,683	160,154	150,311	107,537	17,762	25,102	9,843	August.....	536,545	363,888	341,897	137,945	7,219	41,578	155,157	21,991	172,657	163,722	118,515	18,802	26,404	8,935	September.....	535,603	373,355	350,705	140,257	7,280	42,192	161,006	22,060	162,248	154,210	121,698	11,616	20,886	8,038	October.....	543,985	374,092	351,519	140,186	7,244	42,924	161,265	22,578	168,893	161,205	135,039	5,823	20,343	8,688	November.....	577,319	377,953	355,448	140,180	7,208	43,073	164,967	22,505	199,366	191,567	166,285	5,245	20,036	7,799	December.....	583,259	385,957	361,771	141,065	7,268	43,920	168,499	24,186	197,301	190,513	165,372	5,067	20,054	6,788	1967:															January.....	568,415	389,229	364,482	140,202	7,217	44,131	172,932	24,747	179,186	174,103	148,367	5,206	20,531	5,083	February.....	572,543	392,780	367,719	140,204	7,212	44,670	175,333	25,060	179,764	177,451	144,526	5,082	24,842	5,313	March.....	620,139	400,725	373,914	140,758	7,241	45,434	180,488	26,810	219,414	211,891	186,450	5,027	22,414	5,523	April.....	633,060	402,020	376,306	140,406	7,242	46,034	182,694	25,714	231,404	224,417	197,895	5,033	22,589	5,623	May.....	625,656	403,518	377,840	140,858	7,255	46,681	183,036	25,978	232,138	217,023	188,743	5,018	23,262	5,115	Percentage change from preceding month														1966:															May.....	+8.4	+0.2	+0.4	+0.8	+0.4	+1.5	-0.1	-3.6	+28.1	-30.4	+122.0	-24.8	-12.2	-0.6	June.....	-7	+2	+2	+3	+5	+9	-1	+4	-2.5	-2.3	-3.6	-2	-6	-5.9	July.....	-3.4	+1.6	+1.7	+1.8	+1.1	+2.0	+1.7	-4	-12.9	-13.4	+7.5	-36.8	-44.9	-4.5	August.....	+3.6	+1.7	+1.4	+1.3	+6	+1.9	+1.5	-4	+7.8	+8.9	+10.2	+5.9	+5.6	-9.2	September.....	-2	+2.6	+2.6	+1.7	+8	+1.9	+3.8	+6.3	+7.8	+8.9	+10.2	+5.9	+5.6	-9.2	October.....	+1.6	+2	+2	+2	+8	+1.9	+3.8	+3.0	-6.0	-5.8	+2.7	-38.2	-20.9	-10.0	November.....	+6.1	+1.0	+1.1	+2	+5	+8	+2	-3	+4.7	+4.5	+11.0	-49.9	-2.6	+8.1	December.....	+1.0	+2.1	+1.8	+6	+8	+2.0	+2.7	+7.5	+17.3	+18.8	+23.1	-9.9	-1.5	-10.2	1967:															January.....	-2.5	+7	+7	-6	-7	+5	+2.0	+2.6	-9.2	-8.6	-10.3	+2.3	+2.4	-25.1	February.....	+7	+9	+9	-6	-7	+5	+2.0	+2.6	-9.2	-8.6	-10.3	+2.3	+2.4	-25.1	March.....	+8.3	+2.9	+1.7	+4	+4	+1.2	+1.6	+1.3	+3	+2	-2.6	-2.4	+21.1	+4.5	April.....	+2.1	+3	+6	+2	+2	+1.3	+1.2	-4.1	+22.6	+22.1	+29.0	-1.1	-9.8	+4.0	May.....	-1.2	+4	+4	+3	+2	+1.4	+2	-1	-3.9	-3.7	-4.6	-3	+3.4	-9.0	Percentage change from same month of preceding year														1967:															May.....	+15.9	+14.8	+14.3	+5.6	+2.7	+17.8	+21.5	+24.5	+17.8	+22.2	+82.0	-82.2	-49.1	-53.3
May.....	\$539,933	\$351,379	\$330,698	\$133,382	\$7,082	\$39,628	\$150,626	\$20,681	\$188,534	\$177,598	\$103,721	\$28,183	\$45,693	\$10,596																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
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November.....	577,319	377,953	355,448	140,180	7,208	43,073	164,967	22,505	199,366	191,567	166,285	5,245	20,036	7,799																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
December.....	583,259	385,957	361,771	141,065	7,268	43,920	168,499	24,186	197,301	190,513	165,372	5,067	20,054	6,788																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
1967:															January.....	568,415	389,229	364,482	140,202	7,217	44,131	172,932	24,747	179,186	174,103	148,367	5,206	20,531	5,083	February.....	572,543	392,780	367,719	140,204	7,212	44,670	175,333	25,060	179,764	177,451	144,526	5,082	24,842	5,313	March.....	620,139	400,725	373,914	140,758	7,241	45,434	180,488	26,810	219,414	211,891	186,450	5,027	22,414	5,523	April.....	633,060	402,020	376,306	140,406	7,242	46,034	182,694	25,714	231,404	224,417	197,895	5,033	22,589	5,623	May.....	625,656	403,518	377,840	140,858	7,255	46,681	183,036	25,978	232,138	217,023	188,743	5,018	23,262	5,115	Percentage change from preceding month														1966:															May.....	+8.4	+0.2	+0.4	+0.8	+0.4	+1.5	-0.1	-3.6	+28.1	-30.4	+122.0	-24.8	-12.2	-0.6	June.....	-7	+2	+2	+3	+5	+9	-1	+4	-2.5	-2.3	-3.6	-2	-6	-5.9	July.....	-3.4	+1.6	+1.7	+1.8	+1.1	+2.0	+1.7	-4	-12.9	-13.4	+7.5	-36.8	-44.9	-4.5	August.....	+3.6	+1.7	+1.4	+1.3	+6	+1.9	+1.5	-4	+7.8	+8.9	+10.2	+5.9	+5.6	-9.2	September.....	-2	+2.6	+2.6	+1.7	+8	+1.9	+3.8	+6.3	+7.8	+8.9	+10.2	+5.9	+5.6	-9.2	October.....	+1.6	+2	+2	+2	+8	+1.9	+3.8	+3.0	-6.0	-5.8	+2.7	-38.2	-20.9	-10.0	November.....	+6.1	+1.0	+1.1	+2	+5	+8	+2	-3	+4.7	+4.5	+11.0	-49.9	-2.6	+8.1	December.....	+1.0	+2.1	+1.8	+6	+8	+2.0	+2.7	+7.5	+17.3	+18.8	+23.1	-9.9	-1.5	-10.2	1967:															January.....	-2.5	+7	+7	-6	-7	+5	+2.0	+2.6	-9.2	-8.6	-10.3	+2.3	+2.4	-25.1	February.....	+7	+9	+9	-6	-7	+5	+2.0	+2.6	-9.2	-8.6	-10.3	+2.3	+2.4	-25.1	March.....	+8.3	+2.9	+1.7	+4	+4	+1.2	+1.6	+1.3	+3	+2	-2.6	-2.4	+21.1	+4.5	April.....	+2.1	+3	+6	+2	+2	+1.3	+1.2	-4.1	+22.6	+22.1	+29.0	-1.1	-9.8	+4.0	May.....	-1.2	+4	+4	+3	+2	+1.4	+2	-1	-3.9	-3.7	-4.6	-3	+3.4	-9.0	Percentage change from same month of preceding year														1967:															May.....	+15.9	+14.8	+14.3	+5.6	+2.7	+17.8	+21.5	+24.5	+17.8	+22.2	+82.0	-82.2	-49.1	-53.3																																																																																																																																						
January.....	568,415	389,229	364,482	140,202	7,217	44,131	172,932	24,747	179,186	174,103	148,367	5,206	20,531	5,083																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
February.....	572,543	392,780	367,719	140,204	7,212	44,670	175,333	25,060	179,764	177,451	144,526	5,082	24,842	5,313																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
March.....	620,139	400,725	373,914	140,758	7,241	45,434	180,488	26,810	219,414	211,891	186,450	5,027	22,414	5,523																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
April.....	633,060	402,020	376,306	140,406	7,242	46,034	182,694	25,714	231,404	224,417	197,895	5,033	22,589	5,623																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
May.....	625,656	403,518	377,840	140,858	7,255	46,681	183,036	25,978	232,138	217,023	188,743	5,018	23,262	5,115																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
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1966:															May.....	+8.4	+0.2	+0.4	+0.8	+0.4	+1.5	-0.1	-3.6	+28.1	-30.4	+122.0	-24.8	-12.2	-0.6	June.....	-7	+2	+2	+3	+5	+9	-1	+4	-2.5	-2.3	-3.6	-2	-6	-5.9	July.....	-3.4	+1.6	+1.7	+1.8	+1.1	+2.0	+1.7	-4	-12.9	-13.4	+7.5	-36.8	-44.9	-4.5	August.....	+3.6	+1.7	+1.4	+1.3	+6	+1.9	+1.5	-4	+7.8	+8.9	+10.2	+5.9	+5.6	-9.2	September.....	-2	+2.6	+2.6	+1.7	+8	+1.9	+3.8	+6.3	+7.8	+8.9	+10.2	+5.9	+5.6	-9.2	October.....	+1.6	+2	+2	+2	+8	+1.9	+3.8	+3.0	-6.0	-5.8	+2.7	-38.2	-20.9	-10.0	November.....	+6.1	+1.0	+1.1	+2	+5	+8	+2	-3	+4.7	+4.5	+11.0	-49.9	-2.6	+8.1	December.....	+1.0	+2.1	+1.8	+6	+8	+2.0	+2.7	+7.5	+17.3	+18.8	+23.1	-9.9	-1.5	-10.2	1967:															January.....	-2.5	+7	+7	-6	-7	+5	+2.0	+2.6	-9.2	-8.6	-10.3	+2.3	+2.4	-25.1	February.....	+7	+9	+9	-6	-7	+5	+2.0	+2.6	-9.2	-8.6	-10.3	+2.3	+2.4	-25.1	March.....	+8.3	+2.9	+1.7	+4	+4	+1.2	+1.6	+1.3	+3	+2	-2.6	-2.4	+21.1	+4.5	April.....	+2.1	+3	+6	+2	+2	+1.3	+1.2	-4.1	+22.6	+22.1	+29.0	-1.1	-9.8	+4.0	May.....	-1.2	+4	+4	+3	+2	+1.4	+2	-1	-3.9	-3.7	-4.6	-3	+3.4	-9.0	Percentage change from same month of preceding year														1967:															May.....	+15.9	+14.8	+14.3	+5.6	+2.7	+17.8	+21.5	+24.5	+17.8	+22.2	+82.0	-82.2	-49.1	-53.3																																																																																																																																																																																																																																														
May.....	+8.4	+0.2	+0.4	+0.8	+0.4	+1.5	-0.1	-3.6	+28.1	-30.4	+122.0	-24.8	-12.2	-0.6																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
June.....	-7	+2	+2	+3	+5	+9	-1	+4	-2.5	-2.3	-3.6	-2	-6	-5.9																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
July.....	-3.4	+1.6	+1.7	+1.8	+1.1	+2.0	+1.7	-4	-12.9	-13.4	+7.5	-36.8	-44.9	-4.5																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
August.....	+3.6	+1.7	+1.4	+1.3	+6	+1.9	+1.5	-4	+7.8	+8.9	+10.2	+5.9	+5.6	-9.2																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
September.....	-2	+2.6	+2.6	+1.7	+8	+1.9	+3.8	+6.3	+7.8	+8.9	+10.2	+5.9	+5.6	-9.2																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
October.....	+1.6	+2	+2	+2	+8	+1.9	+3.8	+3.0	-6.0	-5.8	+2.7	-38.2	-20.9	-10.0																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
November.....	+6.1	+1.0	+1.1	+2	+5	+8	+2	-3	+4.7	+4.5	+11.0	-49.9	-2.6	+8.1																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
December.....	+1.0	+2.1	+1.8	+6	+8	+2.0	+2.7	+7.5	+17.3	+18.8	+23.1	-9.9	-1.5	-10.2																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
1967:															January.....	-2.5	+7	+7	-6	-7	+5	+2.0	+2.6	-9.2	-8.6	-10.3	+2.3	+2.4	-25.1	February.....	+7	+9	+9	-6	-7	+5	+2.0	+2.6	-9.2	-8.6	-10.3	+2.3	+2.4	-25.1	March.....	+8.3	+2.9	+1.7	+4	+4	+1.2	+1.6	+1.3	+3	+2	-2.6	-2.4	+21.1	+4.5	April.....	+2.1	+3	+6	+2	+2	+1.3	+1.2	-4.1	+22.6	+22.1	+29.0	-1.1	-9.8	+4.0	May.....	-1.2	+4	+4	+3	+2	+1.4	+2	-1	-3.9	-3.7	-4.6	-3	+3.4	-9.0	Percentage change from same month of preceding year														1967:															May.....	+15.9	+14.8	+14.3	+5.6	+2.7	+17.8	+21.5	+24.5	+17.8	+22.2	+82.0	-82.2	-49.1	-53.3																																																																																																																																																																																																																																																																																																																																																																																					
January.....	-2.5	+7	+7	-6	-7	+5	+2.0	+2.6	-9.2	-8.6	-10.3	+2.3	+2.4	-25.1																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
February.....	+7	+9	+9	-6	-7	+5	+2.0	+2.6	-9.2	-8.6	-10.3	+2.3	+2.4	-25.1																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
March.....	+8.3	+2.9	+1.7	+4	+4	+1.2	+1.6	+1.3	+3	+2	-2.6	-2.4	+21.1	+4.5																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
April.....	+2.1	+3	+6	+2	+2	+1.3	+1.2	-4.1	+22.6	+22.1	+29.0	-1.1	-9.8	+4.0																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
May.....	-1.2	+4	+4	+3	+2	+1.4	+2	-1	-3.9	-3.7	-4.6	-3	+3.4	-9.0																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
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1967:															May.....	+15.9	+14.8	+14.3	+5.6	+2.7	+17.8	+21.5	+24.5	+17.8	+22.2	+82.0	-82.2	-49.1	-53.3																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
May.....	+15.9	+14.8	+14.3	+5.6	+2.7	+17.8	+21.5	+24.5	+17.8	+22.2	+82.0	-82.2	-49.1	-53.3																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												

<sup>1</sup> All data subject to revision.

<sup>2</sup> Includes nonmedical vendor payments.

<sup>3</sup> Amounts represent primarily bills paid during the month and therefore are subject to fluctuations unrelated to provision of medical services.

<sup>4</sup> Represents data for recipients of the specified types of assistance under separate State programs and under State programs for aid to the aged, blind, or disabled, or for such aid and medical assistance for the aged.

<sup>5</sup> Partly estimated. Does not include Idaho, Indiana, and Nebraska for all months and Kentucky beginning February 1967; data not available. Percentage change from preceding month and from same month of preceding year based on comparable data.

<sup>6</sup> Program initiated January 1966 under Public Law 89-97. Data incomplete.

<sup>7</sup> Includes retroactive payments of \$16,776,000 for aged recipients in mental hygiene hospitals in New York.

<sup>8</sup> Increase of less than 0.05 percent.

TABLE 2.—NUMBER OF RECIPIENTS OF PUBLIC ASSISTANCE MONEY PAYMENTS IN THE UNITED STATES, BY MONTH, MAY 1966—MAY 1967<sup>1</sup>

Year and month	Federally aided programs									
	Adult programs					Aid to families with dependent children			General assistance <sup>4</sup>	
	Total	Total	Old-age assistance <sup>2</sup>	Aid to the blind <sup>3</sup>	Aid to the permanently and totally disabled <sup>3</sup>	Families	Total recipients <sup>3</sup>	Children	Cases	Recipients
1966										
May.....	7,238	2,733	2,078	84.6	570	1,084	4,505	3,405	290	609
June.....	7,206	2,734	2,076	84.5	573	1,079	4,472	3,382	286	582
July.....	7,189	2,732	2,078	84.4	570	1,076	4,457	3,371	279	574
August.....	7,217	2,737	2,078	84.4	574	1,074	4,470	3,370	286	597
September.....	7,256	2,748	2,084	84.4	580	1,091	4,508	3,414	286	597
October.....	7,284	2,756	2,089	84.1	583	1,097	4,528	3,428	287	596
November.....	7,316	2,748	2,079	83.8	585	1,108	4,568	3,460	288	611
December.....	7,410	2,745	2,073	83.7	588	1,127	4,666	3,526	302	663
1967										
January.....	7,489	2,742	2,068	83.5	590	1,144	4,748	3,582	309	684
February.....	7,559	2,742	2,066	83.3	592	1,160	4,817	3,630	312	692
March.....	7,647	2,747	2,066	83.3	597	1,179	4,900	3,688	324	720
April.....	7,695	2,750	2,064	83.1	602	1,193	4,946	3,720	317	687
May.....	7,730	2,758	2,066	83.1	609	1,202	4,973	3,739	315	675
Percent change from preceding month										
1966										
May.....	-0.2	+0.3	+0.2	+0.1	+0.7	-0.2	-0.5	-0.4	-3.9	-6.1
June.....	-4	( <sup>5</sup> )	-1	-1	+5	-4	-7	-7	-1.6	-2.9
July.....	-2	-1	+1	-2	-7	-2	-3	-3	-2.3	-3.1
August.....	-4	+2	( <sup>5</sup> )	( <sup>5</sup> )	+8	+7	+5	+6	+2.2	+3.8
September.....	+5	+4	+2	( <sup>5</sup> )	+9	+6	+6	+7	+1	( <sup>5</sup> )
October.....	+4	+3	+3	-3	+5	+5	+4	+4	+3	-2
November.....	+4	-3	-5	-4	+3	+1.1	+9	+1.0	+1.2	+2.6
December.....	+1.3	-1	-3	-1	+5	+1.7	+2.1	+1.9	+4.8	+8.4
1967										
January.....	+1.1	-1	-2	-2	+4	+1.6	+1.8	+1.6	+2.9	+4.0
February.....	+9	( <sup>5</sup> )	-1	-3	+4	+1.7	+1.5	+1.3	+9	+1.2
March.....	+1.2	+2	( <sup>5</sup> )	( <sup>5</sup> )	+9	+1.6	+1.7	+1.6	+3.8	+4.0
April.....	+6	+1	-1	-2	+8	+1.2	+9	+9	-1.9	-4.7
May.....	+5	+3	+1	-1	+1.1	+8	+5	+5	-9	-1.7
Percent change from same month of preceding year										
1967										
May.....	+6.8	+9	-6	-1.9	+6.8	+10.9	+10.4	+9.8	+8.9	+11.

<sup>1</sup> All data subject to revision.<sup>2</sup> Represents data for recipients of the specified types of assistance under separate State programs, and under State programs for the aged, blind, or disabled, or for such aid and medical assistance for the aged.<sup>3</sup> Includes as recipients the children and 1 or both parents or 1 caretaker relative other than a parent in families in which the requirements of such adults were considered in determining the amount of assistance.<sup>4</sup> Partly estimated. Does not include Idaho, Indiana, and Nebraska for all months and Kentucky beginning February 1967; data not available. Percent change from preceding month and from same month of preceding year based on comparable data.<sup>5</sup> Increase of less than 0.05 percent.<sup>6</sup> Decrease of less than 0.05 percent.

TABLE 3.—OLD-AGE ASSISTANCE—RECIPIENTS AND PAYMENTS TO RECIPIENTS, BY STATE, MAY 1967<sup>1</sup>

(Excludes vendor payments for medical care and cases receiving only such payments)

State	Number of recipients	Payments to recipients		Percentage change from—			
		Total amount	Average	April 1967 in—		May 1966 in—	
				Number	Amount	Number	Amount
Total <sup>2</sup> .....	2,066,000	\$140,858,000	\$68.20	+0.1	+0.3	-0.6	+5.6
Alabama.....	113,000	6,817,000	60.30	+1	(?)	+1.1	+3.8
Alaska <sup>4</sup> .....	1,400	99,000	71.30	+6	+8	+5	+2.1
Arizona.....	12,900	731,000	56.75	-2	(?)	-1	-1.3
Arkansas <sup>4</sup> .....	64,100	3,840,000	59.95	+3	+1	+5.9	+23.9
California.....	288,000	29,300,000	101.70	+3	+6	+3.1	+7.7
Colorado <sup>3</sup> .....	41,100	3,296,000	80.20	(?)	-3	-2.2	-7
Connecticut.....	6,300	447,000	71.10	+1.2	+2.0	+14.7	+23.2
Delaware.....	1,700	111,000	64.05	+1.9	+2.1	+11.1	+20.8
District of Columbia.....	2,200	158,000	71.50	+2	+2.6	-2.2	+10.0
Florida <sup>4</sup> .....	78,500	3,885,000	49.50	-1	+3	+3.5	+3
Georgia <sup>4</sup> .....	94,200	4,456,000	47.30	+1	-1	+1.4	+1.2
Guam.....	200	13,500	68.10	+3.7	+97.9	+8.8	+108.0
Hawaii <sup>4</sup> .....	1,700	133,000	77.90	+1.9	+2.2	+22.9	+29.7
Idaho.....	3,800	250,000	65.85	-1	+5	+1.6	+6.6
Illinois <sup>4</sup> .....	39,300	2,440,000	62.10	-5	-1.2	-10.4	-1.5
Indiana.....	19,500	890,000	45.75	+3.9	+7	-1.7	-7.9
Iowa.....	24,000	1,469,000	61.25	(?)	+3	-6.2	+2.2
Kansas <sup>4</sup> .....	17,200	1,401,000	81.40	-7	-3	-8.7	+1.0
Kentucky <sup>4</sup> .....	59,700	3,343,000	56.00	+5	+3	+3.0	+13.2
Louisiana.....	124,000	9,112,000	73.25	+2	(?)	-3.8	+6.3
Maine <sup>4</sup> .....	10,100	556,000	55.05	+5	+2	-6.1	+4
Maryland <sup>4</sup> .....	7,900	466,000	58.85	-1	+1.2	+9	+4.0
Massachusetts.....	49,700	3,967,000	79.75	(?)	-6	+2.9	-2.0
Michigan.....	39,600	2,712,000	68.45	-2	-2	-1.1	-4
Minnesota.....	26,600	1,610,000	60.55	-7	+3	-18.1	-6.3
Mississippi.....	74,600	2,934,000	39.30	+4	+2.0	+1.3	-2
Missouri.....	89,600	6,114,000	68.25	-1	-1	-3.1	-1.5
Montana.....	3,900	245,000	62.80	-1.7	-2.5	-7.0	-10.0
Nebraska <sup>4</sup> .....	9,900	508,000	51.25	-5.5	-1.1	-5.6	+7.9
Nevada.....	2,500	185,000	74.80	+7	+4	+7.0	+9.7
New Hampshire.....	4,200	413,000	98.95	+1	+3	-13.4	+11.9
New Jersey.....	13,600	1,023,000	75.00	+2	+5	+7	+13.2
New Mexico <sup>4</sup> .....	9,500	547,000	57.55	+6	+2	-2.0	-1.5
New York <sup>4</sup> .....	68,300	5,871,000	85.95	+7	+3.6	+12.7	+34.9
North Carolina.....	39,500	2,395,000	60.60	+1	+4	-5.2	+4.9
North Dakota <sup>4</sup> .....	4,400	337,000	77.30	-6	+5	-12.4	+5.3
Ohio.....	72,500	57,89,000	79.85	-2	+4	-3.1	+7.0
Oklahoma <sup>4</sup> .....	80,600	6,020,000	74.75	+3	+2	-5	-1.6
Oregon.....	11,100	571,000	51.50	-7	-3	+21.3	+9.3
Pennsylvania.....	43,700	3,253,000	74.40	+1	-2	+1.4	+8.4
Puerto Rico <sup>4</sup> .....	24,500	215,000	8.75	-2.5	-1.2	-10.6	-9.1
Rhode Island <sup>4</sup> .....	4,600	262,000	57.60	-1.4	-1.2	-15.5	-48.2
South Carolina.....	22,000	911,000	41.40	-4	-6	-7.6	-3.2
South Dakota.....	5,500	342,000	62.25	+4	+5	-12.1	+4.2
Tennessee.....	46,400	2,478,000	53.35	+5	+3	+5.0	+21.0
Texas.....	229,000	14,176,000	61.90	(?)	+1	+3	+4.6
Utah.....	4,600	276,000	60.00	-1.3	-7	+7.7	+12.2
Vermont <sup>4</sup> .....	4,200	275,000	65.20	+2	+9	-15.9	+16.0
Virgin Islands.....	400	15,400	38.20	-1.0	-2.0	-6.5	-4.5
Virginia.....	11,000	589,000	54.25	-1	-2	-5.1	-3
Washington.....	26,500	1,767,000	66.55	-2	-1.2	-4.8	+3.9
West Virginia.....	12,100	689,000	55.40	-1.4	-3	-9.1	+20.7
Wisconsin.....	17,400	1,007,000	57.75	-8	-1.5	-30.6	+23.1
Wyoming.....	2,300	160,000	70.10	(?)	+4	-6	-4

<sup>1</sup> All data subject to revision.<sup>2</sup> Includes 3,700 recipients aged 60-64 in Colorado and payments of \$336,000 to these recipients. Such payments were made without Federal participation.<sup>3</sup> Increase of less than 0.05 percent.<sup>4</sup> Represents aid to the aged under program for aid to the aged, blind, or disabled, or for such aid and medical assistance for the aged.<sup>5</sup> Decrease of less than 0.05 percent.



TABLE 4.—AID TO THE BLIND: RECIPIENTS AND PAYMENTS TO RECIPIENTS, BY STATE, MAY 1967<sup>1</sup>

[Excludes vendor payments for medical care and cases receiving only such payments]

State	Number of recipients	Payments to recipients		Percentage change from—			
		Total amount	Average	April 1967 in—		May 1966 in—	
				Number	Amount	Number	Amount
Total <sup>2</sup> .....	83,100	\$7,255,000	\$87.35	-0.1	+0.2	-1.9	+2.7
Alabama.....	1,800	128,000	70.20	+3	+4	-1.9	+3.7
Alaska <sup>4</sup> .....	160	8,500	85.05	-1.0	-1.3	-9.1	-4.2
Arizona.....	720	51,160	70.60	-1.1	-9	-8.1	-9.6
Arkansas <sup>4</sup> .....	1,900	137,000	71.25	-1	-2	+1.0	+17.7
California <sup>3</sup> .....	124,400	1,649,000	132.55	-3	+8	+3	+4.4
Colorado.....	220	15,900	72.65	-1.4	-1.0	-6.0	-5.4
Connecticut.....	280	21,000	79.75	+4	+2.0	-7.4	+9
Delaware.....	330	27,500	82.25	+3	-6	-2.6	+5.9
District of Columbia.....	190	16,500	86.45	0	+8	-5	+10.8
Florida <sup>4</sup> .....	2,600	162,000	62.85	-3	-5	-3	-5
Georgia <sup>4</sup> .....	3,200	181,000	57.20	(3)	-1	-9	-5
Guam.....	6	210	(7)	(3)	(3)	(3)	(3)
Hawaii <sup>4</sup> .....	68	6,500	95.15	(3)	(3)	(3)	(3)
Idaho.....	110	8,800	80.55	-9	-1	-4.4	+11.2
Illinois <sup>4</sup> .....	1,900	147,000	77.00	-4	-6	-9.7	-1.7
Indiana.....	1,600	99,500	63.30	+1.8	-1	-3.1	-5.1
Iowa.....	1,100	97,800	92.70	+2	+8	+9	+4.1
Kansas <sup>4</sup> .....	410	36,200	88.65	-1.0	+2	-8.1	+5
Kentucky <sup>4</sup> .....	2,500	176,000	70.20	+1	+2	+3	+7.2
Louisiana.....	2,500	191,000	75.65	0	-1	-4.0	-6.4
Maine <sup>4</sup> .....	230	16,600	73.60	+4	-1.3	-7.4	-6.9
Maryland <sup>4</sup> .....	340	25,000	74.75	-6	-2	-4.0	+1.5
Massachusetts.....	2,300	267,000	116.60	+1.5	-5	+1.6	-15.4
Michigan.....	1,500	121,000	83.05	-3	+7	-6.7	-5.4
Minnesota.....	850	65,200	76.60	-6	+5	-11.1	-4
Mississippi.....	2,500	114,000	46.20	+6	+1.3	-2	+1.2
Missouri <sup>3</sup> .....	4,000	321,000	80.00	-2	-2	-4.5	-4.5
Montana.....	170	13,000	77.50	-8.7	-8.1	-19.2	-15.3
Nebraska <sup>4</sup> .....	420	28,800	68.80	-6.7	-1.4	-17.8	-4.5
Nevada.....	160	14,300	92.50	-1.3	+1.8	-3.1	-7.9
New Hampshire.....	250	25,700	104.65	+4	-6	+4	+10.6
New Jersey.....	900	79,800	88.95	+3	+1.2	+1.2	+10.3
New Mexico <sup>4</sup> .....	350	26,200	73.90	+3	+2	+1.1	+3.9
New York <sup>4</sup> .....	3,100	321,000	103.05	+4	-1.4	+3.4	+19.1
North Carolina.....	4,700	345,000	73.95	(3)	(3)	-2.6	+6.7
North Dakota <sup>4</sup> .....	84	7,100	84.05	(3)	(3)	(3)	(3)
Ohio.....	3,000	230,000	77.00	0	-2	-2.1	+1.8
Oklahoma <sup>4</sup> .....	1,500	164,000	105.65	0	-1	-2.8	-9
Oregon.....	500	44,300	88.60	+2.7	+3.7	+4.6	+11.1
Pennsylvania <sup>3</sup> .....	9,900	1,071,000	108.35	-3	(3)	+3.0	+4.9
Puerto Rico <sup>4</sup> .....	1,100	9,600	8.60	-3	-1.9	-13.4	-14.1
Rhode Island.....	130	8,300	62.10	+16.7	-5	+22.0	-20.7
South Carolina.....	1,900	103,000	55.40	-4	-3	-1.1	+2.3
South Dakota.....	110	9,500	83.25	-9	+1.6	+4.6	+29.1
Tennessee.....	1,800	123,000	66.70	-3	-1	-6.1	+8.7
Texas.....	4,200	317,000	74.80	0	+1	+3.0	+1.9
Utah.....	140	9,500	66.20	-2.0	-6.7	-13.3	+1.8
Vermont <sup>4</sup> .....	110	8,100	73.95	+1.9	+3.4	-9.8	+9.1
Virgin Islands.....	10	350	(7)	(3)	(3)	(3)	(3)
Virginia.....	1,100	79,700	72.90	-6	+8	-1.9	+13.2
Washington.....	510	43,300	84.85	-4	-1.7	-9.9	+4.2
West Virginia.....	650	34,900	53.65	-2.1	-1.5	-14.2	+4.7
Wisconsin.....	630	47,600	75.80	-2	+1.6	-12.8	+26.5
Wyoming.....	50	3,600	71.35	(3)	(3)	(3)	(3)

<sup>1</sup> A<sup>1</sup> data subject to revision.<sup>2</sup> Data include recipients of payments made without Federal participation and payments to these recipients as follows: California, \$19,000 to 120 recipients, and Missouri, \$48,000 to 600 recipients.<sup>3</sup> Does not include \$577,000 to an estimated 7,700 recipients under State blind pension program in Pennsylvania administered under State law without Federal participation.<sup>4</sup> Represents aid to the blind under program for aid to the aged, blind, or disabled, or for such aid and medical assistance for the aged.<sup>5</sup> Decrease of less than 0.05 percent.<sup>6</sup> Average payment not computed on base of fewer than 50 recipients; percentage change on fewer than 100 recipients.<sup>7</sup> April data not reported.

TABLE 5.—AID TO THE PERMANENTLY AND TOTALLY DISABLED: RECIPIENTS AND PAYMENTS TO RECIPIENTS, BY STATE, MAY 1967<sup>1</sup>

[Excludes vendor payments for medical care and cases receiving only such payments]

State	Number of recipients	Payments to recipients		Percentage change from—			
		Total amount	Average	April 1967 in—		May 1966 in—	
				Number	Amount	Number	Amount
Total.....	609,000	\$46,691,000	\$76.70	+1.1	+1.4	+6.8	+17.8
Alabama.....	15,200	688,000	45.35	+3	+4	+2.1	+2.5
Alaska <sup>2</sup> .....	350	26,800	77.05	+3	+3	+30.8	+41.0
Arizona.....	5,200	345,000	66.15	+2.9	+2.9	+20.2	+18.9
Arkansas <sup>3</sup> .....	11,100	715,000	64.20	+9	+7	+13.4	+27.7
California.....	106,000	12,212,000	115.25	+2.0	+2.3	+23.5	+32.5
Colorado.....	6,900	444,000	64.50	-3	-1	+4.4	+7.6
Connecticut.....	5,400	449,000	83.95	-8	-3	-40.7	+6.6
Delaware.....	800	73,300	91.70	+1.8	+3.1	+48.7	+65.0
District of Columbia.....	4,100	343,000	84.05	+5.5	+3.2	+19.7	+32.1
Florida <sup>2</sup> .....	20,800	1,255,000	60.20	-3	+2	+9.9	+11.3
Georgia <sup>2</sup> .....	28,200	1,566,000	55.60	+6	+4	+7	+3
Guam.....	46	3,300	(?)	(?)	(?)	(?)	(?)
Hawaii <sup>2</sup> .....	1,400	146,000	106.45	+1.6	+1.2	+24.2	+45.4
Idaho.....	2,500	183,000	72.85	+8	+2.5	-21.1	+13.5
Illinois <sup>2</sup> .....	30,300	2,352,000	77.65	+2	-1.0	+4.1	+8.4
Indiana.....	2,300	103,000	44.35	+8.5	+3.2	+32.1	+15.0
Iowa.....	1,900	123,000	65.65	+1.8	+2.3	+26.1	+31.0
Kansas <sup>2</sup> .....	5,500	595,000	108.90	+7	+7	+8.5	+20.7
Kentucky <sup>2</sup> .....	13,400	936,000	70.00	+1.6	+1.7	+9.3	+16.6
Louisiana.....	22,100	1,134,000	51.35	+8	+7	+6.6	+2
Maine <sup>2</sup> .....	2,300	175,000	74.35	+7	+5	+3.0	+9.1
Maryland <sup>2</sup> .....	10,100	752,000	74.35	+2.5	+3.3	+28.4	+33.0
Massachusetts.....	13,300	1,176,000	88.40	+5	+1.4	+2.4	+10.1
Michigan.....	16,100	1,288,000	80.25	+2.1	+3.2	+9.8	-2.9
Minnesota.....	7,200	518,000	72.40	+2.6	+3.5	+32.4	+38.8
Mississippi.....	21,300	992,000	46.50	+9	+9.5	+5.0	+7.0
Missouri.....	16,400	1,195,000	72.90	+3	+4	+5.3	+5.8
Montana.....	1,400	103,000	75.50	0	-1.3	-9.6	+2.0
Nebraska <sup>2</sup> .....	3,100	190,000	61.85	-5	+7	-1.0	+17.5
New Hampshire.....	670	59,900	89.75	-1.5	-1.6	0	+6.3
New Jersey.....	9,100	796,000	87.25	+5	+8	+5.4	+18.2
New Mexico <sup>2</sup> .....	4,600	326,000	70.30	+1.2	+1.3	+11.6	+12.6
New York <sup>2</sup> .....	37,300	3,498,000	93.65	+1.2	+2.4	+12.9	+28.2
North Carolina.....	23,000	1,523,000	66.20	+4	+8	+2.2	+8.8
North Dakota <sup>2</sup> .....	1,800	145,000	82.20	+7	+1.4	+8.3	+24.1
Ohio.....	21,500	1,555,000	72.45	+1.0	+1.2	+7.6	+10.8
Oklahoma <sup>2</sup> .....	19,100	1,815,000	95.10	+2.2	+2.3	+17.2	+19.4
Oregon.....	5,300	398,000	75.50	-5	-5	-35.1	-5.5
Pennsylvania.....	24,900	1,843,000	73.90	+1.4	+1.0	+21.0	+25.7
Puerto Rico <sup>2</sup> .....	14,200	112,000	7.90	+3.7	-4.4	-28.6	-35.4
Rhode Island <sup>2</sup> .....	3,100	241,000	77.35	+5	+7	+5.5	-9.4
South Carolina.....	9,300	447,000	48.05	+1	( <sup>1</sup> )	+7	+6.5
South Dakota.....	1,300	83,500	63.90	+1.0	+7	+9.9	+17.0
Tennessee.....	16,000	1,046,000	65.30	+9	+1.2	+10.7	+30.2
Texas.....	11,300	686,000	60.85	+1	-1	+9.0	+12.4
Utah.....	3,400	212,000	61.80	+6	+1	-29.0	+6.4
Vermont <sup>2</sup> .....	1,300	97,600	77.35	+1.1	+1.7	-7.1	+19.0
Virgin Islands.....	49	1,900	(?)	(?)	(?)	(?)	(?)
Virginia.....	6,900	442,600	63.90	+4	+8	+4.3	+10.2
Washington.....	9,200	649,000	70.45	-5	-2	-23.9	+12.0
West Virginia.....	5,700	295,000	51.65	+2	+1.2	-2.6	+19.1
Wisconsin.....	4,400	275,000	62.15	+4	+1.3	-10.7	+35.5
Wyoming.....	810	57,700	71.35	-1.0	-1.4	+11.6	+14.5

<sup>1</sup> All data subject to revision.<sup>2</sup> Represents aid to the permanently and totally disabled under program for aid to the aged, blind, or disabled, or for such aid and medical assistance for the aged.<sup>3</sup> Average payment not computed on base of fewer than 50 recipients; percentage change on fewer than 100 recipients.<sup>4</sup> Decrease of less than 0.05 percent.

TABLE 6.—AID TO FAMILIES WITH DEPENDENT CHILDREN: RECIPIENTS AND PAYMENTS TO RECIPIENTS, BY STATE, MAY 1967<sup>1</sup>

[Excludes vendor payments for medical care and cases receiving only such payments]

State	Number of recipients			Payments to recipients			Percentage change from—			
	Number of families	Total <sup>2</sup>	Children	Total amount	Average per—		April 1967 in—		May 1966 in—	
					Family	Recipient	Number of recipients	Amount	Number of recipients	Amount
Total <sup>3</sup> .....	1,202,000	4,973,000	3,739,000	\$183,036,000	\$152.25	\$36.80	+0.5	+0.2	+10.4	+21.6
Alabama.....	17,300	71,700	57,300	913,000	52.75	12.75	+4	+4	-4	-1
Alaska.....	1,400	5,100	3,900	177,000	129.95	34.85	+6	+7	+3.7	+2.2
Arizona <sup>4</sup> .....	10,100	43,400	33,000	1,239,000	172.20	28.55	+4	+4	+2.7	+3.6
Arkansas.....	8,700	36,300	27,500	707,000	61.25	19.50	+4	+1	+11.9	+34.3
California <sup>5</sup> .....	191,000	778,000	568,000	34,029,000	177.90	43.75	+9	+1.3	+18.9	+18.6
Colorado <sup>6</sup> .....	14,000	55,000	41,900	2,061,000	147.45	37.45	-1.6	-1.1	+13.2	+15.4
Connecticut <sup>7</sup> .....	14,000	55,800	41,800	2,739,000	195.75	49.10	+4	+4	+8.1	+18.6
Delaware <sup>8</sup> .....	3,400	14,600	11,100	488,000	137.15	32.00	-1.3	+8	+16.4	+22.8
District of Columbia.....	5,100	23,900	19,200	906,000	177.50	37.85	+1.0	+1.2	+6.5	+20.9
Florida.....	35,900	142,000	113,000	2,157,000	60.00	15.20	+6	+5	+17.4	+17.0
Georgia.....	24,000	95,600	73,900	2,258,000	94.15	23.60	+6	+5	+13.7	+13.9
Guam.....	160	830	700	31,300	194.60	37.80	+5.7	+123.2	+6.8	+158.2
Hawaii <sup>9</sup> .....	4,200	18,100	13,400	769,000	182.90	42.40	+1.0	+2.5	+19.4	+25.5
Idaho.....	3,000	11,500	8,300	528,000	176.50	46.10	-0.8	+4	+13.1	+32.1
Illinois <sup>10</sup> .....	54,400	258,000	200,000	10,704,000	196.75	41.85	( <sup>11</sup> )	-3.9	+1.2	+4.6
Indiana.....	11,700	49,100	37,200	1,391,000	118.85	28.35	+1.5	+1.7	+3.2	+7.0
Iowa.....	11,500	45,000	32,900	1,938,000	168.90	43.10	0	( <sup>12</sup> )	+4	+11.6
Kansas <sup>13</sup> .....	8,700	36,200	28,200	1,560,000	178.55	43.05	-8	-6	+3.6	+23.3
Kentucky.....	24,000	94,500	68,600	2,628,000	109.40	27.80	+2.3	+2.3	+15.6	+35.5
Louisiana.....	26,000	116,000	89,400	2,757,000	106.05	23.75	+4	+2	+5.9	+5.4
Maine.....	5,600	20,900	15,300	622,000	110.95	29.75	+1.0	+9	+6.5	+6.8
Maryland <sup>14</sup> .....	24,400	99,100	76,600	3,640,000	149.45	36.70	+5	+1.1	+9.9	+13.0

Massachusetts <sup>1</sup>	31,900	120,000	90,000	6,259,000	196.45	52.20	+1.2	+5	+15.8	+36.2
Michigan <sup>2</sup>	40,200	167,000	126,000	7,002,000	174.15	41.90	+1.5	+5.7	+6.0	+29.9
Minnesota	15,300	56,200	43,500	2,735,000	178.65	48.65	+6	+2.1	+4.9	+8.3
Mississippi	22,200	92,500	74,700	863,000	38.85	9.35	+1.4	+1.4	+8.2	+8.3
Missouri	26,400	110,000	84,400	2,737,000	103.70	24.95	( <sup>3</sup> )	-1	+1.5	+28.3
Montana	2,400	9,200	7,100	339,000	143.95	36.95	+1	-5	+9.8	+9.9
Nebraska <sup>2</sup>	5,200	20,700	15,800	613,000	117.60	29.60	-8	( <sup>3</sup> )	+10.1	+11.8
Nevada	1,800	7,100	5,600	222,000	123.00	31.25	+4	-6	+26.8	+13.6
New Hampshire	1,400	5,600	4,200	222,000	163.10	39.55	-2	-3.9	+9.1	+30.7
New Jersey	32,600	131,000	99,600	7,317,000	224.50	55.95	+1.7	+1.8	+13.6	+8.8
New Mexico	8,500	34,900	26,500	1,070,000	125.60	30.65	+1.7	+1.9	+11.7	+29.5
New York <sup>2</sup>	170,000	694,000	510,000	37,650,000	221.25	54.25	+1.1	+1.1	+22.4	+15.6
North Carolina	26,500	110,000	82,800	2,705,000	102.25	24.65	+1.1	+1.1	+22.4	+42.4
North Dakota	2,300	9,200	6,900	415,000	183.35	45.30	+3	+5	-1.2	+3.0
Ohio <sup>2</sup>	47,700	199,000	150,000	6,636,000	139.25	33.35	+4	+3	+10.7	+23.9
Oklahoma <sup>2</sup>	22,100	86,700	65,200	2,997,000	135.85	34.55	+4	+7	+4.2	+12.8
Oregon <sup>2</sup>	10,200	40,500	28,800	1,593,000	156.65	39.35	+7	+8	+11.6	+17.4
Pennsylvania <sup>2</sup>	61,600	266,000	197,000	9,631,000	156.45	36.25	-1.7	-1.0	+17.6	+23.8
Puerto Rico	39,500	179,000	137,000	771,000	19.55	4.30	-6	-1.0	+4.8	+19.8
Rhode Island <sup>2</sup>	7,000	27,400	20,100	1,143,000	163.30	41.75	-1.0	-1.2	-4.3	-4
South Carolina	6,400	24,900	20,200	429,000	66.90	17.20	+1.0	+2	+14.1	+10.0
South Dakota	3,500	13,100	9,900	484,000	137.30	37.00	-1	+8.6	-7.3	+4
Tennessee	22,300	89,900	69,200	2,403,000	107.75	26.70	+8	+6	+7.5	+19.6
Texas	23,600	106,000	80,200	2,253,000	95.35	21.25	+8	+2.3	+7.5	+22.6
Utah <sup>2</sup>	6,000	23,500	17,000	857,000	143.90	36.40	+2	( <sup>3</sup> )	+7.9	+7.6
Vermont	1,900	7,000	5,100	207,000	111.10	29.50	-1.2	-3	+6.3	+13.6
Virgin Islands	340	1,400	1,200	44,400	132.15	31.25	+1.4	+1.5	+18.0	+19.9
Virginia	12,700	54,100	41,700	1,554,000	122.05	28.75	+8	+11.4	+12.2	+76.4
Washington <sup>2</sup>	16,000	61,900	44,400	2,629,000	163.95	42.50	+6	+1.0	+13.3	+32.3
West Virginia <sup>2</sup>	21,100	98,400	69,700	2,471,000	117.35	25.10	-8	-3.0	+14.3	+26.3
Wisconsin <sup>2</sup>	13,400	54,000	41,200	2,390,000	178.55	44.25	-3	-2	-6.5	-
Wyoming	1,200	4,500	3,500	167,000	138.65	36.95	+5	-2.0	+27.0	+31.5
							-6	-3	+8.4	+9.2

<sup>1</sup> All data subject to revision.<sup>2</sup> Includes as recipients the children and 1 or both parents or 1 caretaker relative other than a parent in families in which the requirements of such adults were considered in determining the amount of assistance.<sup>3</sup> Includes data on unemployed-parent segment; see table 7.<sup>4</sup> Increase of less than 0.05 percent.<sup>5</sup> Decrease of less than 0.05 percent.

TABLE 7.—AID TO FAMILIES WITH DEPENDENT CHILDREN, UNEMPLOYED-PARENT SEGMENT—RECIPIENTS AND PAYMENTS TO RECIPIENTS, BY STATE, MAY 1967<sup>1</sup>

[Excludes vendor payments for medical care and cases receiving only such payments]

State	Number of families	Number of recipients		Payments to recipients			Percentage change from—			
		Total <sup>2</sup>	Children	Total	Average per—		April 1967 in—		May 1966 in—	
					Family	Recipient	Number of recipients	Amount	Number of recipients	Amount
Total.....	67,500	391,000	285,000	\$14,351,000	\$212.05	\$38.70	-1.7	-1.1	+15.1	+27.8
Arizona.....	19	130	88	2,800	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
California.....	28,600	154,000	104,000	5,786,000	217.00	37.50	+1.5	+4.0	+31.9	+37.9
Colorado.....	1,600	8,500	5,800	328,000	208.40	38.40	-9.2	-7.1	+305.0	+327.8
Connecticut.....	600	3,500	2,400	125,000	208.20	35.85	-17.1	-13.7	+4.3	- .9
Delaware.....	250	1,500	1,000	44,300	178.55	28.95	-21.0	-20.7	+20.6	+25.4
Illinois.....	360	2,200	1,500	82,000	228.45	37.20	-2.4	-1.2	+36.0	+44.3
Indiana.....	3,100	19,800	13,800	785,000	256.90	39.65	-4.5	-8.6	-19.1	-14.3
Kansas.....	220	1,400	930	47,700	215.95	34.90	-16.2	-19.6	-22.5	-18.8
Maryland.....	320	1,900	1,200	59,000	165.60	32.00	-8.9	-9.7	+5.9	+10.1
Massachusetts.....	650	3,600	2,500	175,000	288.85	48.55	-3.0	-2.1	+10.2	+23.5
Michigan.....	1,800	12,100	8,400	456,000	246.90	37.75	+38.9	+22.8	-8.8	+19.6
Nebraska.....	57	400	280	8,200	143.90	20.50	-14.0	-25.9	+52.1	+59.0
New York.....	14,200	77,800	52,600	3,484,000	246.15	44.75	-3.6	-3.0	+15.1	+34.6
Ohio.....	3,000	18,500	12,700	571,000	191.80	30.95	-2.7	-2.7	-12.7	-5.9
Oklahoma.....	580	3,500	2,400	113,000	191.40	32.10	- .6	- .1	+770.7	+805.1
Oregon.....	1,800	9,400	6,200	342,000	208.70	36.60	-9.8	-8.2	+53.5	+65.4
Pennsylvania.....	2,700	16,000	10,800	413,000	154.60	25.85	-9.1	-13.4	-8.8	+ .7
Rhode Island.....	320	1,800	1,200	60,000	186.35	33.15	-4.1	-5.8	+13.4	+4.8
Utah.....	880	5,000	3,300	105,000	119.85	21.00	-7.8	-2.0	+1.1	+8.9
Washington.....	1,400	7,300	4,700	250,000	183.75	33.95	-17.3	-20.7	+65.9	+122.5
West Virginia.....	6,900	40,700	27,300	1,032,000	148.55	25.35	-1.1	-1.0	-13.6	-7.0
Wisconsin.....	430	2,500	1,700	101,000	233.85	40.55	-4.9	-9.9	( <sup>4</sup> )	( <sup>4</sup> )

<sup>1</sup> Data for this segment of the program, shown separately here, are included in data for the total program. All data subject to revision.

<sup>2</sup> Includes as recipients the children and 1 or both parents or 1 caretaker relative other than a parent in families in which the requirements of such adults were considered in determining the amount of assistance.

<sup>3</sup> Average payment not computed on fewer than 50 families; percentage change on fewer than 100 recipients.

<sup>4</sup> No program in operation in May 1966.

TABLE 8.—GENERAL ASSISTANCE: RECIPIENTS AND PAYMENTS TO RECIPIENTS, BY STATE, MAY 1967<sup>1</sup>

[Excludes vendor payments for medical care and cases receiving only such payments]

State	Number of		Payments to recipients		Percentage change from—				
	Cases	Recipients	Total amount	Average per—		April 1967 in—		May 1966 in—	
				Case	Recipient	Number of recipients	Amount	Number of recipients	Amount
Total <sup>2</sup> .....	315,000	675,000	\$25,069,000	\$81.60	\$38.05	-1.7	-0.1	+11.6	+24.5
Alabama.....	92	92	1,200	12.75	12.75	(?)	(?)	(?)	(?)
Alaska.....	180	620	15,800	88.95	25.55	-34.3	+16.8	-29.3	+1.4
Arizona.....	2,100	5,600	108,000	52.20	19.35	-4.0	-3.4	+6.6	-10.1
Arkansas.....	310	1,100	4,300	14.00	3.80	+18.0	+3.5	-3.3	-6.5
California.....	29,000	45,100	2,263,000	78.05	50.20	-5.8	+5.6	+27.1	+68.3
Colorado.....	1,100	3,800	42,900	39.10	11.30	-9.9	-7.5	+18.4	-7.4
Connecticut.....	4,300	12,500	194,300	80.30	27.45	+2.3	+3.6	+15.2	+29.6
Delaware.....	1,500	2,900	85,000	57.00	28.95	+2.0	+2.0	+1.9	+2.8
District of Columbia.....	990	1,100	87,500	88.25	81.20	+4.0	+4.3	+7.6	+21.2
Florida <sup>3</sup> .....	7,900	(?)	241,000	.....	.....	.....	.....	.....	.....
Georgia.....	2,000	5,100	75,600	37.05	14.80	+2.1	-3.1	-7.7	+1.2
Guam.....	29	37	2,100	(?)	(?)	(?)	(?)	(?)	(?)
Hawaii.....	1,300	2,100	118,000	92.45	56.00	+3.4	+2.7	+26.8	+13.7
Illinois.....	21,100	49,900	1,896,000	90.05	38.00	-1	-4	+13.5	+14.1
Iowa <sup>4</sup> .....	3,700	7,600	152,000	.....	.....	.....	.....	.....	.....
Kansas.....	2,300	5,200	201,000	88.10	38.50	-6.3	-8.0	+8.2	+10.0
Louisiana.....	5,900	6,500	298,000	50.65	45.95	-1	(?)	-14.2	-16.9
Maine.....	2,300	7,600	108,000	47.75	14.30	(?)	(?)	-6	+3.8
Maryland.....	7,800	8,800	629,000	80.20	71.45	-2.6	-2.3	-4.2	-3.0
Massachusetts.....	8,100	16,800	738,000	91.10	44.05	-7	+2	+17.4	+52.0
Michigan.....	16,200	55,100	1,949,000	120.35	35.40	(?)	(?)	+2.4	+8.6
Minnesota.....	5,700	17,600	487,000	85.15	27.70	-11.3	-11.6	-16.0	-15.6
Mississippi.....	1,300	1,600	23,700	18.45	14.85	+1	-2	+19.3	+18.7
Missouri.....	9,700	12,300	659,000	67.95	53.60	-6	+6	-1.6	-1.5
Montana.....	1,100	3,300	62,200	56.70	18.95	-15.6	-15.8	+2.4	+1.6
Nevada.....	360	870	17,000	47.55	19.55	-10.4	-24.7	+29.8	-23.0
New Hampshire.....	800	2,600	53,000	66.25	20.30	-9.6	-9.9	+13.4	+13.5
New Jersey <sup>5</sup> .....	11,300	35,000	1,100,000	97.55	31.45	-7.1	-28.3	+19.1	-8.4
New Mexico <sup>6</sup> .....	370	680	18,700	50.15	27.40	.....	.....	.....	.....
New York.....	67,700	146,000	7,641,000	112.85	52.35	+2.0	+2.2	+32.4	+57.6
North Carolina.....	1,800	4,900	49,600	27.15	10.25	+1.7	+14.9	-4.4	+10.9
North Carolina.....	1,800	4,900	49,600	27.15	10.25	+1.7	+14.9	-4.4	+10.9
North Dakota.....	370	1,800	21,400	58.05	11.60	+2	-20.1	+18.3	-6.3
Ohio.....	24,700	69,400	2,247,000	91.05	32.40	+3.9	+3.2	+32.3	+41.7
Oklahoma <sup>7</sup> .....	5,200	(?)	68,700	.....	.....	.....	.....	.....	.....
Oregon.....	4,100	(?)	233,000	56.45	.....	.....	-5.2	.....	+19.6
Pennsylvania.....	28,000	35,600	2,085,000	74.45	58.60	-9	-2.2	-3.3	+1.7
Puerto Rico <sup>8</sup> .....	1,100	1,100	9,300	8.60	8.60	.....	.....	.....	.....
Rhode Island.....	3,600	9,100	220,000	61.00	24.25	+12.3	-2.1	+45.7	+37.1
South Carolina <sup>9</sup> .....	1,200	1,400	37,200	.....	.....	.....	.....	.....	.....
South Dakota.....	300	980	10,500	34.55	10.75	-28.7	-33.4	-36.5	-31.9
Tenn.....	1,700	2,600	57,100	34.20	22.00	-6.0	-2.5	-22.3	+21.8
Texas <sup>10</sup> .....	8,500	(?)	268,000	.....	.....	.....	.....	.....	.....
Utah.....	670	770	45,100	67.70	58.40	-12.2	-13.5	+8	+13.3
Vermont <sup>11</sup> .....	900	(?)	27,000	.....	.....	.....	.....	.....	.....
Virgin Islands.....	160	160	6,000	38.65	36.75	-7.9	-10.3	-19.7	-19.6
Virginia.....	3,500	8,300	182,000	51.45	21.90	-3.8	-1.7	+12.3	+19.6
Washington.....	7,400	11,800	613,000	83.25	51.90	-6.3	-3.3	+21.0	+27.8
West Virginia.....	1,900	3,300	83,300	44.30	24.95	+3.0	-4.4	+36.4	+51.0
Wisconsin.....	3,900	10,700	367,000	78.70	28.75	-12.6	-13.6	-37.2	-35.8
Wyoming.....	250	860	16,600	65.85	19.20	-23.8	-29.8	-32.3	-35.4

<sup>1</sup> All data subject to revision.

<sup>2</sup> Partly estimated; does not represent sum of State figures because totals exclude for New Jersey an estimated number of cases and persons receiving only medical care, hospitalization, and/or burial and payments for such services; recipient count includes an estimate for States not reporting such data. Excludes Idaho, Indiana, Kentucky, and Nebraska; data not available.

<sup>3</sup> Average payment not computed on base of fewer than 50 recipients; percentage change on fewer than 100 recipients.

<sup>4</sup> About 10 percent of this total is estimated.

<sup>5</sup> Partly estimated.

<sup>6</sup> Data not available.

<sup>7</sup> Increase of less than 0.05 percent.

<sup>8</sup> Decrease of less than 0.05 percent.

<sup>9</sup> Estimated in April 1967.

<sup>10</sup> Includes an unknown number of cases and persons receiving only medical care, hospitalization, and/or burial and payments for such services.

<sup>11</sup> Represents data for April; May data not received.

<sup>12</sup> Estimated on basis of reports from sample of local jurisdictions.

TABLE 9.—AMOUNT OF VENDOR PAYMENTS FOR MEDICAL CARE FOR RECIPIENTS OF PUBLIC ASSISTANCE, BY PROGRAM AND STATE, MAY 1967<sup>1</sup>

State	Total <sup>2</sup>	Percentage change from—		Medical assistance	Medical assistance for the aged	Old-age assistance	Aid to the blind	Aid to the permanently and totally disabled	Aid to families with dependent children	General assistance <sup>3</sup>
		April 1967	May 1966							
Total.....	\$ 222,138,000	-3.9	+33.7	\$ 188,743,000	\$5,018,000	\$16,440,000	\$291,000	\$3,515,000	\$3,017,000	\$5,115,900
Alabama.....	1,186,000	-1.9	-22.9	.....	.....	.....	.....	.....	.....	.....
Alaska <sup>4</sup> .....	59,600	-47.7	-56.2	.....	1,200	1,079,000	3,000	103,000	200	.....
Arizona.....	115,000	-13.3	+29.9	.....	.....	38,800	760	20,100	.....	.....
Arkansas <sup>4</sup> .....	1,521,000	-2.4	-1.2	.....	1,900	113,000	.....	.....	.....	.....
California.....	46,008,000	-34.2	+19.9	46,008,000	74,600	1,015,000	26,400	333,000	72,500	.....
Colorado.....	1,972,000	-4.7	-24.1	.....	.....	.....	.....	.....	.....	.....
Connecticut.....	3,116,000	+11.1	+18.3	3,116,000	.....	470,000	3,900	148,000	187,000	48,000
Delaware.....	244,000	+40.0	+385.5	244,000	.....	.....	.....	.....	.....	.....
District of Columbia.....	10,200	-93.8	-98.0	.....	.....	.....	.....	.....	.....	.....
Florida <sup>4</sup> .....	1,924,000	-5	+5	.....	.....	1,800	240	3,900	3,300	920
Georgia <sup>4</sup> .....	1,843,000	+6.1	+19.9	.....	830	1,526,000	17,900	253,000	126,000	.....
Guam.....	890	-60.5	.....	.....	.....	1,398,000	18,100	339,000	88,700	.....
Hawaii.....	766,000	-21.9	+11.1	766,000	.....	890	.....	.....	.....	.....
Idaho.....	529,000	-3.3	+12.8	529,000	.....	.....	.....	.....	.....	.....
Illinois.....	9,318,000	+21.0	+9.6	8,406,000	.....	.....	.....	.....	.....	913,000
Indiana.....	2,181,000	+15.6	+12.6	.....	256,000	1,184,000	76,600	274,000	390,000	.....
Iowa.....	2,184,000	+14.4	+8.4	.....	434,000	1,190,000	20,700	107,000	199,000	233,000
Kansas <sup>4</sup> .....	1,660,000	+10.0	+1	.....	628,000	287,000	11,300	205,000	336,000	183,000
Kentucky.....	2,611,000	-7.5	+43.5	2,611,000	.....	.....	.....	.....	.....	.....
Louisiana.....	3,297,000	+6.1	+4.6	3,247,000	.....	.....	.....	.....	.....	.....
Maine.....	742,000	-8.2	-5.6	742,000	.....	.....	.....	.....	.....	50,100
Maryland.....	3,865,000	-5.1	+132.4	3,865,000	.....	.....	.....	.....	.....	.....
Massachusetts.....	13,231,000	+29.2	+37.9	12,999,000	.....	.....	.....	.....	.....	232,000
Michigan.....	11,407,000	+16.1	+14.8	11,217,000	.....	.....	.....	.....	.....	190,000
Minnesota.....	6,681,000	+6.5	+4.6	6,436,000	.....	.....	.....	.....	.....	245,000
Mississippi.....	194,000	+25.7	-26.5	.....	.....	148,000	2,300	43,200	.....	.....

Missouri	1,148,000	- 7	-22.7		944,000	109,000	61,900	34,100
Montana	638,000	+ 8	-15.2		219,000	44,700	360	372,000
Nebraska	1,638,000	+7.3	+16.7	1,638,000		330		
Nevada	143,000	-23.9	-62.2		<sup>1</sup> 83,500	19,500	2,400	14,200
New Hampshire	221,000	+3.5	-38.4		40,100	99,200	5,100	50,000
New Jersey	2,689,000	- 2	-7.8		<sup>1</sup> 1,431,000	152,000	11,300	325,000
New Mexico	846,000	+11.8	+35.0	846,000				442,000
New York	47,811,000	+15.6	+162.0	47,811,000				328,000
North Carolina	1,592,000	+3.8	-5.5		133,000	356,000	28,100	549,000
North Dakota	901,000	+28.6	+26.9	890,000				386,000
Ohio	4,539,000	+13.7	+4.7	3,587,000				140,000
Oklahoma	4,508,000	-15.3	+34.4	4,508,000				11,300
Oregon	1,226,000	+ 8	-9.2		79,800	543,000	13,500	215,000
Pennsylvania	12,088,000	+3.5	+65.6	12,088,000				273,000
Puerto Rico	2,988,000	+18.2		2,988,000				103,000
Rhode Island	1,635,000	-18.7	+21.6	1,528,000				
South Carolina	585,000	-9.5	-30.2		1,000	424,000	25,300	107,000
South Dakota	537,000	+3.0	+25.4		273,000	149,000	470	40,400
Tennessee	1,241,000	+23.3	-8.5		158,000	929,000	4,100	70,500
Texas	4,193,000	-1.8	+18.4			3,914,000	2,800	77,000
Utah	768,000	+15.2	+21.0	764,000				199,000
Vermont	750,000	-17.7	+116.5	750,000				4,100
Virgin Islands	( <sup>2</sup> )			( <sup>2</sup> )				
Virginia	716,000	+1.8	-10.9		82,900	378,000	13,600	146,000
Washington	3,447,000	+2.3	+3.2	3,447,000				67,200
West Virginia	882,000	-5.9	-29.2	774,000				28,800
Wisconsin	7,038,000	+14.7	+45.0	6,939,000				47,200
Wyoming	147,000	+20.7	-9.9		4,600	40,400	2,400	22,200
								15,600
								61,500

<sup>1</sup> Amounts represent primarily bills paid during the month and therefore are subject to fluctuations unrelated to provisions of medical services. All data subject to revision.

<sup>2</sup> Data incomplete for general assistance. Some States do not report these data and for some the data represent only partial reporting. The total includes an estimated amount for these States.

<sup>3</sup> Data not reported by Virgin Islands.

<sup>4</sup> Except for aid to families with dependent children and general assistance, data represent payments for recipients of the specified types of assistance under program for aid to the aged, blind, or disabled, or for such aid and medical assistance for the aged.

<sup>5</sup> Excludes small amount of money payments not subject to Federal participation.

<sup>6</sup> Partly estimated.



TABLE 10.—AMOUNTS OF MEDICAL VENDOR PAYMENTS FOR PUBLIC ASSISTANCE PROGRAMS UNDER THE SOCIAL SECURITY ACT, BY FORM OF PAYMENT AND STATE, MAY 1967<sup>1</sup>

State	Total	Form of medical vendor payments			
		Payments to vendors directly or through fiscal agent	Premium or per capita payments		
			Into agency pooled fund	Into Social Security Administration system	To health-insuring agency
<b>Total<sup>2</sup></b> .....	\$217, 023, 000	\$206, 814, 000	\$5, 483, 000	\$2, 671, 000	\$2, 054, 000
Title XIX States <sup>2</sup> .....	188, 743, 000	184, 370, 000	3, 194, 000	1, 127, 000	50, 900
Other States .....	28, 280, 000	22, 444, 000	2, 289, 000	1, 544, 000	2, 003, 000
<b>Title XIX States</b>					
California .....	\$46, 008, 000	\$45, 413, 000		\$594, 000	
Connecticut .....	3, 116, 000	3, 085, 000		30, 600	
Delaware .....	244, 000	244, 000			
Hawaii .....	766, 000	766, 000			
Idaho .....	529, 000	529, 000			
Illinois .....	8, 406, 000	8, 406, 000			
Kentucky .....	2, 611, 000	2, 611, 000			
Louisiana .....	3, 247, 000	3, 247, 000			
Maine .....	742, 000	706, 000		35, 600	
Maryland .....	3, 865, 000	3, 865, 000			
Massachusetts .....	12, 999, 000	12, 934, 000		64, 500	
Michigan .....	11, 217, 000	11, 217, 000			
Minnesota .....	6, 436, 000	6, 354, 000		82, 100	
Nebraska .....	1, 638, 000	1, 592, 000		46, 100	
New Mexico .....	846, 000	846, 000			
New York .....	47, 811, 000	47, 811, 000			
North Dakota .....	890, 000	890, 000			
Ohio .....	3, 587, 000	3, 587, 000			
Oklahoma .....	4, 508, 000	1, 066, 000	\$3, 194, 000	247, 000	
Pennsylvania .....	12, 088, 000	12, 088, 000			
Puerto Rico .....	2, 988, 000	2, 988, 000			
Rhode Island .....	1, 528, 000	1, 528, 000			
Utah .....	764, 000	764, 000			
Vermont .....	750, 000	741, 000		9, 600	
Washington .....	3, 447, 000	3, 397, 000			\$50, 900
West Virginia .....	774, 000	774, 000			
Wisconsin .....	6, 939, 000	6, 921, 000		17, 800	
<b>Other States</b>					
Alabama .....	\$1, 186, 000	\$1, 186, 000			
Alaska .....	59, 600	59, 600			
Arizona .....	115, 000	81, 200		\$32, 000	\$1, 800
Arkansas .....	1, 521, 000	1, 328, 300		193, 000	
Colorado .....	1, 924, 000	1, 628, 000		118, 000	178, 000
District of Columbia .....	9, 300	9, 300			
Florida .....	1, 924, 000	1, 692, 000		232, 000	
Georgia .....	1, 843, 000	1, 843, 000			
Guam .....	890	890			
Indiana .....	2, 181, 000	1, 948, 000		61, 500	171, 000
Iowa .....	1, 951, 000	1, 881, 000		69, 600	
Kansas .....	1, 467, 000	1, 467, 000			
Mississippi .....	194, 000	194, 000			
Missouri .....	1, 114, 000	1, 114, 000			
Montana .....	267, 000	254, 000		12, 300	
Nevada .....	120, 000	120, 000			
New Hampshire .....	221, 000	43, 800	\$177, 000		
New Jersey .....	2, 360, 000	2, 314, 000		45, 900	
North Carolina .....	1, 452, 000	421, 000	1, 031, 000		
Oregon .....	1, 123, 000	1, 123, 000			
South Carolina .....	580, 000	512, 000		68, 400	
South Dakota .....	463, 000	445, 000		17, 500	
Tennessee .....	1, 241, 000	160, 000	1, 081, 000		
Texas .....	4, 193, 000	1, 960, 000		655, 000	1, 578, 000
Virginia .....	687, 000	580, 000		33, 200	73, 800
Wyoming .....	85, 300	79, 600		5, 600	

<sup>1</sup> All data subject to revision.<sup>2</sup> Data not reported by the Virgin Islands.

TABLE 11.—GENERAL ASSISTANCE: RECIPIENTS AND PAYMENTS TO RECIPIENTS FOR SELECTED CITIES  
MAY 1967

[Excludes vendor payments for medical care and cases receiving only such payments]

City	Number of—		Payments to recipients			Percentage change from—			
	Cases	Recipients	Total amount	Average per—		April 1967 in—		May 1966 in—	
				Case	Recipient	Number of recipients	Amount	Number of recipients	Amount
Total, 17 cities <sup>1</sup> ...	131,000	246,000	\$12,702,000	\$97.10	\$51.65	+3.2	+3.3	+13.6	+31.3
Baltimore.....	6,900	7,700	561,000	80.95	72.55	-2.2	-1.8	-4.8	-3.8
Boston.....	3,100	4,000	323,000	104.85	81.65	+1.0	+1.8	+12.4	+93.8
Buffalo <sup>2</sup> .....	3,900	5,800	361,000	92.10	62.35	+6	-4.0	-3.8	+7.9
Chicago.....	12,600	28,800	1,369,000	108.65	47.45	+5.2	+2.0	+23.1	+20.0
Cincinnati <sup>3</sup> .....	4,900	16,100	366,000	74.75	22.80	+3.4	-3	-3.5	+8
Cleveland <sup>3</sup> .....	6,600	18,200	591,000	89.00	32.50	+5.8	+4.8	+55.5	+106.0
Detroit.....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )						
District of Columbia.....	990	1,100	87,500	88.25	81.20	+4.0	+4.3	+7.6	+21.2
Los Angeles <sup>3</sup> .....	15,200	22,100	1,143,000	75.20	51.80	-3.8	+5.2	+74.5	+79.2
Milwaukee <sup>3</sup> .....	2,100	4,900	183,000	86.30	37.50	-12.8	-12.5	-44.5	-41.6
Minneapolis.....	1,400	3,000	116,000	85.30	38.50	( <sup>2</sup> )	( <sup>2</sup> )	-30.2	-28.3
New Orleans.....	780	840	42,100	53.75	50.00	+2.9	+4.0	-8.1	-9.4
New York.....	50,200	104,000	5,842,000	116.45	56.35	+3.0	+3.9	+44.2	+66.7
Philadelphia.....	7,800	11,600	643,000	81.95	55.70	+1.2	-7	+11.0	+14.3
Pittsburgh <sup>3</sup> .....	7,900	8,700	607,000	77.25	69.60	-2.4	-3.1	-15.8	-10.9
Rochester <sup>3</sup> .....	650	1,800	61,700	94.65	34.45	+1.2	-7.1	-4.5	+12.3
St. Louis.....	1,800	2,200	120,000	66.35	54.20	+5.1	+4.2	+13.6	+7.4
San Francisco.....	3,900	5,500	284,000	72.15	51.95	+5.5	+12.1	+6.5	+50.5

<sup>1</sup> Data not reported by Detroit.

<sup>2</sup> Data for county in which city is located.

<sup>3</sup> Data not reported for April 1967.

TABLE 12.—AID TO FAMILIES WITH DEPENDENT CHILDREN—RECIPIENTS AND MONEY PAYMENTS TO RECIPIENTS UNDER COMMUNITY WORK AND TRAINING PROGRAMS, BY STATE, MAY 1967<sup>1</sup>

State	Number of families with a recipient on work and training programs	Number of recipients				Money payments to recipients			
		Total <sup>2</sup>	Adults		Children	Total	For work performed on work and training programs	Average per family	
			On work and training programs <sup>3</sup>	Other				Total	For work performed on work and training programs
Total.....	15,300	90,600	15,300	13,400	61,900	\$2,917,000	\$1,954,000	\$191.15	\$128.05
California.....	4,100	25,800	4,100	3,900	17,800	1,043,000	410,000	254.40	99.90
Colorado.....	510	3,100	520	460	2,100	119,000	55,200	231.15	107.30
Illinois.....	640	3,800	640	490	2,700	149,000	114,000	233.70	178.50
Kansas.....	75	460	75	73	320	20,300	6,200	270.30	82.50
Maryland.....	21	120	21	20	81	4,000	3,000	( <sup>4</sup> )	( <sup>4</sup> )
Michigan.....	140	790	140	1	650	41,500	18,200	300.85	131.60
Ohio.....	1,900	10,700	1,900	1,200	7,600	309,000	214,000	160.10	111.00
Oregon.....	330	1,900	330	310	1,300	72,800	18,500	218.00	55.45
Pennsylvania.....	350	2,100	350	340	1,400	85,400	56,400	241.10	159.30
Washington.....	180	970	180	160	620	<sup>5</sup> 35,100	<sup>5</sup> 20,800	.....	.....
West Virginia.....	6,900	40,700	6,900	6,400	27,300	1,032,000	1,032,000	148.55	148.55
Wisconsin.....	27	160	27	23	110	6,500	6,500	( <sup>4</sup> )	( <sup>4</sup> )

<sup>1</sup> Represents data for community work and training programs under plans for such programs submitted under section 409 of Social Security Act. These data are included in data for the total program and for the unemployed-parent segment. All data subject to revision.

<sup>2</sup> Includes as recipients the children and 1 or both parents or 1 caretaker relative other than a parent in families in which the requirements of such adults were considered in determining the amount of assistance.

<sup>3</sup> In some States includes a few child recipients aged 18 to 20.

<sup>4</sup> Average payment not computed on fewer than 50 families.

<sup>5</sup> Estimated.

TABLE 13.—AID TO FAMILIES WITH DEPENDENT CHILDREN RECEIVING FOSTER CARE: RECIPIENTS AND PAYMENTS FOR FOSTER CARE, BY STATE, MAY 1967<sup>1</sup>

State	Number of—				Payments for foster care			
	Children receiving foster care			Families from which children were removed	Total amount	Average per child	In foster homes	In institutions
	Total	In foster homes	In institutions					
Total.....	7,800	7,300	1,440	3,400	\$603,000	\$76.95	\$526,000	\$70,300
Alabama.....	0	0	0	0	0	.....	0	0
Alaska.....	57	57	0	28	6,700	117.00	6,700	0
Arizona.....	300	300	0	120	22,100	73.25	22,100	0
California.....	1,700	1,500	160	840	163,000	98.30	132,000	31,800
Connecticut.....	28	28	0	11	2,900	( <sup>2</sup> )	2,900	0
Illinois.....	75	( <sup>2</sup> )	( <sup>2</sup> )	31	6,500	87.25	( <sup>2</sup> )	( <sup>2</sup> )
Indiana.....	170	170	0	72	46,700	.....	46,700	0
Iowa.....	140	130	10	85	10,700	77.60	9,400	1,300
Kansas.....	140	140	2	66	13,800	96.95	13,500	310
Kentucky.....	43	38	5	14	2,900	( <sup>2</sup> )	2,600	350
Louisiana.....	780	720	58	330	58,100	76.25	51,900	7,100
Maryland.....	1,200	1,100	53	430	82,400	77.65	86,900	5,500
Michigan.....	95	87	8	39	6,900	72.35	6,000	850
Minnesota.....	250	210	39	130	27,000	109.80	15,600	11,400
Missouri.....	150	150	0	63	7,900	53.75	7,900	0
Nebraska.....	61	43	18	32	3,200	53.00	2,900	340
Nevada.....	19	19	0	19	1,300	( <sup>2</sup> )	1,300	0
New Mexico.....	110	110	0	19	6,300	59.10	6,300	0
North Carolina.....	31	31	0	8	1,700	( <sup>2</sup> )	1,700	0
Ohio.....	320	310	14	140	19,100	59.35	18,100	1,000
Oklahoma.....	430	430	0	200	22,200	52.00	22,200	0
Oregon.....	110	110	0	46	8,100	75.55	8,100	0
Tennessee.....	460	430	31	170	29,800	64.15	27,900	1,900
Utah.....	210	210	0	100	12,800	61.05	12,800	0
Virginia.....	47	47	0	16	2,200	( <sup>2</sup> )	2,200	0
Washington.....	520	520	0	220	32,700	63.20	32,700	0
West Virginia.....	250	220	21	70	13,800	56.35	12,500	1,300
Wisconsin.....	210	190	21	70	21,200	99.25	14,100	7,200

<sup>1</sup> Data for this segment of the program, shown separately here, are included in data for the total program. All data subject to revision.

<sup>2</sup> Excludes Illinois, breakdown not available.

<sup>3</sup> Average payment not computed on base of fewer than 50 children.

<sup>4</sup> Represents data for April; May data not reported.

WORK EXPERIENCE AND TRAINING PROGRAM UNDER TITLE V OF THE ECONOMIC OPPORTUNITY ACT OF 1964, AS AMENDED

TABLE A-1.—WORK EXPERIENCE AND TRAINING: STATUS OF PROJECTS, MAY 1967

Item	Number of projects			
	Total funded	Phased out or not renewed	Not yet in operation	In operation
Total.....	341	41	12	288
State administrative.....	43	3	0	40
Local administrative.....	13	13	0	0
Work experience and training.....	285	25	12	248
Counties and independent cities covered.....	774	42	21	711
Number of training spaces authorized.....	88,431	22,510	1,480	64,441
States and jurisdictions covered.....	53	.....	.....	53

<sup>1</sup> Includes projects that were merged.

<sup>2</sup> This figure includes training spaces that were in phased-out projects and also training spaces in projects that are in the process of being phased out.

<sup>3</sup> Excludes Alabama.

TABLE A-2.—WORK EXPERIENCE AND TRAINING: NUMBER OF TRAINEES BY SEX, AND NUMBER OF THEIR DEPENDENTS (ADULTS AND CHILDREN) BY STATE, MAY 1967

State	Number aided						
	Total	Trainees			Dependents of trainees		
		Total	Male	Female	Total	Adults	Children
Total.....	319,832	64,683	29,346	35,337	255,149	35,066	220,083
Alabama.....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Alaska.....	605	120	40	80	485	108	377
Arizona.....	1,953	435	127	308	1,518	144	1,374
Arkansas.....	4,027	831	398	433	3,196	449	2,747
California.....	18,789	3,968	1,861	2,107	14,821	2,023	12,798
Colorado.....	7,974	1,348	872	476	5,726	865	4,861
Connecticut.....	4,533	1,160	173	987	3,373	156	3,217
Delaware.....	371	61	25	36	310	26	284
District of Columbia.....	4,355	913	300	613	3,442	248	3,194
Florida.....	5,077	1,018	206	812	4,059	244	3,815
Georgia.....	1,901	396	92	304	1,505	85	1,420
Guam.....	0	0	0	0	0	0	0
Hawaii.....	367	80	64	16	287	45	242
Idaho.....	1,608	365	182	183	1,243	186	1,057
Illinois.....	3,899	993	412	581	2,906	183	2,723
Indiana.....	1,539	620	24	596	919	22	897
Iowa.....	3,456	880	190	690	2,576	196	2,380
Kansas.....	221	51	12	39	170	18	152
Kentucky.....	25,736	4,448	4,448	0	21,288	4,309	16,979
Louisiana.....	5,715	1,129	286	843	4,586	390	4,196
Maine.....	1,632	361	234	127	1,271	226	1,045
Maryland.....	4,923	1,138	230	908	3,785	161	3,624
Massachusetts.....	10,300	2,623	591	2,032	7,677	405	7,272
Michigan <sup>2</sup> .....	13,049	3,127	528	2,599	9,922	577	9,345
Minnesota.....	8,222	2,046	857	1,189	6,176	770	5,406
Mississippi.....	16,085	2,740	1,181	1,559	13,345	1,344	12,001
Missouri.....	4,253	951	180	771	3,302	193	3,109
Montana.....	803	152	69	83	651	68	583
Nebraska.....	1,288	255	49	206	1,033	31	1,002
Nevada.....	1,910	439	252	187	1,471	227	1,244
New Hampshire.....	440	116	27	89	324	27	297
New Jersey.....	6,690	1,317	598	719	5,373	719	4,654
New Mexico.....	1,814	415	103	312	1,399	103	1,296
New York.....	11,697	2,810	1,136	1,674	8,887	1,327	7,560
North Carolina.....	1,809	435	129	306	1,374	71	1,303
North Dakota.....	664	95	90	5	569	87	482
Ohio.....	12,639	2,350	960	1,390	10,289	2,092	8,197
Oklahoma.....	4,467	836	476	360	3,631	561	3,070
Oregon.....	6,655	1,881	609	1,272	4,774	493	4,281
Pennsylvania.....	7,995	1,976	491	1,485	6,019	505	5,514
Puerto Rico.....	38,704	6,123	1,913	4,210	32,581	5,111	27,470
Rhode Island.....	2,106	555	101	454	1,551	85	1,466
South Carolina.....	1,034	184	38	146	850	84	766
South Dakota.....	1,621	286	196	90	1,335	194	1,141
Tennessee.....	4,664	820	331	489	3,844	368	3,476
Texas.....	2,652	619	279	340	2,033	321	1,712
Utah.....	1,503	349	107	242	1,154	146	1,008
Vermont.....	621	166	42	124	455	36	419
Virgin Islands.....	157	41	3	38	116	2	114
Virginia.....	1,176	198	96	2	978	193	785
Washington.....	4,376	1,055	245	810	3,321	291	3,030
West Virginia.....	46,094	7,983	7,004	979	38,111	7,881	30,230
Wisconsin.....	4,641	1,163	130	1,033	3,478	152	3,326
Wyoming.....	1,922	262	259	3	1,660	518	1,142

<sup>1</sup> No W. E. & T projects in operation.<sup>2</sup> Data for April; May data not received.

TABLE A-3.—WORK EXPERIENCE AND TRAINING: MONTHLY REDUCTION IN EXPENDITURES FOR PUBLIC ASSISTANCE PAYMENTS RESULTING FROM EMPLOYMENT OF TRAINEES, BY STATE, MAY 1967

State	Amount of monthly reductions				In general assistance cases
	Total	In federally aided public assistance cases		Reduced payment	
		Total	Closed cases		
Total.....	\$271, 867	\$244, 775	\$183, 548	\$61, 227	\$27, 082
Alabama.....	( <sup>1</sup> ) 0	( <sup>1</sup> ) 0	( <sup>1</sup> ) 0	( <sup>1</sup> ) 0	( <sup>1</sup> ) 0
Alaska.....	0	0	0	0	0
Arizona.....	360	360	0	360	0
Arkansas.....	728	728	665	63	0
California.....	25, 926	25, 926	15, 328	10, 598	0
Colorado.....	6, 721	6, 721	5, 095	1, 626	0
Connecticut.....	5, 810	5, 327	3, 084	2, 243	483
Delaware.....	221	221	221	0	0
District of Columbia <sup>2</sup> .....					
Florida.....	362	362	316	46	0
Georgia.....	1, 188	1, 188	711	477	0
Guam.....	0	0	0	0	0
Hawaii.....	1, 007	912	666	246	95
Idaho.....	1, 004	1, 004	1, 004	0	0
Illinois.....	3, 857	3, 475	1, 521	1, 954	382
Indiana.....	1, 900	1, 900	1, 543	357	0
Iowa.....	3, 802	3, 732	1, 286	2, 446	70
Kansas.....	0	0	0	0	0
Kentucky <sup>3</sup> .....					
Louisiana.....	1, 668	1, 668	1, 029	639	0
Maine.....	579	148	80	68	431
Maryland.....	9, 558	9, 094	7, 542	1, 552	464
Massachusetts.....	11, 090	10, 138	6, 331	3, 807	952
Michigan <sup>3</sup> .....	14, 877	14, 877	10, 475	4, 402	0
Minnesota.....	20, 120	7, 004	5, 614	1, 390	13, 116
Mississippi.....	1, 937	1, 937	653	1, 284	0
Missouri.....	1, 259	1, 259	826	433	0
Montana.....	3, 608	1, 174	1, 174	0	2, 434
Nebraska.....	310	310	310	0	0
Nevada.....	144	144	144	0	0
New Hampshire.....	1, 085	1, 085	460	625	0
New Jersey.....	8, 745	2, 198	1, 083	1, 115	6, 547
New Mexico.....	887	887	622	265	0
New York.....	22, 194	21, 977	14, 155	7, 822	217
North Carolina.....	107	107	107	0	0
North Dakota.....	0	0	0	0	0
Ohio.....	16, 323	15, 615	11, 511	4, 104	708
Oklahoma.....	5, 307	5, 307	4, 943	364	0
Oregon.....	3, 361	3, 301	2, 848	453	60
Pennsylvania.....	4, 800	4, 812	3, 608	1, 204	78
Puerto Rico.....	1, 483	1, 483	960	523	0
Rhode Island.....	910	363	292	71	547
South Carolina.....	931	931	917	14	0
South Dakota.....	3, 483	3, 483	2, 709	774	0
Tennessee.....	1, 548	1, 548	596	952	0
Texas.....	645	645	528	117	0
Utah.....	3, 199	3, 199	2, 868	331	0
Vermont.....	35	35	0	35	0
Virgin Islands.....	0	0	0	0	0
Virginia.....	0	0	0	0	0
Washington.....	10, 244	10, 244	9, 116	1, 128	0
West Virginia.....	63, 505	63, 505	56, 937	6, 568	0
Wisconsin.....	4, 949	4, 441	3, 670	771	508
Wyoming.....	0	0	0	0	0

<sup>1</sup> No work experience and training projects in operation.

<sup>2</sup> Trainees were unemployed or in the marginal income group but were neither recipients of public assistance nor general assistance before title V training.

<sup>3</sup> Data for April; May data not received.

Senator CARLSON. Mr. Chairman, may I ask a question?

Senator ANDERSON. Senator Carlson.

Senator CARLSON. Mr. Secretary, Mr. Cohen, in your last statement you stressed the need for additional personnel in many of these areas and you suggest that we ought to increase the authorization in order to secure additional people. Would not it be helpful if we would increase this \$1,500 that these people over 65 can earn with a hope that they might continue earning instead of drawing social security payments?

Mr. COHEN. Well, we recognize the validity of the general point and, as Mr. Ball said yesterday, we propose raising the limit to \$1,680. If you were to try to make an analysis to see just what is the marginal point at which you would get most of these nurses back working, how many there would be, you might come to some slightly different figure than we are recommending. I do think that we ought to be careful about increasing the limit on the retirement test because it does cost a good deal of money to do so, and it provides additional income only to the people who are working whereas the other 22 million people who are not working do not get any benefit from increasing the earnings limit, Senator Carlson.

Senator CARLSON. All I can state is that there seems to be a great interest in this item which you now have agreed to accept at \$1,680 in the country and in the Nation as a whole and there seem to be more people that were concerned about this than Mr. Ball's figure would indicate yesterday. But, we shall not go into that now.

Mr. COHEN. That concludes our statement, Mr. Chairman.

Senator ANDERSON. Mr. Secretary, as far as I am concerned, I am very anxious to find out how much this is going to cost. Some of us have other committee assignments and many programs there are being pared down because the Nation cannot afford it. The space program is very near and dear to my own heart, but we have cut those down. Yet, every recommendation you made here seems to be raising it up. In the final total of what your recommendations have meant, how much in dollars are they going to cost?

Secretary GARDNER. I believe we have made the 1968 figures available, have we not? You are speaking of the projections that Senator Williams asked for the other day?

Senator ANDERSON. Yes; that and others.

Secretary GARDNER. We can give you the social security ones which we completed last night. We do not have the others yet.

Senator ANDERSON. But, you will supply them.

Mr. COHEN. Yes. Would you like us to go over the social security estimates now or just submit them for the record?

Senator ANDERSON. If you are going to give an indication, provide amendments of various kinds—I am talking about what the entire budget is going to cost.

Mr. COHEN. Yes, but, as the Secretary said, we have finished this morning all of the items relating to the social insurance and medicare program. Those are ready right now. The other items relating to the public assistance and child welfare are not yet completed. As I said to Senator Williams, we will have those shortly, but we have the social security part, including medicare, available now.

Senator WILLIAMS. Are all of the amendments drafted in form?

Mr. COHEN. No. I have the costs. I am talking first about the costs of these various amendments. We have those estimates completed.

Senator WILLIAMS. You have the costs but do not have the amendments drafted yet?

Mr. COHEN. No, but we have the list of the amendments, which we will try to have this afternoon, but we did the cost items first last night. Those are available.

Senator ANDERSON. We will start the questioning now, Senator Williams.

Senator WILLIAMS. I will pass at this time because, frankly, I would like to have those amendments along with the cost of each amendment so that we can discuss them. I would like to make arrangements to have you back here after we get those amendments in drafted form along with the cost factor of each amendment, and I think we would know more about what we are discussing.

Senator ANDERSON. Senator Carlson?

Senator CARLSON. Mr. Secretary, you are recommending a number of changes in the entire public welfare program which you have just mentioned that we will have additional cost figures on in a short time. These would increase the public welfare expenditures in fiscal 1968. Now, are these expenditures or the expenditures called for under H.R. 12080 included in the estimated Federal expenditures on which the President based his request for a 10-percent increase in surtax? Is this a part of that program?

Secretary GARDNER. No, sir. Not all of the expenditures in the House bill; no, sir.

Senator CARLSON. Nor those that you are suggesting in addition here. They are not a part, then, of this estimated 10-percent surtax that the President has requested?

Secretary GARDNER. The proposals that we submitted in the administration proposals are included in the budget. They are budgeted for.

Mr. COHEN. Perhaps I could explain this, Senator. All of the items that the President recommended in H.R. 5710 for the fiscal year 1968 were included in the Federal budget and as I recall, the additional amount for 1968 was \$87 million. But the House made other changes, plus and minus, and if you look on page 117 of the House committee report, when they finally finished with the entire public welfare and child welfare portions of the bill, they showed a net savings of \$78 million for 1968.

Senator CARLSON. \$78 million under the President's budget request; is that right?

Mr. COHEN. A net savings of \$78 million.

Senator CARLSON. Then I would ask, the recommendations that you are making to this committee cost additional sums as I understand it. Now, how much additional roughly would that be and were they considered in this request of the President for a 10-percent additional surtax?

Secretary GARDNER. We are not making any proposals to amend the House bill that go beyond the President's budget.

Mr. COHEN. The impact of even our recommendations, when convinced with the social security changes, would show a net savings in



1968 in the President's budget for these purposes. Perhaps I could explain that, Senator. This is an important point. One of the key factors, of course, is that when you increase social security benefits 12½ to 15 percent, it has an impact upon the old-age assistance rolls because 1 million of the 2 million people on old-age assistance are drawing social security, and obviously the States have determined that their benefits are not sufficient and must be supplemented.

Now, if you increase social security benefits to an individual by \$10, and he is on old-age assistance, the effect of that in most States which were paying the full need standard would be to reduce State old-age assistance approximately \$10.

Let us assume just for the sake of argument that \$5 of that \$10 was Federal funds. The net effect is that a \$10 social security increase should decrease the Federal cost of public assistance for that person by about \$5, providing that the State does not either raise its standards or Congress does not change the present law. The House cost estimate has included that element in its savings, and this would have an impact on the net savings in the President's budget.

Senator WILLIAMS. Mr. Cohen, you are recommending that the States raise their standards and not deduct this; are you not?

Mr. COHEN. No, sir. The Secretary is recommending that the States be required to pay their full standard but that they still be required to deduct the full amount of the social security increase, subject to only one provision. There is in the existing law a provision which I believe the Senate put in in 1965 that gives States an opportunity to disregard \$5 worth of social security income if they so wish. Not all States have yet utilized that. I think only about a third of the States have. So generally speaking, if the law were to remain the way it is today, a major share of the social security increases would be reflected in some decrease in the Federal share of public assistance.

Senator CARLSON. This may be a good place to discuss the effect of these Federal increases based on reductions of other payments for pensions, for veterans, for old-age assistance plans, and private pension funds. I bring this up because a release this week by a subcommittee on the Special Committee on Aging, and I happen to be a member of the full committee, not on this subcommittee, under the chairmanship of Jennings Randolph, Senator Randolph of West Virginia. The release starts out, and I shall get into separate sections of it briefly, by:

Social Security increases this year could again become the trigger for reductions in other forms of retirement unless new safeguards are imposed.

Now, you just discussed the fact that the Federal contributions to the States will increase. That does not necessarily mean that the States would increase theirs based on the same amount that the Federal Government increases theirs; is that correct?

Mr. COHEN. Well, the matter of the determination of the level of need on payments under the State law is exclusively up to the State. The States can raise them or lower them as long as they set a standard of need. What the Secretary is recommending is that effective July 1, 1969, the States would have to pay their needs standard. So between now and 1969 States could have the benefit of the social security increase in terms of reducing not only their costs but the Federal share; but after that, they would have to pay their full standard of need.

Senator CARLSON. I think in order to get this for the record, in view of this report which is being published now by a committee of the Senate—I shall read just a sentence here from this report so that the record will be clear on this:

Since the enactment of the Social Security Act in 1935, there have been seven increases in old-age insurance benefits enacted in 1939, 1950, 1952, 1954, 1958, 1961 and 1963.

These increases were to improve retirement income for our older compatriots and to keep benefits abreast with current economic developments. As far as many Social Security beneficiaries were concerned, these increases failed to achieve their purpose because, as a result of the Social Security increases, there were corresponding or even greater reductions in various other sources of income for the elderly. At our hearings conducted in April, the witnesses said that few states have taken advantage of the 1965 legislation permitting them to avoid reductions in old-age assistance benefits due to the 1965 Social Security increase.

Is that correct?

Mr. COHEN. Yes, sir. Could I explain that? It is a rather important point.

Senator CARLSON. It is. I think it is very important.

Mr. COHEN. Senator, and also you, Senator Curtis, having been a member of the Ways and Means Committee over in the House originally, you will recall that the original concept of setting up the old-age insurance program was that in the course of time both the number of recipients and the cost of old-age assistance would decline. Now, it is true that the number of individuals on old-age assistance has declined, from about 23 percent of the aged population, somewhat in the nature of 2¾ to 2 million, as a result of both economic conditions and as a result of the impact of higher social security benefits. But until last year, the old-age assistance program was predicated on the idea that a person's social security benefits would be subtracted from the standard of need and the individual would get the residual payment from the State for public welfare.

Now, in 1965, largely at Senator Long's proposal, a provision was put in that enabled the State to disregard up to \$5 of any income, including social security benefits. And, as I recall, some 17 States took advantage of that provision, some of them not taking advantage of the full \$5. The States that took advantage of it were Alabama, Arkansas, California, Delaware, Georgia, Guam, Hawaii, Idaho, Indiana, Iowa, Massachusetts, Missouri, Nevada, Pennsylvania, South Dakota, Virginia, and Wyoming. And as I pointed out, some of them, for instance, Arkansas, only took advantage of \$3 instead of the \$5. So there are still a lot of States that can take advantage of the \$5 disregarding of income under the existing law.

Senator CARLSON. Are you making any suggestion as to how to remedy that situation in this bill?

Mr. COHEN. We did not make any formal recommendation, but I believe that in 1965, if members of the committee will remember, we discussed, I believe, in executive session the question of making it mandatory on the States to exempt \$5 but at that time I believe the Senate Finance Committee felt that it would be wise since this was the first time, to make it voluntary and see what happened and see what the experience is.

The experience has demonstrated that only a small proportion of the States have taken advantage of it.

Senator CARLSON. Well, this report also goes into reductions in veterans' pensions as a result of the 1965 social security increase. The report states:

If Congress waits until after another Social Security increase is voted to address itself to this problem, it runs the risk that the increase will again disproportionate veterans pensions reductions.

Now, do you have a comment on that?

Mr. COHEN. Yes, sir. This has been a very complicated thing and Mr. Ball has been working on that and he will—

The CHAIRMAN (presiding). Could I answer that question because I think I now know more than Mr. Ball does about that veterans' matter. We have a bill out there on the Senate floor right now where we had to yield on that very point. I now understand why the House did what it did, and after we listened to "Tiger" Teague lecture us in conference about that thing over a period of 3 days, we finally understood what the mixup was all about. We have assurance from Chairman Teague, who is chairman of the Veterans' Committee on the House side that at such time as the social security bill is passed by the Senate and agreed to in conference so he can see how big an increase is accorded under social security, he will send us a bill, unless we send him one first. So that anybody who gets an increase in social security will not have his veterans' benefit cut off because of that.

Now, how did we get into that mess we had to begin with, where a man got a social security increase and wound up losing more than he got? It worked out this way. Chairman Teague talked to Chairman Mills over on the House side back in 1964 and Chairman Teague's idea was that he should pass a veterans' bill to exempt a certain amount from veterans—from consideration for eligibility for veterans' pensions to match the social security bill, and he did that when the House passed their bill.

Well, our bill picked up the medicare amendment, you may recall, and that is the year it died in conference between the Senate and the House. I was one of the conferees, Senator Williams was one also, and there were some acrimonious charges back and forth about the fact that the bill never became law. But the veterans' bill became law and made all sorts of people who had never been intended to have their pension at all, eligible for it.

So then, when in the following year we passed this social security bill with the medicare on it, the increase then caused all the people who were never intended to have the veterans' pension in the first place to go back off the rolls. It has been my experience that you will hear 10 times as much from a fellow from whom you took something away as you do from 10 people for whom you did something. So, at the time these people went off the rolls they made all sorts of noise and protested about it and there was no other way to straighten it out. Now that they have got the genie back inside the bottle, those people over in the House Veterans' Committee are not going to pass another veterans' bill of that sort until they are sure we pass ours.

Fortunately, as far as this committee is concerned, there is no real conflict, may I say to Senator Carlson, because in our case we handle the veterans' pension and we also handle the social security pension. We have jurisdiction to look at both of them. But on the House side, the Ways and Means handles one, the Veterans' handles the other, so

if they send us a bill and one bill becomes law and the other committee's bill does not become law, it could involve all sorts of the mischief, and that is why Chairman Teague says he is going to wait to see if we pass this bill, which I think we will, and to see if we can agree to it in conference, which I think we will, and then he will pass his to see that the veterans do not lose their pension because of this.

May I say that is one thing we had to yield on in conference and the bill which we are going to vote on today is that veterans' bill. So this time, Senator Carlson—I see Senator Curtis is here, he is a cosponsor of that amendment. We called him into conference to help fight for the Senate position. We are finally out of a situation that never should have happened to begin with, and it is partly my fault because it is partly my fault the social security bill died in conference back in 1964. I do not apologize for fighting for the Senate position, even though I might not agree with it at that particular moment, but we will not fall into that trap this year. We are going to see to it, Senator Carlson, when we pass this bill that the Veterans' Committee passes theirs and if need be, you or Senator Curtis, whoever wants to, can offer to amend this bill to take care of it on that basis to make sure we have both matters nailed down when we pass this social security bill.

SENATOR CARLSON. Now, Mr. Chairman, that we understand it, maybe we can work it out.

THE CHAIRMAN. I hope you do understand it because I would hate to explain that all over again. It is pretty complicated.

SENATOR CARLSON. I have one more point on the report from the Committee on Aging. It states that private pensions are automatically reduced when social security is increased. Have you got any comments on that?

MR. COHEN. Mr. Ball.

MR. BALL. Senator Carlson, I believe by now only a small minority of private pension plans do this, but there are some of the older plans that still do. What these plans agreed to do when they were established was to guarantee that a person would get, with his social security benefit, enough from the private pension plan to bring him up to a combined benefit level of a specified amount. So that when social security is raised, a few of the plans reduce the amount they pay, usually in terms of the worker's own benefit but not reducing dependents benefits such as for the wife. They may only reduce by one-half of the social security increase as a recognition of the employee contribution being one-half of the total.

Our feeling on that, Senator, has been that, although personally I do not think that this is the best kind of a private plan to have, that since there is no compulsion on employers to establish any sort of plan—I mean, that since they are free to abolish the plan at any time or not start one, that to pick up just one item like this and say they are not allowed to do that one thing might not really improve people's protection. They could just lower benefits, in general, say. So although, as I say, personally I do not think that is the best kind of plan, I have not felt that it was a matter for Federal compulsion.

SENATOR CARLSON. I fully appreciate that. I mention these three items because here in a report now that is being issued and those members of the committee and the Congress will hear from social security retired people when we increase the benefits and States and we will hear from veterans and I had never heard from any private—

Senator CURTIS. Telephone employees.

Senator WILLIAMS. Railroad retirement.

Senator CURTIS. A.T. & T.

Mr. BALL. Yes. That is the biggest plan of this type and we have heard from them quite frequently.

Senator WILLIAMS. Railroad retirement fund is merged with social security.

Senator CARLSON. That is all, Mr. Chairman.

Mr. BALL. Senator Carlson, it might be useful to the committee just to say at this point in the record that Senator Randolph on the basis of his work on that subcommittee, as chairman of it, has now introduced a bill, S. 2275, which aims at a long-range solution of the relation of the veterans program to social security. The chairman was describing a method where it could be handled on a year-by-year basis. I think Senator Randolph is aiming at a long-range solution that might come in later on that the committee might want to consider.

Senator CARLSON. I was going to say should we not as a committee, then at least give some consideration to that rather than let that come along later? That ought to be a part of this bill if it has merit.

Mr. BALL. Well, we think it does have merit, Senator. It is the general approach that we and the Veterans' Administration have been working toward and I think it is worth your attention. Of course, comments on the specific provisions of S. 2275 would have to come from the Veterans' Administration.

Senator CARLSON. That is all.

Senator ANDERSON. Senator Long.

The CHAIRMAN. Might I ask, Mr. Secretary, between you, Mr. Cohen, Mr. Ball, and Mr. Myers, see if you can give me some kind of a chart, work it out the best way you think meaningful, to help to show to what extent these increases in social security benefits and payments have been real increases and to what extent we have merely kept up with the cost of living? In other words, I would like to see it somewhere, and I would assume that you might make it up two or three different ways, and let a person have his choice as to which one he wants to believe. Start out with the program we had and then to see step by step how much these increases we have voted simply represents a depreciation in the purchasing power of the dollar and how much it means that we voted to increase real income to somebody.

I would think you would need several charts to do that. You might need a dozen because in one you might be putting the medicare benefits and in the other one you might be leaving it out. So, if we could have some meaningful comparison, then we know what we are talking about. May I say that Mr. Ball was very highly complimented behind the scenes by Senators when he made his presentation because he had those charts there. I have learned if you can have a chart or put something down graphically where somebody can visualize it, it helps to see just what you are talking about.

You suggest that a great number of people can be lifted out of poverty if we increase the benefits to the extent that the administration has recommended.

Now, could you give me some indication as to what extent, if we do that, we are merely providing a cost-of-living increase and to what extent we are going beyond a cost-of-living increase as compared to prior benefits. It seems to me, we ought to know that.

For example, have you changed your dollar figure on poverty to allow for the decline in the purchasing power of a dollar since that \$3,000 definition was first accepted?

Secretary GARDNER. Senator, we have a good deal of the material right here and Commissioner Ball will comment on it.

Mr. BALL. Mr. Chairman, let me say first that the figures that the Social Security Administration has developed to measure poverty are on a differentiated basis, depending on family composition and whether people are living in a farm or a nonfarm area. Those very early figures of \$3,000 were very rough approximations that were put out before the more refined approach that we have taken now for quite a while was developed. And the first figures for older people, which is the most important age group to consider in the case of social security, have been increased to take account of recent increases in the cost of living. We are now using figures, if I remember correctly, that are, for the single older person, set at \$1,500 in the city, and for the couple at \$1,900. This is somewhat higher than when we first came out with them.

Now, on the broad question of to what extent would you have to increase social security to keep up with the cost of living, we would be very happy to prepare the charts as you suggest, but I could give you right at this point a generalization that might be useful for the committee to be thinking about.

If one goes back to the very beginning of the program and compares benefits then to those paid today—they are today significantly above what just cost-of-living increases would have called for. But in recent years, beginning in 1954, the benefits as compared with today have not fully kept up with the cost of living. If you make a projection through the end of this year, say, and compare it with 1954 prices, you would have to increase social security benefits about 10 percent in order to have the purchasing power the same as it was for a person on the rolls in 1954. If—

The CHAIRMAN. Have we increased it 10 percent since 1954?

Mr. BALL. We have increased it more than that. You have increased it approximately 7 percent in 1958, another 7 percent in 1965. Each time those were just slightly less than the cost of living. Then since 1965, the cost of living has increased and by the end of this year, that increase alone will be almost 7 percent. So, if you add together the deficit of 1958 and the deficit of 1965, which were slight, say around 3 percent, and what has happened since 1965, by December we would be about 10 percent behind a 1954 base of purchasing power.

The CHAIRMAN. Now, I would like you to prepare some charts to illustrate that. I am not going to insist that the whole committee sit through all of it, but maybe we can have an off-the-record session and just let you run through it with those of us who want to see just exactly what all this means.

It is one thing for us to sit here in an air-conditioned building and see people who can afford to come to work and when we go home we usually see our own families. The first thing I hear is my wife protest-

ing about all the paperwork involved for her to pay that social security tax, to take care of the household part of this. She does it for us. I think we should have some illustration, and maybe you can help to fill it out to show us, of what a person does, about what kind of clothes they wear, what kind of food they put on the table, how much transportation they can afford, how much housing those people have, a person who is retired on social security income.

In other words, when we are voting on this, it would be good for us to visualize it because I am inclined to think one thing when I am talking to someone complaining about the tax and think something else when I am talking to someone who must rely upon this as their sole source of income.

Mr. BALL. Mr. Chairman, it might be useful to the committee right at this point in the record to put in a description of what that poverty standard is. I mean, how did we arrive at \$1,500 and \$1,900, and just what that buys. It is a very low level of living and yet a substantial number of social security beneficiaries are not up to that level.

(The material furnished for the record follows:)

#### DESCRIPTION OF THE SOCIAL SECURITY ADMINISTRATION POVERTY INDEX

The starting point for the SSA poverty index is the amount of money needed to purchase the food for a minimum adequate diet as determined by the Department of Agriculture. The food budget is the lowest that could be devised to supply all essential nutrients using foods readily purchasable in the U.S. market (with customary regional variations). The poverty line is then calculated at three times the food budget (slightly smaller proportions for one and two person families) on the assumption—derived from studies of consumers—that a family that has to spend a larger proportion of its income on food will be living at a very inadequate level. The food budgets and the derivative poverty income cutoff points are estimated in detail for families of differing size and composition (62 separate family types) with a farm-nonfarm differential for each type. This variation of poverty measure in relation to family size and age of members is its most important distinguishing characteristic.

Because the level of living implied by the poverty index is lower than we think most people would regard as an appropriate measure of adequacy of income for retired persons or disabled workers and their families or widows and children, we have also developed a slightly higher index. We call this the low-income index and it is definitely low income.

The revised BLS minimum but adequate budget, when it is completed in the next few months, will almost certainly be significantly higher.

The weighted average of poverty and low income cut-off points for 1965 incomes are shown in Table 1. A detailed description of the methodology used in the development of the indexes is presented in Section B below. Section A summarizes very briefly some of the major findings that have come out of the SSA studies of poverty.

TABLE 1.—WEIGHTED AVERAGE OF POVERTY AND LOW-INCOME CRITERIA<sup>1</sup> FOR FAMILIES OF DIFFERENT COMPOSITION BY HOUSEHOLD SIZE, SEX OF HEAD, AND FARM OR NONFARM RESIDENCE  
MARCH 1966

Number of family members	Weighted average of incomes at poverty level						Weighted average of incomes at low-income level					
	Nonfarm			Farm			Nonfarm			Farm		
	Total	Male head	Female head	Total	Male head	Female head	Total	Male head	Female head	Total	Male head	Female head
1 member.....	\$1,570	\$1,635	\$1,530	\$1,110	\$1,145	\$1,070	\$1,890	\$1,980	\$1,840	\$1,340	\$1,385	\$1,290
Head under age 65.....	1,615	1,685	1,560	1,140	1,180	1,090	1,950	2,040	1,880	1,390	1,425	1,315
Head aged 65 or over.....	1,500	1,515	1,495	1,055	1,060	1,045	1,805	1,835	1,790	1,265	1,285	1,255
2 members.....	2,030	2,040	1,975	1,415	1,420	1,365	2,725	2,745	2,610	1,905	1,910	1,800
Head under age 65.....	2,100	2,110	2,025	1,475	1,480	1,410	2,810	2,835	2,665	1,980	1,985	1,860
Head aged 65 or over.....	1,890	1,895	1,880	1,325	1,325	1,325	2,545	2,550	2,500	1,785	1,785	1,760
3 members.....	2,495	2,505	2,405	1,740	1,745	1,660	3,265	3,275	3,175	2,280	2,285	2,210
4 members.....	3,200	3,200	3,180	2,250	2,255	2,205	4,145	4,150	4,050	2,920	2,920	2,825
5 members.....	3,765	3,770	3,730	2,640	2,640	2,640	4,835	4,845	4,730	3,395	3,395	3,370
6 members.....	4,235	4,235	4,220	2,970	2,970	3,055	5,440	5,445	5,345	3,820	3,820	3,860
7 or more members.....	5,205	5,215	5,090	3,630	3,635	3,560	6,615	6,630	6,455	4,610	4,615	4,515

<sup>1</sup> Required income in 1965 according to Social Security Administration poverty or low-income index for a family of given size and composition. Family income criteria weighted together in accordance with percentage distribution of total units by number of related children and sex of head, as of Current Population Survey, March 1966.

For detailed description of the Social Security Administration measures of poverty and low income and their rationale, see the Social Security Bulletin for January 1965 (pp. 5-11) and July 1965 (pp. 3-10).



## A. TRENDS IN POVERTY IN THE UNITED STATES, 1959-1965

In 1959, just under 40 million persons, or 22 percent of the non-institutional population of the United States were living in families (including single-person families) with annual incomes below the poverty line. By 1965, the number of persons living in poverty by this count was 32.7 million—6 million fewer—and 17 percent of the noninstitutional population.<sup>1</sup>

The drop in the number of poor was largely a result of the increased job opportunities and higher earnings levels resulting from the favorable economic conditions of these years. As a result a larger population of the poor in 1965 were persons with limited earning capacity or those whom age, disability or other factors kept out of the labor market entirely.

In 1959 of all households counted poor, 8 million were headed by a man and 5½ million by a woman; by 1965 the number of poor households headed by a man had dropped to 6 million, but those headed by a woman remained almost unchanged. And although there were now only 5 households in poverty for ever 6 in 1959, the number of 1 or 2 person families with an aged head remained as it had been, close to 4 million. Indeed, despite improvement—aided in large measure by an increase in the number of aged drawing OASDI—persons aged 65 and over were still the most poverty-stricken group in the Nation.

In 1959, 37 percent of persons 65 and over were living in poverty, compared with 21 percent of all other aged groups. Six years later, the poverty rates were 30 percent for the aged and 16 percent for all others.

A majority of the aged live alone or with just one other person. In 1965 two out of five households consisting of one aged person or an elderly couple fell below the poverty line, compared with but 1 in seven of all other households. The families of the aged generally have lower incomes than younger households of the same size because they are less likely to include a steady earner, and because the public programs which help many of the aged generally pay less than the earnings they are intended to replace. On the average aged couples or persons living alone must get along on less than half the money income available to a young couple or single person—a difference greater than any possible differential in living requirements.

The fact that aged men and women are less likely to work regularly than younger persons is the main reason why poverty is so much more prevalent among the aged. When families are matched by work experience and sex of the head, aged families are not so much worse off than others. For example although the poverty rate for all aged men's families is twice that of younger ones, when the head works full time the year round the rate of poverty among the aged is only 50 percent greater than among others. And indeed when the head does not work at all the average aged family will do better than a corresponding younger family because of the social security and other public support programs more readily available to older people. Among the families of men who did not work at all in 1965, 25 percent of the aged were in poverty compared with 35 percent when the head was 55-64, and 42 percent if he was under 55.

The role of social security and other public programs in ameliorating poverty is quite evident also in the situation of families headed by a woman. Because a woman responsible for a family cannot work as readily as a man and will earn less when she does, the families of women are generally much poorer than men's families. But by age 65 when most men heading a family are not working regularly either, the economic gap between the man's and woman's family lessens. With a head under 55 a woman's family is five times as likely to be poor as a man's; between 55 and 64, the woman's family is two-and a fourth as likely to be poor as the man's; by age 65 or older, the risk of poverty for the woman's family is not quite twice that of man's, and if both are not working at all, the woman's family is no more than one-and a fourth times as likely to be poor as the man's.

While the aged, the disabled and families headed by a woman with children make up the hard-core poor, there is a substantial amount of poverty among families headed by a man who works full-time but at low wages. In most cases,

<sup>1</sup> These estimates are based on special tabulations from the Current Population Survey made by the Bureau of the Census for the SSA. The data have been published in a series of articles by Mollie Orshansky in the *Social Security Bulletin*: (See the *Social Security Bulletin* for January and July 1965, and April, May and December 1966), and summary figures used in the Economic Report of the President and Annual Report of the Council of Economic Advisors for January 1966 and January 1967.

these are large families. In 1965, for example, 17 percent of the households headed by a man who worked 50 weeks or more and who had 4 or more children were poor as compared with 4 percent of fully employed male family heads with three or fewer children. When one counts children rather than families, the seriousness of the problem becomes evident. In spite of improvements in the last few years, there were 14.3 million children living in poverty in 1965, nearly half in a family with 5 or more children, about a third in families headed by a woman, but also nearly a third in families headed by a man who worked full time all year.

Just above the poverty line is a group with incomes that are still lower than what one would like to think of as an American standard of living. This near poor group included 13.6 million persons in 1965, so that the total living below a low-income level was 47.3 million (low income defined as \$1,800 for a single person and \$2,600 for a couple).

These counts of poverty and low income are based on the sample Current Population Survey. As such they exclude persons in institutions, many of whom are among the poorest. They also measure poverty on the basis of the total income of all related persons living together. Thus, for example, a widow who lives with her son or daughter because she does not have sufficient income to live alone will nevertheless not be counted as poor unless the total group is poor. Similarly some mother-child families who share quarters with relatives do not appear in the count of those living in poverty even though they could not get along on their own. The number of such "hidden poor" is significant, particularly among the aged. Because people in our society value highly the opportunity for independent living, it is useful to measure poverty or low income also on the basis of the income of the immediate family—an individual, a couple or a couple and their children.

On this basis, the SSA estimates that as of July 1, 1967, there will be about 7.5 million persons aged 65 and over, or 39 percent of the total, who are poor and 9.9 million, 51 percent who have less than a low income line. Of the 15.9 million persons aged 65 and over receiving social security benefits, some 6.2 million will be poor. Almost as many—5.7 million—will be kept out of poverty by their OASDI benefits. The increase in benefit levels that the Administration recommends would move about 1.6 million aged beneficiaries and about .5 million younger beneficiaries out of poverty. The relationship of social security benefits and poverty are discussed in more detail in the material inserted on page 193 of the transcript of the hearings.

#### B. DERIVATION OF THE SSA POVERTY INDEX

The following statements, explaining in detail the derivation of the SSA poverty index, are excerpted from the articles by Mollie Orshansky in the January and July 1965 issues of the *Social Security Bulletin*.

##### *Defining the Poverty Line*

Poverty has many facets, not all reducible to money. Even in such terms alone, it will not be possible to obtain unanimous consent to a list of goods and services that make up the *sine qua non* and the dollars it takes to buy them. The difficulty is compounded in a country such as ours, which has long since passed the stage of struggle for sheer survival.

In many parts of the world, the overriding concern for a majority of the populace every day is still "Can I live?" For the United States as a society, it is no longer whether but how. Although by the levels of living prevailing elsewhere, some of the poor in this country might be well-to-do, no one here today would settle for mere subsistence as the just due for himself or his neighbor, and even the poorest may claim more than bread. Yet as yesterday's luxuries become tomorrow's necessities, who can define for today how much is enough? And in a society that equates economic well-being with earnings, what is the floor for those whose earning capacity is limited or absent altogether, as it is for aged persons and children?

##### *Available standards for food adequacy*

Despite the Nation's technological and social advance, or perhaps because of it, there is no generally accepted standard of adequacy for essentials of living except food. Even for food, social conscience and custom dictate that there be not only sufficient quantity but sufficient variety to meet recommended nutritional goals and conform to customary eating patterns. Calories alone will not be enough.

Food plans prepared by the Department of Agriculture have for more than 30 years served as a guide for estimating costs of food needed by families of different composition. The plans represent a translation of the criteria of nutritional adequacy set forth by the National Research Council into quantities and types of food compatible with the preference of United States families, as revealed in food consumption studies. Plans are developed at varying levels of cost to suit the needs of families with different amounts to spend. All the plans, if strictly followed, can provide an acceptable and adequate diet, but—generally speaking—the lower the level of cost, the more restricted the kinds and qualities of food must be and the more the skill in marketing and food preparation that is required.<sup>2</sup>

Each plan specifies the required weekly quantities of foods in particular food groups for individuals of varying age and sex. The Department regularly publishes cost estimates at United States average prices based on the assumption that all meals are prepared at home from foods purchased at retail. Because no allowance is made for using any food from the home farm or garden, the cost estimates are not applicable to farm families without some adjustment, although the quantities presumably could be.

The low-cost plan, adapted to the food patterns of families in the lowest third of the income range, has for many years been used by welfare agencies as a basis for food allotments for needy families and others who wished to keep food costs down. Often, however, the actual food allowance for families receiving public assistance was less than that in the low-cost plan. Although spending as much as this food plan recommends by no means guarantees that diets will be adequate, families spending less are more likely to have diets falling below the recommended allowances for some important nutrients.

Recently the Department of Agriculture began to issue an "economy" food plan, costing only 75-80 percent as much as the basic low-cost plan, for "temporary or emergency use when funds are low." In January 1964, this plan suggested foods costing \$4.60 a week per person, an average of only 22 cents a meal per person in a 4-person family.<sup>3</sup> For some family members, such as men and teen-age boys, the cost was higher; for others—young children and women, for example—it was less.

The food plan as such includes no additional allowance for meals eaten out or other food eaten away from home. Meals eaten by family members at school or on the job, whether purchased or carried from home, must still come out of the same household food allowance.

The food costs for individuals according to this economy plan, at January 1964 prices, were used as the point of departure for determining the minimum total income requirement for families of different types. An additional set of poverty income points was computed, using the low-cost plan with its average per capita weekly cost of \$5.90.

#### *Choosing representative family types*

Moving from the cost of food for a family to the total income required entailed three basic steps. First, since the food plans show estimated costs separately for individuals in 19 age-sex classes, and since it is suggested that these be further adjusted for family size, it was necessary to define the family size and composition prototypes for which food costs would be computed. It was then necessary to decide how much additional income to allow for items other than food, and finally how to relate the cash needs of farm families to those of their comparable nonfarm cousins.

In view of the special interest in the economic status of families with children, and because logic suggests that income requirements are related to the number in the family, estimates were made separately for nonfarm families varying in size from two members to seven or more, further classified by sex of head and

<sup>2</sup> See U.S. Department of Agriculture, *Family Food Plans and Food Costs*, Home Economics Research Report No. 20, November 1962.

<sup>3</sup> With recommended adjustments for family size, small families are allowed somewhat more and larger families somewhat less, and for all families the actual amounts of food suggested will vary with the sex and age of the members. Even in a 4-person family, the per capita cost will vary slightly from the figure cited, depending upon whether it includes teen-agers with high food requirements or a younger child or an aged member with food needs less than average.

Recent revisions in suggested food quantities to allow for changes in the Recommended Dietary Allowances result in almost no change in the costs of the plans on the average. Foods for men of all ages and girls aged 9-12 cost slightly less than before, and foods for women under age 55 cost slightly more. (See *Family Economics Review* (U.S. Department of Agriculture), October 1964).

number of related children under age 18. To allow for the special interest in the aged, the majority of whom live alone or in couples, 2-person families were further classified by age of head as those under age 65 or aged 65 and older, for a total of 58 nonfarm family types. Four additional income cutoffs for male and female unrelated individuals—classified as under age 65 or aged 65 or older—were derived from the standards for 2-person families. With the matching set of economy level incomes for farm residents and, finally, the replication of the entire matrix at the low-cost level, a total of 248 separate income points was derived by which families could be classified.

For obvious reasons, only one age-sex composition grouping could be assumed for each of the separate family types, but even with this restriction there was still much left to decide. There was no existing cross-tabulation showing family size by number of minor children, let alone by their age. And correspondingly little information was available on the age and sex of adults other than the family head and spouse. The Decennial Census of 1960 does include distributions of families with specified numbers of own children, by ages of youngest and oldest child.<sup>4</sup> For families with more than two children, ages were arbitrarily assigned to the intermediate children, and corresponding food costs for all of them computed from the food plan. Families with a given number of children, who in the original table were arrayed in order of age of youngest child by age of oldest child, were then rearranged in order of ascending cost of food for all their children.

The age constellation chosen for the budget prototype of families with a specified number of children marked the two-thirds point in the distribution of families arrayed by the estimated total food cost for the children. Because food requirements for children increase rapidly with advancing age and the food plan cost is already critically low, this protection was deemed necessary to ensure adequate allowance for growing youngsters. Children tended to be older in families with a female head than in families with a male head, and the larger the family the younger the average age of the children. The average costs as computed therefore vary accordingly.

For example, the per capita weekly food cost for all family members combined, after adjustment for family size, was \$6.00 per person for a 2-person family consisting of a man and a child; it was \$4.30 for a 6-person family of a mother<sup>5</sup> and five children.

Since no data were available to indicate the age and sex of persons in the family other than the head and spouse and own children under age 18, arbitrary assumptions were made. Related children were considered the same as own children for computing food costs, but an additional estimating procedure was devised for other adults. The Decennial Census age and sex distributions of all persons in families classified by number of children were used to derive a composite that would be representative of adult relatives other than the head or wife, and the most suitable individual food costs from the plan were weighted together accordingly.<sup>6</sup>

Generally speaking, in families with both a husband and wife present, the "other" adults tended to be younger than those in families headed by a woman.<sup>6</sup> Male heads tended to be younger than female heads of families of the same size, and the "extra" adults were also younger. Nearly half of all the persons aged 18 or over in the husband-wife families were sons or daughters aged 18-24; only a fifth of the adults in the families with a female head were sons or daughters in this age group.

The family still headed by a husband and wife, if it shares the home, is more likely to have a married child and his or her family living with them. The female head is more likely to be sharing the home with an older person—possibly a parent—or a subfamily consisting of a daughter and her children but no husband. To some extent the data may reflect the fact that a man in the house tends to be designated as the head regardless of age or relationship, but in a mother-daughter combination the mother may be reported as the head, whether in fact it is she who is living with the daughter or the other way around.

The data on family composition are summarized in tables A and B.

<sup>4</sup> Bureau of the Census, *U.S. Census of Population: 1960—Families*, Final Report, PC(2)-4A, 1963.

<sup>5</sup> See Bureau of the Census, *U.S. Census of Population: 1960—Persons by Family Characteristics*, Final Report, PC(2)-4b, 1964.

<sup>6</sup> In deriving income standards for families with a male head and other adults, the first adult in addition to the head was considered a wife.

TABLE A.—COMPOSITION OF FAMILIES WITH CHILDREN—NUMBER OF MEMBERS IN FAMILIES WITH OWN CHILDREN UNDER AGE 18, BY SEX OF HEAD

Family member's relationship to head	Husband-wife families, by number of children					Families with other male head	Families with female head, by number of children				
	Total	1	2	3 or 4	5 or more		Total	1	2	3 or 4	5 or more
Number of families, total (in thousands).....	23,498	7,380	7,528	6,780	1,810	301	1,802	785	510	436	161
Number of persons:											
Total (in thousands).....	108,174	24,493	31,626	37,338	14,718	1,110	7,066	2,036	1,760	2,082	1,189
Number per family, total.....	4.60	3.32	4.20	5.51	8.13	3.69	3.73	2.60	3.45	4.78	7.38
Family head.....	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Under age 35.....	.37	.35	.40	.38	.28	.20	.35	.24	.38	.46	.47
Aged 35 to 54.....	.57	.53	.56	.59	.69	.61	.59	.65	.58	.52	.52
Aged 55 to 64.....	.05	.10	.04	.02	.03	.14	.05	.08	.03	.01	(1)
Aged 65 or over.....	.01	.02	(1)	.01	.00	.95	.01	.02	.01	.01	(1)
Wife of head.....	.99	.99	.99	.99	.99						
Relatives under age 18.....	2.38	1.04	2.01	3.33	5.86	2.07	2.33	1.12	2.09	3.44	6.03
Own children under age 6.....	.91	.38	.79	1.30	2.03	.44	.60	.18	.49	.99	1.83
Own children aged 6 to 17.....	1.44	.62	1.19	2.00	3.73	1.53	1.62	.82	1.51	2.34	3.96
Other.....	.03	.04	.03	.03	.05	.10	.11	.12	.09	.11	.14
Relatives aged 18 to 64.....	.19	.24	.15	.15	.24	.55	.35	.40	.32	.30	.34
Sons aged 18 to 24.....	.07	.09	.05	.05	.10	.12	.11	.13	.10	.10	.12
Sons aged 25 to 64.....	.01	.02	.01	.01	.01	.04	.03	.04	.02	.01	.01
Daughters aged 18 to 24.....	.05	.07	.04	.04	.07	.12	.09	.10	.09	.08	.10
Daughters aged 25 to 64.....	.01	.01	(1)	(1)	.01	.11	.02	.03	.02	.01	.01
Other male aged 18 to 64.....	.02	.02	.02	.02	.03	.07	.04	.04	.04	.04	.04
Other female aged 18 to 64.....	.03	.03	.03	.03	.03	.09	.06	.06	.06	.06	.06
Relatives age 65 or over.....	.04	.04	.04	.03	.03	.06	.05	.06	.04	.04	.03
Male.....	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01
Female.....	.03	.03	.03	.02	.02	.05	.04	.05	.03	.03	.02

1 Less than 0.005.

Source: U.S. Census of Population, 1980: Persons by Family Characteristics PC(2)-4B.

TABLE B.—COMPOSITION OF FAMILIES OF DIFFERENT SIZES—PERCENTAGE DISTRIBUTION OF PERSONS IN FAMILIES BY RELATIONSHIP TO HEAD, BY TOTAL NUMBER IN FAMILY AND SEX OF HEAD

Type of family member	All families	Husband-wife families, by number of persons					Families with other male head	Families with female head, by number of persons				
		Total	2	3	4 or 5	6 or more		Total	2	3	4 or 5	6 or more
Number of families: Total (in thousands)	45,149	39,659	12,046	8,451	13,723	5,436	1,295	4,197	1,987	1,014	826	369
Number of persons: Total (in thousands)	163,966	146,924	24,045	25,25	59,970	37,654	3,761	13,282	3,984	3,045	3,596	2,657
Percent	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Family head	27.53	27.00	50.11	33.47	22.89	14.44	34.41	31.60	49.87	33.33	23.00	13.89
Under age 35	7.02	7.19	7.43	9.90	7.97	3.99	5.18	5.61	5.42	6.77	6.26	3.73
Aged 35 to 54	12.54	12.47	14.17	14.97	12.79	9.20	13.19	13.16	17.87	15.04	10.85	7.08
Aged 55 to 64	4.25	4.09	14.05	5.46	1.52	.89	6.41	5.50	10.79	5.02	2.86	1.69
Aged 65 and over	3.72	3.25	14.46	3.14	.61	.36	9.63	7.33	15.79	6.50	3.03	1.39
Wife of head	24.08	26.87	49.90	33.32	22.78	14.34						
Relatives under age 18	38.66	39.00		22.98	46.84	62.17	23.24	39.23	14.64	34.39	51.30	65.26
Own children under age 6	13.77	14.50		10.06	18.30	20.70	3.56	8.58	2.91	7.52	11.87	13.77
Own children aged 6 to 17	22.81	23.05		12.18	27.45	38.05	12.31	23.14	10.02	22.86	30.39	33.35
Other relatives	2.08	1.45		.74	1.09	3.42	7.37	7.51	1.71	4.01	9.04	18.14
Relatives aged 18 to 64	8.06	5.98		8.23	6.28	7.67	32.30	24.14	26.11	26.81	23.00	19.68
Sons aged 18 to 24	1.92	1.78		2.23	2.00	2.28	2.39	3.35	2.79	3.78	3.53	3.42
Daughters aged 18 to 24	1.46	1.32		1.44	1.50	1.79	2.10	2.78	2.01	2.92	3.14	3.31
Sons aged 25 to 64	1.21	.80		2.00	.74	.62	4.23	4.92	7.08	5.62	3.75	2.45
Daughters aged 25 to 64	1.08	.60		1.19	.60	.61	6.04	4.98	6.17	5.62	4.39	3.24
Other males aged 18 to 64	1.07	.70		.68	.65	1.23	7.44	3.42	2.79	3.78	3.81	3.46
Other females aged 18 to 64	1.31	.78		.69	.79	1.34	10.10	4.69	5.27	5.09	4.37	3.80
Relatives aged 65 or over	1.67	1.15		20.1	1.22	1.20	10.08	5.03	9.39	5.48	2.70	1.13
Total male	.45	.35		.50	.37	.44	2.05	1.13	1.71	1.44	.78	.34
Total female	1.22	.80		1.51	.85	.76	8.03	3.90	7.68	4.04	1.92	.79

Source: "U.S. Census of Population, 1960: Persons by Family Characteristics," PC(2)-4D.

*Income-Food Expenditure Relationship*

The food costs computed, the task of translating them into total income requirements still remained. It has long been accepted for individuals as for nations that the proportion of income allocated to the "necessaries," and in particular to food, is an indicator of economic well-being. A declining percentage has been associated with prosperity and higher income, and the rising percentage associated with lower income has been taken as an indicator of stringency.

The fact that larger households tend to spend a larger share of their income for food has not been so readily recognized as an indicator of economic pressure because of the assumed economy of scale. Yet, on the whole, larger families are less likely to have diets that satisfy the recommended allowances in essential nutrients. The dearth of data on expenditures of families classified by both size and income has made it difficult to assay the situation, and the fact that as families increase in size the age and sex distribution of the members change too, further obscures the picture.

In its 1955 study of household food consumption, the Department of Agriculture found that the diets of almost a fourth of the 2-person households but about half of the households with six or more members had less than the recommended amounts of calcium—a nutrient found mainly in milk products. Similarly, large households were twice as likely as small households to have diets lacking in ascorbic acid and two and a half times as likely to have diets short in protein. The latter situation is particularly striking because, though lack of protein is far less common in this country than deficiency in other nutrients, it is more telling: Diets too low in protein are more likely than other diets to have deficiencies in other essential nutrients also.<sup>1</sup>

It thus appears that what passes for "economy of scale" in the large family may in part reflect a lowering of dietary standards enforced by insufficient funds. Support for this thesis may be gained from the fact, illustrated later in this report, that families with large numbers of children do indeed have lower incomes than smaller families. Moreover, analysis of recent consumption data suggests that large families, given the opportunity, prefer to devote no larger a share of their income to food than do smaller families with the same per capita income.

The Agriculture Department evaluated family food consumption and dietary adequacy in a 1955 survey week and reported for all families of two or more—farm and nonfarm—an expenditure for food approximating one-third of money income after taxes.<sup>2</sup> Two person nonfarm families used about 27 percent of their income for food, and families with three or more persons about 35 percent. A later study made in 1960-61 by the Bureau of Labor Statistics found for urban families that nearly a fourth of the family's income (after taxes) went for food. There is less variation by size of family than might have been anticipated, ranging between 22 percent and 28 percent, as the following figures indicate:

Family size	USDA 1955, nonfarm <sup>1</sup>		BLS 1960-61, urban <sup>2</sup>	
	Average per capita income	Percent spent for food	Average per capita income	Percent spent for food
1.....	(7)	(7)	\$2,967	23
2 or more, total.....	\$1,328	33	1,896	22
2.....	2,036	27	2,750	22
3.....	1,603	31	2,302	22
4.....	1,299	35	1,854	24
5.....	1,067	36	1,512	26
6.....	837	40	1,944	28
7 or more.....	616	46		

<sup>1</sup> Derived from U.S. Department of Agriculture, Food Consumption Survey, 1955, Report No. 1, December 1956.

<sup>2</sup> Derived from Bureau of Labor Statistics, "Consumer Expenditures and Income," supp. 3, pt. A, to BLS Report No. 237-38, July 1964.

<sup>3</sup> Because of the housekeeping eligibility requirement for this study, the single individuals included are not representative of all persons living alone.

<sup>4</sup> U.S. Department of Agriculture, Household Food Consumption Survey, 1955, *Dietary Evaluation of Food Used in Households in the United States*, Report No. 16, November 1961, and *Food Consumption and Dietary Levels of Households of Different Size, United States, by Region*, Report No. 17, January 1963.

<sup>5</sup> See U.S. Department of Agriculture, *Food Consumption and Dietary Levels of Households in the United States* (ARS626), August 1957.

The data suggest that the declining income per person in the larger families may have been responsible for the different rate of spending as well as possibly more efficient utilization of food. Indeed, on more critical examination of the complete income-size distributions, it would appear that, given the same per capita income, the spending patterns appear to converge considerably (tables C and D). Urban families in 1960-61, for example, spending on the average approximately every third of their available dollars for food, are estimated to have had incomes of approximately \$1,000 per person when there were two in the family, \$900 when there were three, \$910 when there were four, \$915 for five, and \$800 for six or more.

TABLE C.—FOOD-INCOME RELATIONSHIPS AMONG NONFARM CONSUMERS: PER CAPITA INCOME,<sup>1</sup> PER CAPITA FOOD EXPENDITURES,<sup>2</sup> AND PORTION OF INCOME SPENT ON FOOD BY INCOME CLASS AND SIZE OF CONSUMER UNIT, NONFARM HOUSEHOLD, 1955

Money income (after taxes)	Number of persons in unit					
	2	3	4	5	6	7 or more
<b>Total:</b>						
Per capita income.....	\$2,036	\$1,603	\$1,296	\$1,067	\$837	\$615
Per capita expenditure for food.....	\$550	\$497	\$454	\$384	\$335	\$283
Food as percent of income.....	27	31	35	36	40	46
<b>Less than \$2,000:</b>						
Per capita income.....	\$524	\$419	\$331	\$240	\$240	\$156
Per capita expenditure for food.....	\$316	\$307	\$275	\$196	\$154	\$141
Food as percent of income.....	60	73	83	81	64	90
<b>\$2,000 to \$2,999:</b>						
Per capita income.....	\$1,250	\$834	\$630	\$513	\$430	\$314
Per capita expenditure for food.....	\$456	\$424	\$331	\$298	\$296	\$199
Food as percent of income.....	36	51	52	58	69	63
<b>\$3,000 to \$3,999:</b>						
Per capita income.....	\$1,738	\$1,162	\$882	\$707	\$588	\$466
Per capita expenditure for food.....	\$564	\$441	\$397	\$327	\$291	\$248
Food as percent of income.....	32	38	45	46	49	54
<b>\$4,000 to \$4,999:</b>						
Per capita income.....	\$2,242	\$1,496	\$1,121	\$901	\$751	\$605
Per capita expenditure for food.....	\$576	\$510	\$432	\$388	\$350	\$264
Food as percent of income.....	26	34	38	43	47	44
<b>\$5,000 to \$5,999:</b>						
Per capita income.....	\$2,719	\$1,815	\$1,363	\$1,102	\$897	\$685
Per capita expenditure for food.....	\$655	\$551	\$454	\$404	\$344	\$327
Food as percent of income.....	24	30	33	37	38	48
<b>\$6,000 to \$7,999:</b>						
Per capita income.....	\$3,352	\$2,246	\$1,695	\$1,351	\$1,146	\$901
Per capita expenditure for food.....	\$720	\$582	\$527	\$435	\$386	\$383
Food as percent of income.....	21	27	31	32	34	42
<b>\$8,000 to \$9,999:</b>						
Per capita income.....	\$4,449	\$2,915	\$2,187	\$1,777	\$1,485	\$1,117
Per capita expenditure for food.....	\$773	\$616	\$564	\$513	\$411	\$359
Food as percent of income.....	17	21	26	29	28	30
<b>\$10,000 or more:</b>						
Per capita income.....	\$7,321	\$5,713	\$3,854	\$3,238	\$2,515	\$2,017
Per capita expenditure for food.....	\$1,047	\$901	\$714	\$643	\$597	\$398
Food as percent of income.....	19	16	18	20	24	20

<sup>1</sup> Income after taxes.

<sup>2</sup> Including alcoholic beverages.

Source: Derived from U.S. Department of Agriculture, Household Food Consumption Survey, 1955, "Food Consumption in the United States" (Rept. No. 1), December 1956.



TABLE D.—FOOD-INCOME RELATIONSHIPS AMONG URBAN CONSUMERS: PER CAPITA INCOME,<sup>1</sup> PER CAPITA FOOD EXPENDITURES,<sup>2</sup> AND PORTION OF INCOME SPENT ON FOOD, BY INCOME CLASS AND SIZE OF CONSUMER UNIT, URBAN HOUSEHOLDS, 1960-61

Money income (after taxes)	Number of persons in unit					
	1	2	3	4	5	6 or more
<b>Total:</b>						
Per capita income.....	\$2,967	\$2,750	\$2,302	\$1,854	\$1,512	\$1,034
Per capita expenditure for food.....	\$680	\$591	\$495	\$426	\$378	\$295
Food as percent of income.....	23	22	22	24	26	28
<b>Less than \$1,000:</b>						
Per capita income.....	\$755	\$333	(?)	(?)	(?)	(?)
Per capita expenditure for food.....	\$322	\$273	(?)	(?)	(?)	(?)
Food as percent of income.....	43	78	(?)	(?)	(?)	(?)
<b>\$1,000 to \$1,999:</b>						
Per capita income.....	\$1,487	\$860	\$551	\$414	\$281	(?)
Per capita expenditure for food.....	\$468	\$323	\$212	\$156	\$125	(?)
Food as percent of income.....	32	38	38	39	46	(?)
<b>\$2,000 to \$2,999:</b>						
Per capita income.....	\$2,525	\$1,265	\$868	\$651	\$550	\$373
Per capita expenditure for food.....	\$648	\$385	\$269	\$258	\$208	\$171
Food as percent of income.....	26	31	32	40	39	46
<b>\$3,000 to \$3,999:</b>						
Per capita income.....	\$3,497	\$1,786	\$1,190	\$908	\$723	\$495
Per capita expenditure for food.....	\$793	\$487	\$354	\$293	\$275	\$185
Food as percent of income.....	23	27	31	33	38	37
<b>\$4,000 to \$4,999:</b>						
Per capita income.....	\$4,457	\$2,350	\$1,552	\$1,175	\$815	\$678
Per capita expenditure for food.....	\$942	\$544	\$401	(332)	\$291	\$235
Food as percent of income.....	21	23	27	29	32	35
<b>\$5,000 to \$5,999:</b>						
Per capita income.....	\$5,425	\$2,796	\$1,881	\$1,400	\$1,102	\$797
Per capita expenditure for food.....	\$878	\$582	\$442	\$357	\$310	\$260
Food as percent of income.....	18	22	24	27	29	33
<b>\$6,000 to \$7,499:</b>						
Per capita income.....	\$6,737	\$3,392	\$2,250	\$1,695	\$1,370	\$1,001
Per capita expenditure for food.....	\$1,305	\$880	\$505	\$427	\$372	\$293
Food as percent of income.....	19	20	23	25	27	29
<b>\$7,500 to \$9,999:</b>						
Per capita income.....	\$8,537	\$4,262	\$2,902	\$2,162	\$1,729	\$1,260
Per capita expenditure for food.....	\$1,314	\$805	\$609	\$494	\$436	\$347
Food as percent of income.....	15	19	22	23	26	28
<b>\$10,000 to \$14,999:</b>						
Per capita income.....	(?)	\$5,880	\$3,962	\$2,980	\$2,392	\$1,636
Per capita expenditure for food.....	(?)	\$834	\$717	\$601	\$494	\$398
Food as percent of income.....	(?)	17	19	21	22	24
<b>\$15,000 or more:</b>						
Per capita income.....	(?)	\$11,544	\$7,445	\$5,733	\$4,356	\$2,867
Per capita expenditure for food.....	(?)	\$1,352	\$888	\$725	\$719	\$537
Food as percent of income.....	(?)	12	12	13	17	19

<sup>1</sup> Income after taxes and other money receipts.

<sup>2</sup> Including all purchased food and beverages consumed at home or away from home.

<sup>3</sup> Not shown where size of sample under 20.

Source: Derived from Bureau of Labor Statistics, Rept. No. 237-38, "Consumer Expenditures and Incomes," July 1964.

Some of the difference in the results of the two studies cited may be attributed to differences in methodology. The questions employed by the Bureau of Labor Statistics to obtain the data on annual food outlays usually have yielded lower average expenditures than the more detailed item-by-item checklist of foods used in a week that serves as a questionnaire for the Agriculture Department. Moreover, since the Department studies are limited to families who have 10 or more meals at home during the survey week, they leave out some high food spenders represented in the BLS figures. On the other hand, the decreases undoubtedly reflect in part the general improvement in real income achieved by the Nation as a whole in the 6 years elapsed between the two studies.

For the present analysis, the earlier relationship was adopted as the basis for defining poverty—that is, an income less than three times the cost of the economy food plan (or alternatively the low-cost plan)—for families of three or more persons. For families with two members the ratio of 27 percent observed in that study was applied partly because it is generally acknowledged that a straight per capita income measure does not allow for the relatively larger fixed costs that small households face. Moreover, the more recent consumption curves themselves indicate that the 1- or 2-person families, who as a group are less homogeneous in composition, seem to be "out of line" with larger families with respect to the spending pattern.

For 1-person units, for whom the consumption data are hard to interpret because of the heavy representation of aged individuals not shown separately, the income cutoff at the low-cost level was taken at 72 percent of the estimated \$2,480 for a couple, following BLS recent practice.<sup>9</sup> For the economy level, the income cutoff was assumed at 80 percent of the couple's requirement, on the premise that the lower the income the more difficult it would be for one person to cut expenses such as housing and utilities below the minimum for a couple.<sup>10</sup>

As stated earlier, for each family size several income points were developed in relation to the sex of the head and different combinations of adults and children. When weighted together in accordance with the distribution of families of these types in the current population (table E), they yield a set of assumed food expenditures and income that can be compared with the income of families of the same size who spend that amount per person for food, as estimated roughly from the 1960-61 consumption study.

<sup>9</sup> Willard Wirtz, statement in *Hearings Before the Ways and Means Committee, House of Representatives, Eighty-eighth Congress, on Medical Care for the Aged, November 18-22, 1963 and January 20-24, 1963.*

<sup>10</sup> See Mollie Orshansky, "Budget for an Elderly Couple," *Social Security Bulletin*, December 1960.

TABLE E.—FAMILY SIZE AND NUMBER OF CHILDREN; PERCENTAGE DISTRIBUTION OF FARM AND NONFARM FAMILIES BY NUMBER OF RELATED CHILDREN AND SEX OF HEAD

(Numbers in thousands)

Number of family members	Total number	Percentage distribution, by number of related children under age 18							
		Total	None	1	2	3	4	5	6 or more
<b>Units with male head</b>									
Nonfarm, number of families.....	43,714	19,813	7,274	7,387	4,740	2,412	1,172	908	
1 (under age 65).....	2,980	100	100.0	.....	.....	.....	.....	.....	
1 (aged 65 or over).....	1,082	100	100.0	.....	.....	.....	.....	.....	
2 (under age 65).....	8,227	100	98.2	0.8	.....	.....	.....	.....	
2 (aged 65 or over).....	3,887	100	98.8	.2	.....	.....	.....	.....	
3.....	8,170	100	35.3	63.9	0.8	.....	.....	.....	
4.....	8,267	100	8.1	18.0	73.6	0.3	.....	.....	
5.....	5,510	100	2.3	7.3	17.2	73.0	0.2	.....	
6.....	2,870	100	.7	2.5	7.6	17.7	71.2	0.3	
7 or more.....	2,711	100	.2	.3	2.9	7.0	13.2	42.9	33.5
Farm, number of families.....	3,115	1,532	374	445	319	192	113	137	
1 (under age 65).....	127	100	100.0	.....	.....	.....	.....	.....	
1 (aged 65 or over).....	76	100	100.0	.....	.....	.....	.....	.....	
2 (under age 65).....	622	100	98.1	1.9	.....	.....	.....	.....	
2 (aged 65 or over).....	377	100	100.0	0	.....	.....	.....	.....	
3.....	496	100	52.8	46.4	0.8	.....	.....	.....	
4.....	479	100	15.2	20.1	64.7	0	.....	.....	
5.....	353	100	1.1	8.5	23.4	67.0	0	.....	
6.....	244	100	1.6	1.2	15.2	24.6	57.4	0	
7 or more.....	341	100	0	1.2	3.5	6.5	15.5	33.1	40.2
<b>Units with female head</b>									
Nonfarm, number of families.....	11,446	8,715	1,003	720	475	243	144	145	
1 (under age 65).....	3,718	100	100.0	.....	.....	.....	.....	.....	
1 (aged 65 or over).....	3,027	100	100.0	.....	.....	.....	.....	.....	
2 (under age 65).....	1,435	100	88.4	38.6	.....	.....	.....	.....	
2 (aged 65 or over).....	678	100	94.6	5.4	.....	.....	.....	.....	
3.....	1,087	100	34.2	23.3	42.5	.....	.....	.....	
4.....	673	100	18.1	18.1	23.0	48.8	.....	.....	
5.....	385	100	5.2	5.2	20.2	23.4	46.0	.....	
6.....	198	100	.....	.....	8.1	21.7	16.2	54.0	
7 or more.....	236	100	.....	.....	2.1	5.9	14.0	16.1	61.9
Farm, number of families.....	344	241	31	27	10	15	1	19	
1 (under age 65).....	81	100	100.0	.....	.....	.....	.....	.....	
1 (aged 65 or over).....	82	100	100.0	.....	.....	.....	.....	.....	
2 (under age 65).....	15	100	68.7	33.3	.....	.....	.....	.....	
2 (aged 65 or over).....	46	100	84.8	15.2	.....	.....	.....	.....	
3.....	46	100	58.0	23.9	26.1	.....	.....	.....	
4.....	16	100	31.2	12.5	56.3	0	.....	.....	
5.....	20	100	0	30.0	20.0	25.0	25.0	.....	
6.....	12	100	0	0	15.4	38.5	46.1	0	
7 or more.....	26	100	8.0	0	0	0	16.0	4.0	72.0

Source: Derived from tabulations of the Current Population Survey, March 1964, by the Bureau of the Census for the Social Security Administration.

Family size	SSA poverty index—economy level (nonfarm)		BLS 1960-61 average (urban) 1—estimated income economy food expenditure
	Per capita food expense	Income	
1.....	(?)	\$1,540	(?)
2.....	\$240	1,990	\$1,560
3.....	270	2,440	2,475
4.....	260	3,130	3,120
5.....	245	3,685	3,600
6.....	230	4,135	4,020
7 or more.....	210	5,080	(?)

<sup>1</sup> Derived from BLS Report 237-38, July 1964.

<sup>2</sup> Not estimated.

It may be mentioned that the low-cost food plan criterion, derived correspondingly, can be taken as a rough measure of the results that would obtain if the income-food ratios in the BLS study were accepted as the guideline and applied to the lower food standard. Inasmuch as the economy plan for many families requires roughly three-fourths as much to buy as does the low-cost plan, multiplying by three the purchase requirement in the low-cost food plan yields approximately the same income point as multiplying the economy-plan cost by four.

#### *The Farm-Nonfarm Relationship*

The food-plan quantities are priced only for nonfarm families. In setting the poverty line for farm families it was necessary to determine for them how much on an average would be purchased and how much homegrown. In the absence of information to the contrary, the food-income relationship was given the same significance for farm as for nonfarm families in connoting income adequacy. Indeed, in 1955 farm families spent a third of net money income for purchased food—the same as other families—but their purchases represented only 60 percent of the retail value of all food they used. With no more recent information on the level of home production—an important cost element for the farm household—it was assumed that the average farm family in 1963 would still obtain 40 percent of its food requirement from the home farm, and therefore the poverty line was set at 60 percent that for a nonfarm family.

Home production obviously had declined since 1955, but the magnitude of the change was not yet known. It was recognized also that the manner in which the Bureau of the Census obtains its income data tends to understate farm income and therefore to overstate poverty to a greater degree for farm families than for nonfarm families. The farm family, asked for a quick estimate of its income (including operating expenses), is likely to assign all utilities, transportation, and shelter costs to the farm side of the account rather than prorate a share as the cost of family living. In approximating farm-nonfarm equivalence on the basis of Census income distributions—which must provide the basis for the poverty index—one may therefore postulate a lower ratio of farm to nonfarm money income than would apply if the income data were obtained by methods similar to those of the Department of Agriculture household expenditure studies.

Advance information now suggests that by 1961 home food production had dropped to no more than 31 percent the total value of food used by farm families. It would seem more appropriate, then, to peg the income required by a farm family at the poverty line at about 70 percent of the equivalent nonfarm figure rather than the 60 percent used before. A reclassification of farm families by the higher relative standard indicates that for the year 1963 the incidence of poverty among farm households increases by about 733,000 persons if the higher income cutoff point is used.

(Numbers in millions)

Item	Farm population counted poor in 1963	
	By 60-percent criterion	By 70-percent criterion
Total number of persons.....	3.23	3.96
Unrelated individuals.....	.15	.17
Family members.....	3.08	3.79
Adults.....	1.59	1.97
Children under age 18.....	1.49	1.82
Family units, number.....	.73	.88
Poverty rate (percent):		
Unrelated individuals.....	.38	.46
Family units.....	.23	.28

The total number of persons in poverty in 1963 accordingly rises to 35.3 million—15.3 million of them children. All data in the present article as in the earlier report, are based on the original definition showing 34.6 million poor, of whom 15 million are children. Analysis for 1964, now in process, will incorporate the later definition—that is, a family on a farm will be assumed to need 70 percent as much income as a family in a city.

The reduction in the farm-furnished-food assumption raises from 1 to 11 to 1 in 9 the proportion of the poor who live on a farm. More than 40 percent of all households called poor in 1963 were rural (that is, farm and rural nonfarm combined).

Among farm families studied in 1961, average expenditure for food represented 20 percent of money income. Families with \$1,000-\$2,000 averaged 35 percent, and those in the next higher income class 28 percent. Food purchases by families spending 33 percent of income were estimated by interpolation at \$3.62 per person per week, with \$3.13 going for food at home. This figure represents 69 percent of the amount spent by the nonfarm families devoting the same proportion of income to food.

For farm families spending this way, the average family size was the same as for the parallel nonfarm families (3.1), and family income averaged \$1,838, or 71 percent that of the nonfarm families.

#### *How Adequate is the Standard*

The measure of poverty thus developed is arbitrary. Few could call it too high. Many might find it too low. Assuming the homemaker is a good manager and has the time and skill to shop wisely, she must prepare nutritious, palatable meals on a budget that for herself, a husband, and two young children—an average family—would come to about 70 cents a day per person.

For a meal all four of them ate together, she could spend on the average only 95 cents, and to stay within her budget she must allow no more a day than a pound of meat, poultry, or fish altogether, barely enough for one small serving for each family member at one of the three meals. Eggs could fill out her family fare only to a limited degree because the plan allows less than 2 dozen a week for all uses in cooking and at the table, not even one to a person a day. And any food extras, such as milk at school for the children, or the coffee her husband might buy to supplement the lunch he carries to work, have to come out of the same food money or compete with the limited funds available for rent, clothing, medical care, and all other expenses. Studies indicate that, on the average, family members eating a meal away from home spend twice as much as the homemaker would spend for preparing one for them at home. The 20-25 cents allowed for a meal at home in the economy plan would not buy much even in the way of supplementation.

There is some evidence that families with very low income, particularly large families, cut their food bills below the economy plan level—a level at which a nutritionally good diet, though possible, is hard to achieve. Indeed, a study of beneficiaries of old-age, survivors, and disability insurance—limited to 1- or 2-person families—found that only about 10 percent of those spending less than the low-cost plan (priced about a third higher than the economy plan) had meals furnishing the full recommended amounts of essential nutrients. Not more than 40 percent had even as much as two-thirds the amounts recommended. Only when food expenditures were as high as those in the low-cost plan, or better, did 90 percent of the diets include two-thirds of the recommended allowances of the nutrients, and 60 percent meet them in full.<sup>12</sup> Few housewives with greater resources—income and other—than most poor families have at their disposal could do better. Many might not do as well.

The types and quantities of various foods that could be obtained, with careful shopping, by families living at the poverty level, were described in a March 1965 release by the Department of Agriculture, reproduced below.

[From U.S. Department of Agriculture, Agricultural Research Service, Consumer and Food Economics Research Division, Federal Center Building, Hyattsville, Md.]

#### **SAMPLE MENUS AND FOOD LIST FOR 1 WEEK BASED ON USDA ECONOMY FAMILY FOOD PLAN**

The menus on page 2 shows the types of meals that families using the Economy Plan might prepare. The limited quantities of meats, eggs, fruits, and vegetables in the plan are used in small-to-average size servings to allow considerable variety

<sup>12</sup> U.S. Department of Agriculture, *Food Consumption and Dietary Levels of Older Households in Rochester, New York*, by C. LeBovit and D. A. Baker (Home Economics Research Report No. 25), 1964.

in meals. Large servings of breads and cereals, potatoes, and dry beans are provided for.

The foods needed for preparing these meals for a 4-person family are shown on page 3. These foods could be purchased for about \$20 in Washington, D.C., in the winter of 1965. The average costs of foods in the Economy Plan for the U.S. for men and women and boys and girls of different ages are estimated and published annually in the March issue of Family Economics Review. From these estimates, the approximate cost of meals, such as these shown, based on the Economy Plan can be determined for any family.

The Economy Food Plan is the least expensive of the USDA's five food plans. It is essentially for emergency use. Studies show that very few families spending at the level of the Economy Plan select foods that provide nutritionally adequate diets. Many welfare agencies base their food cost standards on the USDA Low-Cost Food Plan which costs about 30 percent more than the Economy Plan.

ECONOMICAL MENUS FOR 1 WEEK

Day	Morning	Noon	Evening
Sunday...	Orange slices, french toast, syrup, milk for children.	Stewed chicken, <sup>1</sup> mashed potatoes, green beans, molded fruit salad, bread, margarine, spice cake, milk for children.	Potato cakes, molded fruit salad, bread, margarine, spice cake, cocoa.
Monday...	Orange slices, oatmeal, milk, toast, margarine.	Peanut butter and jelly sandwiches, raw carrots, spice cake, milk.	Chicken a la king, <sup>1</sup> rice, vegetable salad, bread, margarine, peaches, milk for children.
Tuesday..	Peaches, ready-to-eat cereal, milk, cinnamon toast.	Egg-salad sandwiches, graham, crackers, milk.	Baked chili beans and hamburger, <sup>1</sup> baked potatoes, biscuits, applesauce, milk for children.
Wednesday.	Applesauce, oatmeal, milk, toasted biscuits, margarine, jelly.	Frankfurters on beans, potato salad, lemonade.	Scrambled eggs with luncheon meat, <sup>1</sup> spinach, hash-browned potatoes, bread, margarine, peanut butter cookies, milk.
Thursday.	Orange juice, ready-to-eat cereal, milk, cinnamon toast.	Bean and frankfurter soup, <sup>1</sup> crackers, celery, milk.	Fried liver and onions, creamed potatoes, steamed cabbage, bread, margarine, peanut butter cookies, milk for children.
Friday....	Orange juice, oatmeal, milk, toast, jelly.	Cheese-carrot sandwich, <sup>1</sup> potato salad, graham crackers, milk.	Fried fish fillet, <sup>1</sup> baked potato, cole slaw, cornbread, margarine, apple pie, milk for children.
Saturday..	Orange juice, poached eggs, bacon, toast, jelly.	Potato and onion soup, crackers, peanut butter, apple pie, milk.	Macaroni and cheese, <sup>1</sup> kale, carrot-celery salad, bread, jelly, graham crackers, milk for children.

<sup>1</sup> Recipes from "Money Saving Main Dishes," Home and Garden Bulletin No. 43.

Note: It is assumed that adults drink coffee or tea at the morning and evening meals. When milk is specified as a beverage,  $\frac{3}{4}$  cup is allowed for adults and children under 9 years and 1 cup is allowed for boys and girls 9 to 20 years;  $\frac{1}{2}$  of the milk used is nonfat dry milk reconstituted.

FOOD LIST FOR FAMILY OF 4<sup>1</sup> USING ECONOMICAL MENUS FOR 1 WEEK

Milk, cheese :	Citrus fruits, tomatos :
7 quarts whole fluid milk	2 pounds oranges
1½ pounds nonfat dry milk	1 46-ounce can orange juice
1 12-ounce carton cottage cheese	1 No. 303 can tomatoes
¼ pound Cheddar cheese	Dark-green, deep-yellow vegetables :
Meat, poultry, fish :	1 pound kale
½ pound ground beef	1¼ pound spinach
1 pound frankfurters	1¼ pound carrots
½ pound luncheon meat	Potatoes : 12 pounds white potatoes
1 pound beef liver	Other vegetables and fruits :
½ pound bacon	2 pounds cabbage
3 pounds ready-to-cook chicken	1 bunch celery
1 pound fish fillet	1 head lettuce
Eggs : 2 dozen eggs	1 pound onions
Dry beans, peas, nuts :	1 green pepper
½ pound dried kidney beans	1 No. 303 can green beans
½ pound dried navy beans	2 pounds apples
1 pound peanut butter	1 No. 2½ can applesauce
Flour, cereals, baked goods :	1 No. 303 can fruit cocktail
2 pounds all-purpose flour	1 No. 2½ can peaches
1 pound spice cake mix	Fats and oils :
1 12-ounce package ready-to-eat cereal	1 pound margarine
1 pound rolled oats	1½ pounds shortening
¼ pound cornmeal	½ pint salad dressing
¼ pound macaroni	Sugars, sweets :
½ pound rice	1½ pounds granulated sugar
6 1-pound or 4 1½-pound loaves enriched white bread	¼ pound brown sugar
2 1-pound loaves whole-wheat bread	½ pint jelly
1 1-pound loaf cracked-wheat bread	6 fluid ounces sirup
8 frankfurter rolls	1 3-ounce package flavored gelatin
1 pound crackers	Miscellaneous : <sup>2</sup>
1 pound graham crackers	1 6-ounce can frozen concentrated lemonade
	¾ pound coffee
	8 tea bags

<sup>1</sup> Father, 33 years ; mother, 33 years ; boy, 11 years ; girl, 8 years.

<sup>2</sup> Sufficient money is allowed in the estimated cost of the Economy Plan to buy necessary accessories such as vinegar, baking powder, and spices.

Senator RIBICOFF. Mr. Chairman, would you yield? I think the chairman is pursuing a very important line of questioning and may I just add to what you are pursuing now, Mr. Chairman?

The chairman and you are just talking about lifting these people up above a level of poverty. Now, is this the only standard that we should be considering in the field of social security, lifting people over the level of poverty which is the barest minimum on which people can live? I go back, Mr. Chairman, to the Secretary's statement on page 5 of his testimony :

But we must do more than that. We believe—and our proposals would accomplish the results—that the Social Security beneficiaries should have a share in the rising level of living of the whole community.

The point I want to make is this, Mr. Chairman. When Congress originally passed the social security law, the benefits that they allocated under no standards were generous benefits: is that right, Mr. Ball?

Mr. BALL. They were very low.

Senator RIBICOFF. They were low benefits. In other words, so now when we are talking about keeping on raising the benefits to meet the rising cost of living, we are talking about taking benefits which were

very low in the first place and raising those benefits to meet the increased inflationary push that has been in American society. But at no time are we talking about giving the people on social security, our older citizens, a piece of the rising affluence of America.

Now, I am interested in not only in what the chairman is asking for, but I would like an additional number of charts to show what these benefits are like against the general standard of living that all Americans enjoy.

Pardon me for interrupting, but I wonder if he could make charts to reflect that?

The CHAIRMAN. Yes.

Mr. BALL. I think that would be an very important addition, Mr. Chairman, because as you know, of course, the President has recommended improvements that would go beyond merely restoring the cost of living. We think it is very important, as the Secretary said, that they should be increased to allow older people to participate in this rising level of living.

The CHAIRMAN. But, I am frankly impressed by the fact that you come to testify with a briefcase full of material. Somebody has three—how many briefcases do you have there, Mr. Cohen? Have you got just one?

Mr. COHEN. I only have two.

The CHAIRMAN. How about Mr. Hawkins?

Mr. HAWKINS. Two.

The CHAIRMAN. Two apiece. If you have two briefcases that means one of them is at least fully loaded and, so you come in here with all these briefcases. Sometimes I think maybe a member of this committee would do better just to sit down with you and go through your briefcase and see what you brought up. [Laughter.]

Mr. COHEN. You can have it right now, Senator.

The CHAIRMAN. We might just learn a lot of things that we did not have the intelligence to ask about. And things that we never knew about or considered before.

Mr. Cohen, with regard to this \$5 income matter, those States have been reaching that a different way. They did it before we put it in the law. I think Louisiana is one of them and you try to keep them from doing what they are doing, because I indicate they were probably doing it for a different reason.

A State wants to permit a person on public welfare to go out and earn something to help himself. So they set their standards, let us say, at \$110 and then they say that their maximum payments will be \$80. Well, now, a person can either by owning his own little home or by producing a little garden for some food for himself, or doing a little work on the side, or having some help from his children, achieve the equivalent of \$30 a month income without losing that \$80 maximum payment. Now, that is how that happened, as I see it.

It seems to me as though they were trying to meet a problem that the law did not permit them to meet directly and they met it indirectly by the very thing you are trying to outlaw. Now, I think that you find it has other bad adverse effects in other respects and perhaps it does, but from their point of view, they were trying to offset something and Congress and executive branch just did not seem to realize what the problem was from the State's point of view.



Now, I used to have fun when I was on the outside trying to get in politics talking about these welfare investigators going out and looking at what somebody had and just to go beyond the actual facts with the exaggeration—you know, you can have some fun with your opposition. I used to tell about the time when the welfare investigator would come in and look on the old person's shelves and find they had some canned goods and that means we have to cut your welfare check by \$5 next month, and I would wind up with the story about the poor old man that went out fishing and caught a few perch and they cut his welfare check when they found out about that.

So this thing of permitting people to have some income is, in my judgment, a good thing toward helping them move toward self-reliance.

With regard to aged people that you find on these welfare rolls, do you find a big turnover in them or do they tend to stay on once they go on?

Mr. COHEN. No. That is quite different, I would say, Senator. Largely a person who gets on the old-age assistance rolls, and as I recall maybe two-thirds of them are women, mostly widows, once they get on and they are 70, 72, quite frankly they stay on until death.

The CHAIRMAN. They are there until God calls them home.

Mr. COHEN. Yes, sir.

The CHAIRMAN. They have no other income?

Mr. COHEN. Now, could I comment on your point, though, because it is well taken and you are quite correct, that until the Federal law exempted and disregarded income, the way States like Louisiana dealt with this situation was to have a maximum payment that was below their standards of need so that people who worked or had other income would be able to take care of themselves. But, the Secretary's position consists of two parts, and I think they meet the situation adequately. Require the States to pay the full standard of need but also amend the Federal law to disregard the first \$50 of earned income plus 50 percent thereafter which would give everybody the incentive to work and deal with that situation.

The CHAIRMAN. Yes.

Mr. COHEN. Now, the problem—might I add this, just for the information of the committee. The problem is quite minimal, quite frankly, in old-age assistance. The big bulk of people today on old-age assistance, the roughly 2 million people, largely widows, as I said, are chronically ill, disabled in the sense of being out of the labor market. Very, very few of them can work. It appears that less than 3 or 4 or 5 percent of them have work potential or earnings in any practical sense but the \$50 exemption would take care of that. The \$50 plus the 50 percent. Now, when you come to aid to families with dependent children—

The CHAIRMAN. Did not we vote something like that in this committee before?

Mr. COHEN. Yes, originally referred to as the Douglas amendment some years ago. You remember Senator Douglas was proposing that. It originally started out at something like \$30 for the aged and there is an exemption now in the law and a number of States, as I recall, have not taken full advantage of even the permission that is now in the Federal law.

The CHAIRMAN. Right. So—well, my impression on this issue is that we took this type of thing to the House as a Senate amendment and the House would only take \$5 of it in conference and now it looks as if the House is sending it back to us as a House provision which I must say at least shows some headway.

Mr. COHEN. No. I think you are confusing two separate provisions. There is the disregarding of earnings—

The CHAIRMAN. \$30 plus one-third above \$30.

Mr. COHEN. Let me start over. There is already in the law a provision that permits States with regard to State old-age assistance to disregard a certain amount. They can disregard of the first \$50 a month, \$10, plus one-half of the remainder, or of the first \$80 a month, \$20 and one-half of the remainder. Only 15 or 16 jurisdictions are taking advantage of the latter provisions and altogether there are 31. Now, that general disregard of income that started with the earnings, that started with the Douglas amendment, is in the present law.

Now, the committee says let us apply this same \$30 and 30 percent idea to aid to dependent children. Secretary Gardner recommends \$50 plus 50 percent for all the categories to have a simplified unified approach except with respect to the blind or disabled, we have a special provision for.

The CHAIRMAN. I will not ask any more questions. I would like Senator Anderson to preside at this time and I would like to urge that Secretary Gardner be excused at whatever time he thinks appropriate, to attend that Cabinet meeting down at the White House. I will reserve further questions until others have asked theirs. Thank you very much.

Senator ANDERSON (presiding). That will be perfectly agreeable, Mr. Secretary.

Senator CURTIS?

Senator CURTIS. Yes. Mr. Cohen—

Senator ANDERSON. Sorry. You are next.

Senator RIBICOFF. I just have a few questions, Mr. Chairman. Under the House bill, you are really turning over to State welfare agencies community work and training programs. Now, do you really think that the welfare agencies throughout the country are in a position to do the real manpower training that this bill contemplates?

Secretary GARDNER. Senator, the House bill differed from our proposals in that. We recommend that the Department of Labor be responsible for this work training and that the State welfare agencies only become involved in a State in which the Secretary of Labor feels unprepared to mount a program or for some reason does not do so.

Senator RIBICOFF. In other words, you would approve to give the main duty, the main responsibility to the Labor Department, with HEW being in an advisory or backup capacity.

Secretary GARDNER. Yes, sir.

Senator RIBICOFF. I would like for HEW's counsel and Labor Department's counsel to get together while we are considering this bill and draft a series of amendments, taking into account the various responsibilities and objectives that you, OEO, and the Labor Department each have in the whole field of training, now and under this bill, as much of the training responsibility to the Labor Department with whatever duties you have in HEW on an auxiliary basis. I would appreciate if you would submit those amendments to me.

Secretary GARDNER. We are in full agreement with the Department of Labor on this point and we will be glad to work out these details.

Senator RIBICOFF. Now, on page 17 of your testimony, I am a little confused where you talked about the problem of freezing the levels of children of the unemployed parent to bring them down to the levels of last January. Will you explain just what does that mean and how does that work and what are the consequences?

Secretary GARDNER. Well, the particular category of aid here has to do with families in which the father is absent. The number of these has risen fairly rapidly, as you know. So that already in most of the States this is now beyond the January level.

The proposal of the House bill is to require that the proportion of assistance going to families with absent fathers be no greater than last January.

Senator RIBICOFF. Well, let us take—in other words, if you have state X with 100,000 children drawing benefits and if next year there are 110,000 children, the State will have allocated to it a sum equal to the benefits paid to 100,000 children to be divided between 110,000 children? Is this how it works?

Secretary GARDNER. Not quite, but it is very close to that. First, you have to take account of the total rise because the freeze has to do with the proportion—the State is not allowed to receive Federal matching for payments to any greater proportion of families with absent fathers, so that if the total rises—the total number of children in the State rises—then they would be permitted a certain rise in this category of families with absent fathers.

Senator RIBICOFF. If the normal rise of the birth rate would bring it up to 105,000 and there were 110,000 that the amount allocated would be for, to be divided between 110,000 children with the sum that would go to 105,000, is that right?

Secretary GARDNER. It rises only proportionately to the rise in the total number of children, and so forth. This is acceptable but the characteristic of these families with absent fathers is that they are rising more rapidly.

Senator RIBICOFF. This is a concern. What do you do about it?

Secretary GARDNER. Well, that is a question that has concerned us very deeply, and we have felt that the provisions for education, family planning, increased family services of a great variety of kinds, increased use of aid to families of dependent children with unemployed parents, all of these things would go toward keeping families together and reducing the number of families with absent fathers. But simply to place a ceiling on it means that the State when the time comes might simply cut off families to meet the standard.

Senator RIBICOFF. Your estimate—the staff has indicated to me—indicates a savings of \$18 million in 1968, but you do not figure there will be any saving from there on. Why is that?

Secretary GARDNER. Let me ask Mr. Hawkins.

Mr. HAWKINS. Senator, the House bill includes very major work training and bigger efforts to permit fathers and mothers to get into training and employment. The assumption is that the program will be sufficiently effective so that the child population will increase as rapidly as the children with absent parents. In other words, that the provisions of the House bill will work.

Senator RIBICOFF. I have read a lot about it. I know Mr. Mills. He is not a heartless man. I think he has got a lot of commonsense. He usually is also farsighted. Could Mr. Mills have had in mind that with this limitation you are forcing the States to undertake the other constructive programs that you have spelled out here—

Mr. HAWKINS. There—

Senator RIBICOFF (continuing). They would have this as an answer to the increased rate of illegitimate births by having the work training programs and day care programs and other programs. They will undertake them, because if they do not undertake them and there is no decrease in the birthrate and the welfare rate, they will be faced with a substantial cutoff of Federal welfare funds? Could this be the objective?

Mr. HAWKINS. This was made quite clear in the House debate, Senator. It was stated to be the major objective of this provision.

Senator RIBICOFF. Do you think the objective, then, of the House was wrong?

Mr. HAWKINS. It becomes very harsh when the average State is faced with the penalty or let us say, most States are faced with a penalty the first of January of next year.

Senator RIBICOFF. Are you just worried because it is the first of January next year or is it the basic philosophy and policy that is enunciated? Do you disagree with the policy or philosophy or do you just disagree with the timing when this goes into effect? I am just curious.

Secretary GARDNER. Let me say that we believe that the constructive features of the House bill are so good and so useful and so effective, so potentially effective, that they will take hold, that States can do a job that they have never done before, with mandatory work training—every State having to set up work training programs. Every State having to prepare a plan for each family; that they will be able to proceed on this without setting an arbitrary cutoff point that will, in fact, catch many States short and lead to the necessity of cutting families off welfare.

Senator RIBICOFF. But, the trouble is not all the States are as farsighted or imaginative as you, Mr. Secretary. So basically, suppose the States do not undertake these programs, either through indifference, inertia, or even their share of the costs.

Is the Mills proposal a method to encourage the States to get moving?

Secretary GARDNER. Well, he has other methods of encouraging the States which we think, are even more effective and do not run the risk of these difficult consequences. The requirement that there be mandatory—the requirement of work training programs for every State which has not existed, the requirement that there be a plan for every family on welfare. These are—the work, the earned income exemption which has not existed, the day care which has not existed. All of these things are extremely constructive measures designed to this end. And, we believe they will work.

Senator RIBICOFF. Well, yesterday you said that 60,000 mothers—I am looking at the figure—would be trained under the community work and training program. Is that correct?

Secretary GARDNER. 60,000?

**Senator RIBICOFF.** Mothers.

**Secretary GARDNER.** I think we said that they had—that we had trained 60,000. Do you have the page in my testimony?

**Senator RIBICOFF.** But 300,000 would be appropriate for employment and training. I am trying to reconcile the difference. Is this because it is voluntary with the mother instead of mandatory?

**Secretary GARDNER.** I did not understand the question.

**Senator RIBICOFF.** Yesterday, I think you said—it was in the testimony—that 60,000 mothers would be trained under the community work and training program. You told the House committee that perhaps 300,000 would be appropriate for employment of training. I am trying to reconcile the difference.

**Secretary GARDNER.** Our figure is 300,000. This figure is what we believe can be trained under the new provisions.

**Mr. COHEN.** Senator, I think we said that under title V, in May of this year, training was offered to about 65,000 trainees, more than half of them women, and the trainees and their dependents represented 325,000 persons. But, I think perhaps what you are referring to happens to be a similarity of figures. There are roughly between 60,000 and 80,000 people in the training programs now, but in the discussions in the House, the question was if you expand work and training by making it universal throughout the country, requiring the States to have programs in many communities where they have not now, if you provide for paying for the supervision and materials which the law does not now provide, and if you were to provide the \$20 incentive payments, would it be possible to train more than 60,000 or 80,000, and my answer to the House committee was yes, you could possibly train 200,000 or 300,000 on a voluntary basis if you undertook these changes in the law which we were recommending.

**Senator RIBICOFF.** What have you found in the women who have been trained for jobs? Do you find that the rate of illegitimate births among these women drops?

**Mr. COHEN.** Well, I do not have any information on hand that I know of about the drop in the rate of illegitimacy among the women who are trained, but I do know in the projects that we have where they work with the women at the earliest possible moment, after they have had one illegitimate child, the rate of subsequent illegitimacy is substantially less than it would be if you do not work with them.

We have a number of studies which show that there is a high probability if many of the young girls have one illegitimate child that they will have several more, and the whole thrust of this legislation and the Secretary's proposals is that work with those families in the development, not only employment services, employment opportunities, and potential, but family planning services and other services which would reduce the illegitimacy rate.

**Senator RIBICOFF.** Now, what difference do you think there would be in the number of women who would be trained if it were a mandatory program against a voluntary?

**Mr. COHEN.** Well, I do not know the answer to that exactly, but let me say this. I think that a voluntary program can train as many people as it is physically possible to train within the next couple of years. By that I mean this. If you give the Secretary the tools to carry it out which Congress has not done yet, then it would be possible to, in my

opinion, double or treble the number in training by the devices which I just enumerated.

One, I would certainly make a requirement as the President and Secretary have recommended in H.R. 5710, that every State have a program of work training for a substantial number of the AFDC people in different communities, whereas now under the existing law a State can have it or not. I would recommend that kind of requirement, which we have in H.R. 5710. I would pay 75 percent for the cost of supervision and materials which the law does not permit now. I would give up to \$20 per week incentive payments.

If you added all those things, Senator, then I think roughly as many women who could be trained and placed in jobs and who wanted to be trained on a voluntary basis, could be achieved within the next couple of years.

Senator RIBICOFF. How many years?

Mr. COHEN. I would say that with the full participation of the States and with these changes that have been recommended, inside of—we could probably go from 80,000—60,000 to 80,000 to double that in the first year, that is, maybe 150,000 to 175,000, and then in a year or two, double that again to something like 250,000 to 300,000.

Senator RIBICOFF. But, have you or any other group kept any studies or figures, on the drop of illegitimacy with women who were trained for jobs and who were working?

Mr. COHEN. At least offhand, I am not aware of such a study.

Senator RIBICOFF. One more question. What would be the additional cost if you raise social security benefits generally 25 percent above what they are?

Mr. MYERS. The additional cost in terms of dollars over the House bill would be roughly double the additional cost of the House bill over present law in the first year of operation. In other words, an increase in cost of about \$2.8 billion. In terms of percentages of payroll, on a long-range level-cost basis, that would be an increase in cost of somewhat over 1 percent of taxable payroll. In other words, it could be financed by raising the contribution schedule in all future years by something like 1 percent of payroll for the employer and employee together.

Senator RIBICOFF. Well, if you are going to take the objective of the Secretary as stated during the colloquy with Senator Long and myself, I believe on page 5, if you are going to look at social security beneficiaries as having a right, and society an obligation, to have them share in the rising level of living of the entire community, then you might have to start going to the general fund to add to the social security trust fund, would you not, in order to make sure that they would share in the rising cost of American affluence?

Mr. MYERS. Senator Ribicoff, it could, of course, be financed either way, by a payroll tax increase or by an equivalent amount from general revenues, as you have stated.

Senator RIBICOFF. When you prepare the figures for Senator Long, would you also prepare another schedule concerning the cost of the various alternatives you are preparing for Senator Long?

Mr. MYERS. Yes, sir.

Senator RIBICOFF. General overall cost by payroll and also by general revenues.

Mr. MYERS. Yes, sir.

(The following information was subsequently received for the record:)

## MEMORANDUM

AUGUST 25, 1967.

From: Robert J. Myers, Chief Actuary, Social Security Administration.

Subject: Alternative Possibilities of Financing General Benefits Increase of 20%.

This memorandum will present several alternative methods of financing a proposal under which OASDI benefits would be increased across-the-board by 25%, with no special increase in the minimum benefit other than the 25% produces.

This proposal could be financed by any of the following bases:

(1) The contribution schedule in H.R. 12080; the \$7,600 earnings base of H.R. 12080; and a government contribution equal to 10% of the combined contribution receipts from workers and employers.

(2) The contribution schedule in H.R. 12080; an earnings base of \$9,000 in 1968-70, \$12,000 in 1971-73, and \$15,000 in 1974 and after; and a government contribution equal to 5% of the combined contribution receipts from workers and employers.

(3) A contribution schedule higher than that in H.R. 12080 by  $\frac{1}{2}\%$  on the employer and  $\frac{1}{2}\%$  on the employee in all future years (yielding an ultimate combined employer-employee rate of 11% for OASDI); the \$7,600 earnings base in H.R. 12080; and with no government contribution.

(4) A contribution schedule higher than that in H.R. 12080 by  $\frac{1}{4}\%$  on the employer and  $\frac{1}{4}\%$  on the employee in all future years (yielding an ultimate combined employer-employee rate of 10 $\frac{1}{2}\%$  for OASDI); an earnings base of \$9,000 in 1968-70, \$12,000 in 1971-73, and \$15,000 in 1974 and after; and with no government contribution.

Senator RIBICOFF. Thank you, Mr. Chairman.

Senator WILLIAMS. Would the Senator yield for just a moment? Did I understand you to say that the extra cost as compared to the House bill, if you made it at 25-percent increase across the board, would be about \$3 billion?

Mr. MYERS. In the first year of operation. Of course, more later on.

Senator WILLIAMS. About \$3 billion.

Mr. MYERS. Yes, sir.

Senator WILLIAMS. I was just trying to reconcile that with this report which Mr. Cohen just submitted where you estimate that the difference between the House bill which now provides 12 $\frac{1}{2}$  percent with the \$50 minimum and the administration yesterday proposed 15 percent, \$70 minimum, that extra cost is \$1.263 million. Now, if it costs a billion and a quarter to raise it 2 $\frac{1}{2}$  percent, I wondered how you get the other 10 percent for a billion, three quarters.

Mr. MYERS. It is because of the \$70 minimum which gives many people far more than the 15-percent increase.

Senator WILLIAMS. That is what I was trying to establish.

Senator RIBICOFF. Is that 2.8 billion based on the \$70 minimum?

Mr. MYERS. No. That would be with a straight 25-percent increase across the board for everybody, which would thus raise the minimum only from \$44 to \$55.

Senator RIBICOFF. But the President's recommendation of 15 percent was not 15 percent across the board, was it? Were not there variables?

Mr. MYERS. It was 15 percent across the board but with a \$70 minimum for the primary insurance amount, so, that some people would get considerably more than 15 percent. It averaged out at about a 19-percent increase.

Senator RIBICOFF. In other words, it would average 19 percent under the President's proposal?

Mr. MYERS. Yes, sir.

Senator RIBICOFF. Now, the 12½ percent in the House bill represents what variables? Is that straight 12½ percent?

Mr. MYERS. It is virtually a straight 12½.

Senator RIBICOFF. Without variables contemplated by the President's proposal?

Mr. COHEN. Yes. So, in essence, you compare the House bill with the President's proposal by comparing an average increase of 12½ percent, virtually a flat increase of 12½ percent, in the House bill with the President's proposal having an average increase of about 19 percent—ranging from a minimum increase of 15 percent to a maximum increase of 59 percent for the person now receiving \$44, who would go up to \$70.

Senator WILLIAMS. Their estimate of the cost as I figure it, that is the administration's proposal made yesterday as compared to the bill that was passed by the House, would on social security benefits cost an extra \$1,263 million. Your total recommendations on the social security and medicare provisions would cost \$2.281 billion more than the House bill and you only recommend an increase in revenue of \$200 million, which would leave \$2 billion more in benefits than you are recommending in taxes. Is that correct? You are recommending about two and a quarter billion more benefits than the House provided for 1968. You are recommending about \$200 million more tax than the House provides in 1968.

Secretary GARDNER. Let me ask Bob Myers to comment on that.

Mr. MYERS. Senator Williams, as I understand it, your point is that for the calendar year 1968, the increase in the cash benefits would amount to \$1,456 million plus \$823 million in the medicare program.

Senator WILLIAMS. That is correct.

Mr. MYERS. Which yields a figure of \$2.3 billion, and in contrast with that, the increase in the total contributions in 1968 is \$200 million.

Senator WILLIAMS. That is correct.

Mr. MYERS. Solely because of the increase in the earnings base in that year from \$7,600 to \$7,800, with no change in the tax rate.

Senator WILLIAMS. Yes.

Mr. MYERS. Although, in the subsequent year, as you will see from the table, the tax income is increased considerably over the House bill with the 1972 figure being \$2.9 billion.

Senator WILLIAMS. We are speaking of 1968.

Mr. MYERS. That is correct for 1968.

Senator WILLIAMS. In 1968 the recommendations of the administration before this committee would cost an extra \$2,281 million, of which amount \$200 million would be raised in increased taxes during 1968 and the other \$2 billion would be paid out of the reserve fund. And that does not include, that extra cost as I understand it, does not include the cost of the increased benefits under the welfare program, which Mr. Cohen discussed this morning. You are to furnish us the estimated cost of those changes at a later date; is that correct?

Secretary GARDNER. Right.

Mr. MYERS. Senator Williams, you are correct that the excess of the outgo over the income will come from the trust funds by not building them up as rapidly.



Senator WILLIAMS. That is correct.

Mr. MYERS. Not from general revenues.

Senator WILLIAMS. No.

Mr. BALL. Not, Senator, from accumulated funds but from the tax rates that are already contemplated in 1968. In other words, the trust funds of social security are not drawn down. Actually, there will be an excess of about \$600 million in 1968 of income over outgo under the proposals for changes in the cash benefits.

Senator WILLIAMS. I realize that, but I am just speaking of the cost. I think as we consider the advantage and benefits which were recommended by the Secretary yesterday, we should recognize that if the committee decides to approve them, we are approving extra benefits which will cost \$2.4 billion in 1968 and under the administration's recommendations you are only providing the revenue to pay for \$200 million of it and the other \$2 billion will come out of the general trust funds.

Mr. BALL. The last point, Senator, is what I think may be confusing in the record. It will come from taxes that are already scheduled in 1968.

Senator WILLIAMS. That is correct: from taxes paid in the trust fund.

Mr. BALL. And will still allow for a buildup in that trust fund that you are speaking of. In other words, it will not draw down the fund. It will allow still for an increase.

Senator WILLIAMS. I am not quarrelling about that point, but it is \$2 billion less than it would be if you did not enact—

Mr. BALL. That is correct.

Senator WILLIAMS. Let us face it, it is an extra \$2 billion we are talking about.

Mr. BALL. Absolutely right.

Senator McCARTHY. Will the Senator yield at this point? Can you give us the figures on what the income into the social security fund would be in 1968 and what the outgo would be if the Administration's proposals are approved for 1968? How much will you collect in social security taxes and how much will you pay in social security and medicare benefits in 1968?

Senator WILLIAMS. If you will yield, I happen to have it here. The 1968 contributions are estimated at \$24,256 million and the benefits at \$23,156 million.

Senator McCARTHY. I thought he said that there would be no drain on the trust fund.

Mr. BALL. Yes. While Mr. Myers is looking up the full figures on income and outgo for 1968 let me say, after you assume the Administration proposals added to the House bill, what would be the income, the outgo and the additions to the trust funds, the final answer, Senator, is that the trust funds would accumulate in the cash benefit program another \$600 million.

Senator McCARTHY. Over and above?

Mr. BALL. Over and above.

Senator McCARTHY. The trust funds would continue to grow even though we increase the benefits by roughly \$2 billion?

Mr. BALL. That is correct. And Senator Williams is also correct in saying if you had not made these changes the—

Senator McCARTHY. So far as the income and outgo of the social security program is concerned, it is on the plus side and building up the trust fund.

Senator WILLIAMS. I am quoting from the committee report on table 5, and it says that the estimate of revenue in 1968 is \$24,256 million. Now, under your proposals you would add another \$200 million. That would bring it to about \$24,500 million. The outgo is \$23,156 million. You add to the expenditure another two and a quarter billion dollars and to be frank with you, I do not quite follow your mathematics.

Mr. MYERS. Mr. Chairman, under the proposals that the Administration has made, under the cash benefits program there would be an excess of income over outgo of about \$700 million in calendar year 1968, whereas under the House bill the corresponding figure was \$1.9 billion.

Senator WILLIAMS. How do you reconcile that with table 5?

(Pursuant to the above question Mr. Myers submitted the following information:)

The explanation is that Table 5 relates only to the OASI Trust Fund. The increased expenditure of \$2,281 million and the increased income of \$200 million for the Administration proposal that you referred to previously (from my memorandum of August 22) related not only to the OASI program, but also the DI program and the Medicare program. If we consider the data for the OASI and DI programs in the blue sheets prepared by the committee staff—in Tables 5 and 6—the excess of income over outgo in 1968 under the House bill is \$1,919 million. From my memorandum of August 22, the increase in OASDI benefit outgo for the Administration proposal is shown as \$1,456 million, while the increase in contribution income would be about \$180 million (out of the \$202 million increase for the OASDI and HI programs combined), an excess of additional outgo over additional income of \$1,276 million. The latter figure is well below the net income figure of \$1,919 million under the House bill, so that this means that, for the OASDI program, under the Administration proposal there would be an excess of income over outgo in 1968 (about \$640 million).

Senator ANDERSON. Senator Curtis?

Senator CURTIS. Thank you, Mr. Chairman. I may have several questions to ask and I will not take too much time today and if we have to proceed at a subsequent day, we will.

Mr. Myers, while we are on this question of figures, I would like to ask for one more and if it is not readily available, you can supply it for the record.

What would it cost to accept the House bill for 12½ percent increase but accept the administration proposal for the \$70 minimum? How much would it increase the cost of the House bill? You can supply it.

Mr. MYERS. I do not have that here but I can supply that.

(The information referred to follows:)

AUGUST 24, 1967.

MEMORANDUM

From: Robert J. Myers, Chief Actuary, Social Security Administration.

Subject: Cost Estimate for Proposal to Add \$70 Minimum to H.R. 12080.

This memorandum will present a cost estimate for a proposal to increase the minimum Primary Insurance Amount under the Old-Age, Survivors, and Disability Insurance system, as it would be modified by H.R. 12080, from \$50 to \$70.

The first-year cost effect would be an increase in cost of \$743 million. Specifically, the 12½% benefit increase under the provisions of the bill would result in increased benefit outgo of \$2,812 million in calendar year 1968, while a 12½% benefit increase combined with a minimum Primary Insurance Amount of \$70 would result in increased benefit outgo in 1968 amounting to \$3,553 million.

From a long-range cost standpoint, this change would increase the level-cost of the program by .20% of taxable payroll. This means that, in order to finance the proposed change, there would have to be an increase in the combined employer-employee tax rate in all future years amounting to .2%.

Senator CURTIS. All right. Now, Mr. Cohen, the social security law originally came into effect in about 1936, is that right?

Mr. COHEN. Passed in 1935 and certain provisions became effective in 1936, others in 1937 and others later.

Senator CURTIS. Now, sometimes we speak of social security in a rather narrow term which used to mean title II and now it means OASDI, plus medicare, which relates to the aged.

Mr. COHEN. Not solely.

Senator CURTIS. Yes. Now—survivors, too, of course. But, under the welfare provisions, public assistance provisions of the social security program, what ages are reached if a State so elects to avail themselves of all the programs under the Social Security Act in its broad definition?

Mr. COHEN. Well, if we leave out title II and title 18, which I gather you mean by the OASDI and the medicare programs—those are titles II and 18—then the other provisions of the act that a State can take advantage of are the following:

First, title I, which is old-age assistance for individuals 65 years and over who are needy, with the provisions of the Kerr-Mills law for the medical indigents which would terminate as far as Kerr-Mills is concerned in 1970.

Then, there is title IV, which is aid to families with dependent children which is children under the age of 21 and their caretakers or relatives who take care of them.

Senator CURTIS. Which is often the mother.

Mr. COHEN. Often the mother although grandparents and others, and in a few cases now providing for payments for foster care where there is a court determination.

Then, there is title V, which is not public assistance, but consists of three parts which is maternal and child health, crippled children services and child welfare services. Then, there is title X, which is aid to the blind. Then, there is title XIV, which is aid to the disabled. Aid to the permanently and totally disabled.

Senator CURTIS. Regardless of age.

Mr. COHEN. Except, I think it is over 18 because under 18 theoretically you would be under aid to dependent children, although there are some gaps there.

Then recently Congress enacted a new title, title XVI, which is simply an option to the State which wants to combine the titles for the adult, the aged and blind and disabled in titles I, X, and XIV, into one place. It is not new authority. It just says if you want to get money for all three of them in one place, you can apply under title XVI and some States have done so.

Then, there is title XIX, which is medical assistance, the medicaid title XIX.

Those are the different titles in the act, other than unemployment insurance, title III and part of title IX, originally, as you recall, relate to unemployment insurance. I have not discussed those.

Senator CURTIS. Well, under the Social Security Act in its broadest view, if the Congress so desires and the States so desire, you can take care of the medical needs of the entire population that cannot take care of themselves.

Mr. COHEN. Not quite.

Senator CURTIS. Who is left out?

Mr. COHEN. A large part—well, in title XIX, with respect to medical care, persons age 65 and over and those under 21, can be covered, but between the ages of 21 and 65, the individual who can receive Federal financial share, for instance, from the States, must be an individual in the family where there has been the death or disability or absence from the home of a relative or be blind or permanently and totally disabled. It is not absolutely universal. This was quite a point in the—

Senator CURTIS. You are talking about medical?

Mr. COHEN. I am talking about medical. I am only going to the point of the statement that you made that medical assistance to needy individuals would be available to the whole—to the needy for the whole population.

Senator CURTIS. Now, what age and what circumstance would somebody have to be in not to be eligible for medical care under the social security system? Now, you can give medical care under aid to dependent children.

Mr. COHEN. Well, it is limited, though, Senator. Let me say this. When you take the structure of aid to dependent children, there are only four reasons why Federal financial share can go to a particular child. One of the parents must be dead, disabled, absent from the home, or unemployed.

Senator CURTIS. Well, can you think of anything else that would cause them—that they ought to be relieved of that responsibility?

Mr. COHEN. You asked me what is excluded. Here is a man and wife with two children, living together and the man is—let us say five children. That is an easier case. Five children and he is earning the minimum wage—\$1.40 an hour, 2,080 hours a year, that is about \$2,900 a year. Let us say he needs \$3,500 to have a minimum income. Aid to dependent children does not pick him up.

Senator CURTIS. What programs do help?

Mr. COHEN. General assistance in the States would.

Senator CURTIS. Is general assistance in any way aided by the Federal Government?

Mr. COHEN. No, sir. In fact, it is not available even in many localities in the country supported by either State or local funds.

Senator CURTIS. Medicaid would.

Mr. COHEN. Medicaid would not help that family either because—it would help the children, but it would not help the adults, because the way the medicaid law is framed, you cannot help the father and mother in that case, but you can take care of the medical care of the children under age 21.

Senator CURTIS. Under the medicaid?

Mr. COHEN. Yes, sir. To go back to my point I made a few moments ago, it is a rather important point in the discussion of medicaid, and if Mr. Bennett were here, this was worked out in 1965 because Mr. Bennett had some objections to the broader approach. Medicaid is for children under age 21, for individuals age 65 and over, and then for adults between 21 and 65 if, let us say, the father or mother has been disabled. But, if you are able-bodied, working at a job which does not provide you with sufficient income, then the adults are not taken care of for their medical care under the Federal participation under title XIX.

Senator CURTIS. But, the fact of our total population is that the most needy segments are covered under some phase of the Social Security Act.

Mr. COHEN. Well, yes; but now if you start in a different direction, Senator, let us take—according to these so-called poverty standards, from the index, taking the point Mr. Ball made of roughly \$3,200 for a family of four, modifying it to be about \$1,500 or so for a single aged person, \$1,900 for a couple, et cetera, as you know, the estimate of that produced in the neighborhood of about 30 million people living below that poverty line.

Now, a large portion of those people living in poverty or where there is a father and mother and children and the man or wife has no particular physical disability, but is working at a job which earns them income which is not sufficient to support their family at that level. That is a large part of the poverty, and those are not taken care of by anything except general assistance.

Senator CURTIS. I am aware that you are not responsible for the operation of the poverty program. Is not the poverty program working to a large extent with the very people covered by some of the sections of social security? Take, for instance, the group that represents the aid to dependent—families with dependent children. Is not that a broad segment of what we deal with in the poverty program?

Mr. COHEN. Well, theoretically so; but the most—let me give you an illustration. Let us take Headstart.

Senator CURTIS. Well, now, that is an educational program.

Mr. COHEN. Yes.

Senator CURTIS. And the Congress feels very strongly that that should be—many of us do and I think it will be done—put under the Office of Education.

Mr. COHEN. Yes. All I am trying to point out, though, is that there are a lot of other people in the OEO program of Headstart, a lot of those children, quite desirably so, come from families who are not on aid to dependent children. I am answering your question.

Senator CURTIS. But, a great many of them do.

Mr. COHEN. Some do, yes, sir. I cannot give you an estimate right now.

Senator CURTIS. I think before these hearings are over that we should hear from the poverty officials, because I believe that we are proceeding in a very inefficient manner. Here we have one massive social service program in the social security law with all of its titles and it has been in existence over 30 years. I am sure the Congress assumed all the time they were adding these various sections that with the exception of the payment under title II and medicare which has no needs test that they were doing something for the poor.

Mr. COHEN. They did, too, Senator. They are taking care of—the welfare titles of the Social Security Act provide some assistance, inadequate though it may be in many cases, to 8 million people, but the poverty figures show that there are 30 million people who are poor, so there are 22 million people who are poor who are not being taken care of by the welfare program.

Senator CURTIS. That is no argument for two programs.

Mr. COHEN. No, sir.

Senator CURTIS. That is no argument for overlap.

Mr. COHEN. No. I am just pointing out—

Senator CURTIS. Mr. Ball, in your statement you pointed out that 90 percent of the aged were covered, were receiving OASI benefits.

Mr. BALL. Not receiving, Senator; 90 percent are eligible. Some of them are not actually getting benefits because they are still at work.

Senator CURTIS. Who constitutes the 10 percent that are not eligible?

Mr. BALL. That 10 percent is very considerably made up of people whose jobs were not in covered employment. They tend to be in the older age group and at the time that they were working, social security did not have as broad coverage. Or even more importantly, Senator, they are the widows of men who died before their jobs were covered, plus the retired people from the few groups that are still excluded.

Senator CURTIS. But, those excluded are very minor.

Mr. BALL. It is a sizable number in Government employment. For instance, civil service annuitants who are under their own system are in this 10 percent.

Senator CURTIS. They are protected by a public retirement system.

Mr. COHEN. Yes, but they are still in that 10 percent.

Senator CURTIS. I see. Well, what portion of the 10 percent are not eligible for some public supported retirement system?

Mr. BALL. I would think that would be about—what—5 or 6 percent?

Mr. MYERS. A little more than that. Closer to 7 or 8 percent.

Senator CURTIS. How many people would that be?

Mr. BALL. About a million.

Senator CURTIS. In other words, there are about a million and a half people in spite of all the years social security has been in effect who are ineligible because either their occupation was never covered during their working years or their spouse's occupation was not covered during their working years, is that not true?

Mr. BALL. About 2 million.

Senator CURTIS. A million and a half.

Mr. BALL. About a million of the 2 million, Senator, to round out the picture a little, are recipients of old-age assistance now. As Mr. Cohen was saying earlier, there are about 2 million total on old-age assistance. About half of them are getting supplementation of social security and the other half are not eligible for social security.

Senator CURTIS. Now, that figure has been narrowed down, too, because when we gave a benefit to those over 70—was it 72?

Mr. BALL. Seventy-two, yes.

Mr. COHEN. Senator, could I add one figure that came up in the discussion before? It is also our estimate that if the 15 percent benefit increase were to be enacted, around 200,000 of those people on old-age assistance would go off the rolls because they get enough more from the increased social security.

Senator CURTIS. My previous question—my primary concern is those people who get nothing.

Now, concerning the retirement test, that is a wage limitation or earnings limitation and not an income limitation.

Mr. BALL. That is correct, Senator.

Senator CURTIS. How does the statute refer to it; as wages or earnings?

Mr. BALL. Earnings, Senator, because it includes self-employment income, too.

Senator CURTIS. Is it a defined term?

Mr. BALL. Yes, sir.

Senator CURTIS. Would it be possible to exclude from the definition of earnings for this narrow purpose of determining so-called retirement test to exclude wages or earnings received for caring for the sick? I am not asking you if you favor it as a policy, but it could be done.

Mr. BALL. Yes. I think it could, Senator, yes. You would have to be careful on the exact definition of "caring for the sick," of course, but you could do it.

Senator CURTIS. I hope you will give some attention to it because I am going to offer such an amendment.

Now, we have in the various Government programs called for more registered nurses than there are registered nurses, unless we are able to recruit some that are retired and married and otherwise. We need more practical nurses than there are. But, even people who have no training or experience are needed to care for invalids.

Mr. COHEN. My question, Senator—

Senator CURTIS. Oftentimes, in a family the spouse is not physically able to lift the ill person in and out of bed, to give him or her baths and do things like that, or prepare the food for them. Many aged and sick people prefer to stay at home. It is very, very hard to hire anybody to go into a home and care for the sick. Other jobs appeal more to the young.

Now, the more manpower and womanpower that you would release for this, the more registered nurses and practical nurses you would release for the jobs that must be filled by them, the less strain that you would have upon hospitals and extended-care facilities, it would be my hope that we could do this.

Now, I do not think that financially it would make any difference because it is not a question of someone wanting to stay in a high-paid job and still draw their social security. It is a type of employment that is—

Mr. COHEN. That depends on how you define it. I think you want to define it not as you said originally, but in the light of your explanation because if you say care for the sick, physicians care for the sick.

Senator CURTIS. Physicians are not covered anyway.

Mr. COHEN. Oh, yes, sir; they are.

Senator CURTIS. Oh, yes. I did not mean physicians.

Mr. COHEN. It would cost a good deal if you did apply it to physicians but I interpret you to mean the kind of nurses and nurses aids and subprofessional personnel that are in very short supply; is that right?

Senator CURTIS. Yes, and I would not want it so broad that it included all domestics so that someone who is a high-paid domestic could get their benefits and still go on working but actually some of these people that would relieve the loads on hospitals and relieve the pressure on needed nurses, they would be called upon to do things that a fairly intelligent domestic, if dedicated, could do.

Mr. COHEN. Is your thought a complete exemption?

Senator CURTIS. Yes. I would exempt from the definition of wages or earnings of the work test anybody who undertakes this hard un-

glamorous job, and I think that it will put money in the Treasury because it relieves the pressure for institutional nurses, such work is not glamorous and it is hard to get people to do that, and either they will refuse to do it at all or they will get to the limit of their earnings and then they say to the family involved, well, I cannot work any more, and the family knows nowhere to turn to get anyone else. And many times it adds to the load on institutional care.

Mr. COHEN. It seems to me—I am just thinking off the top of my head now—we would have to give a good deal more thought to it, but the problem that would be presented by that is to try to define this idea of caring for the sick with limitations that really dealt with an occupational shortage, because if you did not do that, then a lot of other people would be in exactly the same circumstances in a lot of other occupations.

I think if I get the point that you are getting over, you are concerned not simply that it is so unglamorous but the fact that it is a really serious shortage occupation.

Senator CURTIS. Well, and it is an occupation you cannot get the young to turn to. You see, this sick person might be an invalid child who has never walked, never been out of bed, and help is needed very badly. Many of the aged who are ill need to employ such help. I think if our older people who are physically able and wanted to engage in that sort of work, that their total earnings should be excluded from the work test.

Now, I am not asking you on the spur of the moment to pass on the policy question, but I do hope you will give some attention to the definition.

If the administration's proposal for extending care, some sort of medical aid, to the disabled is enacted, will it take care of all disabled or only the insured disabled?

Mr. COHEN. Only the disabled that are getting benefits under the social security program.

Senator CURTIS. I think that is wrong. It would not, then, take care of the lifelong invalid.

Mr. COHEN. The lifelong invalid, you mean, who had never been under social security, or anything. No. There would be cases of people—

Senator CURTIS. To the kid who has never been on a playground, has never been able to walk.

Mr. COHEN. Well, there are lots of congenitally disabled who are covered under the program; yes, sir.

Senator CURTIS. But they become disabled later on.

Mr. COHEN. No, sir. The present law provides under some circumstances for taking care of disabled individuals who were disabled prior to the age of 18 and who never worked.

Senator CURTIS. Well, then, the answer is, it will take care of them?

Mr. COHEN. Some of them.

Senator CURTIS. What would be the gaps if the administration gets what you want? That is what I want to know.

Mr. COHEN. I see. If you are thinking of a man or woman who never worked under social security or worked in an uncovered occupation and was not insured under social security when he became disabled, they are now covered under permanent total disability assistance under title XIV, as I understand it.



Senator CURTIS. That is assistance?

Mr. COHEN. Yes, sir; but I am pointing out that that person may not be a disabled person under disability insurance and might not be drawing disability insurance under social security and, therefore, would not be covered under the hospital insurance program.

Senator CURTIS. But, if they became disabled before they were old enough to go into the labor market, they are included?

Mr. COHEN. They might be as dependents of a worker. As you know, there are insured-status provisions for disability. You generally have to work for 5 years, so there would be some people excluded.

Senator CURTIS. What I am getting at, you are recommending medicare for the disabled?

Mr. COHEN. Yes, sir.

Senator CURTIS. My question is this. Is that limited to those who have an insured status?

Mr. COHEN. And certain disabled dependents. It covers only those who would be eligible under the Social Security Act for meeting the insured status and dependency provisions under the existing law plus the disabled widows we are proposing coverage for.

Senator CURTIS. But, if they are dependents, regardless of age, somebody that is insured—

Mr. COHEN. No. They are not covered as dependents unless they are disabled.

Senator CURTIS. They are not covered?

Mr. COHEN. No, sir. If you could give us some idea of the cases you have, I can tell you authoritatively.

Senator CURTIS. Well, I can tell you a case within my block. A young lady for 14 years has not been able to move a muscle in her body and it happened as she was leaving college. She is a polio victim. I do not think she has any social security status. Now, when you say you are going to give medicare to the disabled, does it cover such a case?

Mr. BALL. No, sir.

Senator CURTIS. She has no social security record.

Senator BENNETT. Her father is not on social security. I know the same case.

Mr. COHEN. I would say it is most likely that she would not be covered under this because she is not receiving social security benefits.

Senator CURTIS. Suppose her father was still working, but had social security status and had met his minimum requirements already?

Mr. COHEN. No. Still not.

Senator CURTIS. Still not.

Mr. Chairman, I will waive my right for further questions at this time.

Senator ANDERSON. Senator Bennett?

Senator BENNETT. Mr. Chairman, I had some questions that I wanted to ask of the Secretary and I understand he will be back tomorrow, so that I will hold my questions for him.

Senator WILLIAMS. I would like to ask just one question. Perhaps you could answer it, Mr. Cohen. You have a series of recommendations which you are going to submit as amendments to the increased benefit section and to the welfare section. Each of your recommendations most certainly will be considered and should be considered and perhaps some of them will be adopted. But just in the event there are not

the votes in the committee to adopt your recommendations, and we get down to the question, do we take the bill as the House passed it or do we reject it? Would you endorse the House bill as it stands? Are you for it or against it if you do not get your more recent recommendations?

Mr. COHEN. Well, I have not come to that pessimistic conclusion yet, Senator. [Laughter.]

Senator WILLIAMS. Well, we are at that point now.

Mr. COHEN. Well, I have not come to that point in my thinking, yet, so it takes a little time for me to adjust. There are many—let me just say this. The House-passed bill has many, many significant things in it. They have been well thought out in many cases, and I would hope that the bulk of what is in the House-passed bill could become law.

Senator WILLIAMS. Even though there were no additional improvements or changes made in it, you would recommend it?

Mr. COHEN. Yes. I think a lot of what is in the House bill is very good. I am for 12½ percent and \$50. I would just like to change it to 15 percent and \$70.

Senator WILLIAMS. I recognize that you are making additional recommendations and you would prefer as many of them be included as possible.

Mr. COHEN. Yes, sir.

Senator WILLIAMS. I am in agreement with some of them. The question is being asked, What would happen if you do not get your recommendations?

Mr. COHEN. I just want to say after 33 years of working on social security, it is absolutely unthinkable to me that the Senate Finance Committee should not make some changes in a House-passed bill.

Senator WILLIAMS. I would agree with you on that point.

But, Mr. Ball, we in Congress are getting many complaints from persons applying for social security benefits about the long delays in getting their first social security payments or having survivors benefits payments replace a wife's or husband's payments. Could you explain this along with the fact that we are getting many complaints from constituents that their checks are not coming on time? Suddenly, they cease coming. We have taken up many of these problems with you, and you have been most cooperative in getting them straightened out. But is it a mixup in the new computer system or just what is the problem?

Mr. BALL. Well, Senator, let me say first, that there have been very substantial improvements in this situation in recent months and as far as the new claims are concerned, people just coming on the rolls, in the average case we are today not very far above the normal processing time of the past. But the more disturbing part of the problem to us has been the second aspect of the situation that you raise, and that is that—it is a tiny minority, obviously, of the checks for 23 million beneficiaries that are sent every month—there have been a number of situations in which individuals who have been getting checks right along, suddenly for reasons that they did not understand, did not get some for a time. I would say, Senator, that more than anything else, that situation grew out, as you were suggesting, of computer changes when the medicare program was first put in. We had to change the

programs for the deduction of the \$3, for example. If every aspect of the case did not exactly coincide with the program, you would get an exception from the computer program which then had to be looked into and in some instances those did not get back into the system in time for the next check.

Now, this was compounded by tremendous workloads during the last year. We normally take less than 4 million claims a year. We took over 8 million claims in the first year after medicare and the point where this process, the mechanized part of this process, comes to a head, what we call payment centers—the places where both the new claims are finally reviewed and the going load is certified—is also the place where these computer changes had their main impact.

Their work was terrifically increased for a time. Their backlogs were very heavy. Those have been coming down now very steadily month after month in the postadjudication area where the main problem has been.

I will be glad to submit for the record, how those pending loads have been coming down, and I am pleased to say, Senator, that I would say now in all but two of our payment centers, processing is pretty close to a normal situation. In Chicago and New York this is not yet true—New York, incidentally services Delaware—they still have much more than normal pending loads but a lot less than they had even 2 months ago.

(The material submitted for the record follows:)

*Retirement and survivors insurance postentitlement, pending loads (national)*

May 1967.....	441,886
June 1967.....	372,795
July 1967.....	345,340
Aug. 5, 1967.....	331,161
Aug. 12, 1967.....	302,693
Aug. 19, 1967.....	293,173

NOTE.—The pending load as of Aug. 19 represents 1½ weeks' work at current processing rates.

Senator WILLIAMS. I appreciate that explanation. Our committee has had quite a few complaints that have been submitted to you. We have had excellent cooperation in getting them straightened out but it does raise the question, how many more did we miss? I am glad to know that the problem is in the process of being cleared up. You think you can handle it in the future; is that correct?

Mr. BALL. Yes, I do.

Senator WILLIAMS. One other question. I notice that for administrative expenses in 1966, it is estimated at \$256 million.

Mr. BALL. In 1966? I think it is larger than that, Senator.

Senator WILLIAMS. Well—

Mr. BALL. I am sorry. I thought you were speaking of the appropriation estimate. Yes. That is just the OASI part in this table.

Senator WILLIAMS. OASI, 256 million. And in 1967, it is proposed to cost 401 million.

Mr. BALL. Senator, these are the actuarial assumptions as far as the administrative costs are concerned. Perhaps Mr. Myers could take that table and explain it.

Senator WILLIAMS. I just wondered why the spectacular increase. I notice that in 1965 it was 328 million, in 1966 it drops to 256 million, and then for 1967 it goes back to 401 million.

Mr. MYERS. The reason for the drop in 1966 and then for the rise the next year is that, as you know, there are exchanges of money between the four social security trust funds. In previous years, the OASI trust fund initially paid all the administrative expenses and the other funds then, when the cost allocation was made, reimbursed the OASI trust fund.

Now, currently and in the future, these reimbursements are going to be made on a current basis, but in the past they have been made by lump-sum payments after some time has elapsed. In 1966, the OASI net figure showed how much it spent, less what it was reimbursed. If you look down at the next table, I think you will see this is so when you look at the disability insurance trust fund. Here, the administrative expenses were shown as \$90 million for 1965. Then, they went up to \$137 million in 1966, and they are estimated to go down to \$107 million in 1967, the reason being that in 1966 there was a large reimbursement from the DI fund to the OASI fund; that reimbursement in 1966 is added to the administrative expenses of the DI fund, and conversely, it is taken away from the administrative expenses of OASI.

The hospital insurance trust fund did not begin its operations until the beginning of 1966, when taxes were first collected, and the supplementary medical insurance trust fund did not begin operations until July 1966, when premiums were first collected. For both of those funds, the administrative expenses in 1965, which occurred after the legislation was passed, came out of the OASI trust fund initially, and this was part of the reason for the relatively high figure of \$328 million then. When the money was repaid to OASI in 1966, it was a deduction from the actual administrative expenses occurring, and that is why the figure of \$256 million for 1966 is so low.

Senator WILLIAMS. For simplification, would you furnish for the record, at this point, a list of the total administrative expenses for the last 10 years and the projected cost for the next 5 years? Give us one grand total. Could you do that?

Mr. MYERS. Yes, I think this would be much clearer if there was one figure for the administrative expenses for all the trust funds combined.

Senator WILLIAMS. If you do that, eliminate all of the cross references.

Mr. MYERS. Yes, Senator. I will be glad to.

(The following information was received for the record:)

#### MEMORANDUM

AUGUST 25, 1967.

From: Robert J. Myers, Chief Actuary, Social Security Administration.  
Subject: Analysis of Administrative Expenses of Social Security System as Shown in Data on Trust Fund Operations.

A consideration of the amounts expended as administrative expenses from the OASI Trust Fund in various calendar years appears to give some rather unusual results. For example, these figures are \$328 million for 1965, \$256 million for 1966, and estimates of \$393 million for 1967 and \$378 million for 1968. At first glance, the sharp drop in 1966 and the sharp rise in 1967 seem very unusual.

In brief, the explanation of this trend is that it occurs primarily because of inter-fund transfers. For many years, all administrative expenses were first paid from the OASI Trust Fund, and then later, transfers (along with appropriate interest adjustment) were made from the other trust funds to meet these administrative expenses. At times, these adjustments were made on a basis such that part of the reimbursements overlapped into another calendar year (and

sometimes reimbursements for more than 1 year were made in a particular year). At the present time, approximate transfers for administrative expenses are made on a current basis, so that the final adjustment which is made later will be of only a relatively small size and will not produce some of the large fluctuations that have occurred in the past.

For this reason, a considerable part of the explanation of the year-by-year fluctuations in administrative expenses as shown for the OASI Trust Fund can be explained if the data for all trust funds are combined. The results of doing this are shown on the attached table. Even though this method of analysis eliminates most of the erratic trend, some still remains. The remained erratic trend is explained by the footnotes to the table.

Attachment.

ADMINISTRATIVE EXPENSES AS SHOWN IN DATA ON TRUST FUND OPERATIONS

ACTUAL DATA

(In millions)

Calendar year	Trust fund				
	OASI	DI	HI	SMI	Total
1956.....	\$132	.....	.....	.....	\$132
1957.....	162	83	.....	.....	165
1958.....	194	12	.....	.....	206
1959.....	184	50	.....	.....	234
1960.....	203	36	.....	.....	239
1961.....	239	64	.....	.....	303
1962.....	256	66	.....	.....	322
1963.....	281	68	.....	.....	349
1964.....	296	79	.....	.....	375
1965.....	328	90	.....	.....	418
1966.....	356	137	\$57	\$74	624

ESTIMATED DATA, PRESENT LAW

1967.....	\$393	\$107	\$90	\$120	\$710
1968.....	378	114	103	125	720
1969.....	393	116	117	130	756
1970.....	404	119	129	135	787
1971.....	416	123	139	140	818
1972.....	429	129	149	145	852

<sup>1</sup> The 1965 figure is enlarged—and the 1966 figure is correspondingly diminished—by the inclusion of about \$30,000,000 of medicare administrative expenses in 1965 that were first paid from the OASI trust fund and then were reimbursed to it in 1966.

<sup>2</sup> This figure is diminished by about \$10,000,000 representing a repayment from the general fund of the Treasury of administrative expenses incurred in 1966 and 1967 with respect to benefits paid to certain noninsured persons (under the provisions of the so-called Prouty amendment).

Senator ANDERSON. Mr. Cohen, on page 18 of the Secretary's statement it says: "almost universally excluded" the migratory workers from eligibility for emergency assistance. The House report states on page 109: "The provision is broad enough that emergencies can be met in migrant families as well as those meeting residence requirements of the State's AFDC program."

There seems to be a conflict.

Mr. COHEN. Yes, I think there is a small difference of opinion in there. The 30-day provision—

Senator ANDERSON. Completely contrary, not a small difference of opinion.

Mr. COHEN. Well, I did not want to take too much offense at the Ways and Means Committee on the matter, but I do think that the migratory worker again might be a person who was an adult that was not eligible for AFDC. It might be a person 65 and over, or it might be a person who did not have a child. States might not see fit to consider nonresidents eligible for assistance even in emergencies. It might

be any number of reasons that did not fit in the classification of aid to dependent children.

I agree if it were a child it could be covered for the 30-day period, but there are lots of other cases that were encompassed in our provision that are not in the House provision.

Senator ANDERSON. Mr. Ball, I have heard that Social Security ordered nursing homes certified as extended care facilities despite the recommendations against approval by the State health department inspectors. This is a sort of veto of the health department recommendations. Is that true?

Mr. BALL. Senator, yes, there were in a few instances and in a few States recommendations made by State health staff on particular institutions that seemed to us out of line with the national standard. You will remember that the basic provision is that the Secretary uses the services of the State health department to help get the information as to whether or not a given extended care facility or hospital meets the standards in the law and in the regulations.

Now, we have not at all taken the view that the final decision is necessarily on the part of the State health department but, rather, that we have a responsibility to see that the law is evenly applied across the country. In some instances there were institutions which on a preliminary basis the State health inspector did not want to allow to participate in the program that we thought should be allowed to participate, and we asked that a change be made in that. This was not in many States and only small numbers involved.

Senator ANDERSON. Did you use quotas?

Mr. BALL. No, Senator. We did not use quotas.

Senator ANDERSON. Can you assure the committee that those for whom extended care benefits are being paid are not cases who primarily need routine nursing home or custodial care?

Mr. BALL. I am sorry, I did not get the last phrasing.

Senator ANDERSON. Can you assure this committee that those for whom extended care benefits are being paid are not cases who primarily need routine nursing home or custodial care?

Mr. BALL. I cannot do that, Senator, on anything like a 100 percent basis. This is a very difficult distinction to make. As you know by law, if care is solely custodial, it is not to be covered in the extended care facility, but to determine exactly what is a custodial case is very difficult. It is a new program.

We have asked all the intermediaries to conduct a medical audit right on this point during the next few months and we are watching that carefully, but I cannot assure the committee at this time that there are not some people who are receiving custodial care under the program. There may well be.

Senator ANDERSON. Mr. Cohen, I have got two or three questions that might—I will submit them and you can submit the answers.

Mr. COHEN. Yes, sir; certainly.

Senator ANDERSON. Without objection.

(Senator Anderson's questions, with answers supplied, follow:)

#### QUESTIONS ASKED MR. MYERS

QUESTION. Based upon present law, what do you anticipate you will announce in October as the new premium cost for part B of medicare?

The Federal Government matches that amount. How much increased general revenues will be required for the Federal share?

Is that increased Federal expenditure included in the deficit described in the President's tax message?

Based upon your estimates of increases in hospital costs, what do you anticipate the \$40 deductible under part A will have to be raised to in October of 1968?

ANSWER. It is not possible at this time to state what standard premium rate the Secretary will promulgate by October 1 for the supplementary medical insurance program, to be applicable in 1968-1969, because we are tabulating a substantial additional amount of our statistical experience at this time, and we will wish to analyze these data before coming to a conclusion. As to the Federal matching amounts, the increased general-revenues cost would be increased at a rate of about \$21 million per year for each increase of \$0.10 in the monthly standard premium rate.

The President's tax message (as printed in the Congressional Record for Aug. 3 on p. H9882) gives an estimate for fiscal year 1968 of increases in Federal contributions to medicare amounting to \$150 million. This figure relates both to the Government matching of the SMI premiums and the payments from general revenues for the hospital insurance costs for noninsured persons. It is my understanding that the part of the \$150 million figure that relates to the SMI program is only with respect to the insufficiency of the previous appropriation figures based on the \$3 monthly rate, because of the somewhat higher enrollment than was anticipated. Thus, the actual premiums in fiscal year 1967 were \$24 million in excess of the Government payments, and it is this amount plus a similar one for fiscal year 1968 that are contemplated in the \$150 million figure.

The in-patient hospital deductible under the hospital insurance program is established at \$40 until 1969. At that time, this figure is to be changed, by promulgation of the Secretary (made between July 1 and October 1, 1968), based on the increase in the average daily cost of inpatient hospital services covered under the program in 1967 as compared with 1966. If such increase is less than 5 percent, the \$40 figure will not be changed. If such increase is at least 5 percent but less than 15 percent, the \$40 figure will be increased to \$44. It is, of course, too early to know for certain what the increases in hospital costs will be for the entire calendar year 1967. However, based on data being accumulated from the operations of the HI program and on data for general hospital-cost trends issued by the American Hospital Association, it would appear most likely that the increase in the average daily cost of covered in-patient hospital services from the period July-December 1966 to the period January-December 1967 would be well above 5 percent, but well below 15 percent. It should be observed that the increase to be measured is that for what is, on the average, a 9-month period (from the middle of the first period to the middle of the second period). On this basis then, it appears likely that the in-patient deductible for 1969 will be promulgated at \$44.

QUESTION. What was your original estimate of the first-year administrative costs of part A of medicare?

What is your current estimate of those overhead costs?

What was your original estimate of part B first-year administrative expenses?

What is your latest estimate of those costs?

ANSWER. In my actuarial cost report for the 1965 amendments, prepared for the Committee on Ways and Means of the House of Representatives and dated July 13, 1965, I estimated that the administrative expenses of the hospital insurance program for calendar year 1966 would be \$50 million with respect to insured persons (and a corresponding figure of \$66 million for 1967). The total administrative expenses of the HI program with respect to both insured persons and noninsured persons amounted to \$107 million for calendar year 1966. Such administrative expenses applicable to noninsured persons amounted to an estimated \$50 million, which will be reimbursed from the general fund of the Treasury; such figure is relatively high, because of the considerable expense involved in processing and adjudicating the applications of these individuals to participate in the program. This means that the administrative expenses with respect to insured persons in calendar year 1966 (including a small amount of expenses incurred in 1965) amounted to \$57 million, or only slightly different from the original estimate of \$50 million.

Currently, the total administrative expenses of the HI program are running at a level of about a rate of \$90 million per year. If the administrative expenses applicable to the noninsured persons are eliminated, this figure would drop to about \$75 million a year, or only slightly above the initial estimate of \$66 million. Or, to put it another way, administrative expenses are currently running at about 3½ percent of benefit payments, as compared with the assumption of 3 percent in the initial cost estimate.

Although current experience in regard to administrative expenses is running slightly above what was initially estimated, it should be remembered that the initial estimate was what would be the case under the long-range conditions. It is quite possible that some higher-cost effects of the "startup" operations are still being felt, so that eventually an administrative expense ratio of 3 percent may be realized.

The cost estimate for the supplementary medical insurance program that was contained in my actuarial cost report on the 1965 amendments was prepared on a range basis, because of the uncertainty as to what proportion of eligible persons would participate in the program—namely, a low-participation assumption of 80 percent and a high-participation assumption of 95 percent. It, therefore, seems appropriate to consider what the estimate of administrative expenses would have been under the intermediate-cost estimate, based on the actual 92 percent participation. Under this basis, the estimate would have shown administrative expenses of \$87 million for calendar year 1966 and \$97 million for calendar year 1967.

The actual administrative expenses of the SMI program in calendar year 1966 were \$74 million, or somewhat below the foregoing estimate of \$87 million (in large part, because of the somewhat greater lag in adjudicating benefit payments than had been anticipated). Administrative expenses are currently running at an annual rate of about \$120 million, or somewhat above the initial estimate of \$97 million for 1967. It was extremely difficult to prepare, in advance, an accurate estimate of the administrative costs for a program involving the administrative complexities that SMI does (because of the many small bills involved). On a "cash" basis, the current rate of administrative



expenses is only about \$.57 per month per capita, or slightly less than 10 percent of the total premium income from the participant and the Government combined.

**QUESTION.** You originally estimated the cost of the extended care benefit of medicare as \$25 to \$50 million during 1967. Based upon the information you now have, what do you estimate as the extended care costs in 1967?

How do you account for this tremendous underestimate?

**ANSWER.** In my actuarial cost report on the 1965 amendments, prepared for the Committee on Ways and Means of the House of Representatives and dated July 30, I made the following statement on page 31:

Perhaps only about \$25 to \$50 million will be expended in 1967 for extended care facility benefits. In later years, it seems quite possible that greater use of posthospital extended care services will be made, thus tending to reduce the use of hospitals.

In "Actuarial Study No. 59," issued in January 1965, I went into further detail about the difficulties of estimating the cost of a new type of benefit such as this that had been available on only limited basis previously under private insurance contracts and plans (see pp. 22-24). It was pointed out there that in the early years of operation an important limitation on the costs would be the limited availability of qualifying facilities although, in the long run this could not, of course, reasonably be regarded as a cost-control factor. The very limited data available for a limited benefit of this type indicated that the average cost per person protected might be about \$1 per year for a provision involving a sizable maximum number of days of care with no cost-sharing provisions. Although this factor would be increased somewhat because of the rising secular trend of costs, it probably would be correspondingly reduced by the provisions in the 1965 amendments that incorporates cost sharing of \$5 per day for the 21st to 100th days. If this cost factor had been used, then the estimated first-year cost would have been shown at about \$19 million. However, because of the uncertainty involved, I set down a range of \$25 to \$50 million.

Based on certain early tabulations that I received within the past week, I find that the benefit outgo for the ECF provisions is running substantially higher than the foregoing estimate. For the first 3 months of 1967, on an accrual basis, the ECF benefits that have been processed through May total \$47 million. I would estimate that another \$15 to \$25 million of bills for ECF care for this period have not yet been processed but will be processed in the future. On this basis, I would estimate that the total ECF benefits for the calendar year, 1967, will amount to about \$250 to \$300 million.

At this time I cannot offer full and conclusive reasons for the very significant understatement in the cost estimate for ECF benefits in the first year of operation. For the long run, I have combined the cost estimates for the inpatient hospital benefits and the ECF benefits because of the impossibility of predicting future developments in the use of ECF's and because of the interrelationship between these two types of benefits (it being quite possible that greater use of ECF services will tend to reduce the use of hospitals).

At least, part of the reason for the underestimate of first-year costs arose from the fact that far more qualifying ECF beds were available

than I had estimated. It is still far too early to judge the extent to which the availability of this larger number of ECF beds has decreased hospital utilization over what it otherwise would have been—and it may well never be possible to make such a determination. In my opinion, it is highly desirable to make a thorough medical study of ECF utilization—as is now being done—so as to determine what it should properly be. Only then will it be possible for me to make revised actuarial cost estimates for this benefit—which hopefully will be of a much higher degree of accuracy than the early estimates, which were based on very sketchy data and on very little knowledge as to how experience under it would develop.

#### QUESTION ASKED MR. BALL

**QUESTION.** The extended care benefit was designed to cover the period of rehabilitation and convalescence following an episode of acute illness in a hospital. People were supposed to get that kind of rather intensive care in a quality care institution.

1. What assurances do you have that precisely that kind of care is being provided rather than routine nursing home care? Because if we don't have those assurance—properly enforced—we will be picking up an enormous bill for routine custodial care of the elderly.

**ANSWER.** The problem of assuring that the extended care benefit does not become simply a benefit paid for long-term nursing home care is a difficult one. It should be noted, however, that the extended care benefit legitimately covers not merely post-acute hospitalization where the individual is convalescing or being rehabilitated but also many types of cases where the patient may continue to be very sick and indeed have little or no prospect of recovery. The physician's certification required by section 1814(a)(2)(D) is, in part, that the extended facility services are required because the patient needs "skilled nursing care on a continuing basis" for any of the conditions for which he had just previously been hospitalized. Thus, a terminal cancer patient who may receive only palliative treatment but whose condition requires skilled nursing services available at all times would qualify for extended care benefits. Conversely, the clear exclusion of custodial care has required the definition and identification of services and situations which are properly characterized as custodial since they are designed essentially to assist an individual in such activities of daily living as walking, getting in and out of bed, feeding and bathing, et cetera, which do not require the continuing attention of trained nursing personnel.

There are a variety of safeguards included in the statute to assure that extended care benefits are only paid for the type of post-hospital care envisioned by the Congress. For example, an individual must have been hospitalized for 3 days prior to his admission to an extended care facility, and such admission must take place within 14 days of his discharge from the hospital. In addition, as noted above, the attending physician must certify in each instance to the need for the skilled nursing care on a continuing basis and to the fact that the patient required extended care services for a condition for which he had received inpatient hospital services or which arose while he was still in the facility for such purpose; moreover, the physician must periodi-

cally recertify to the continued need for such extended care nursing services. In addition when the patient has been in the extended care facility a certain length of time, his case is reviewed by the extended care facility's utilization review committee which determines whether or not continued stay in the extended care facility is medically necessary. Also, the law specifically prohibits payment for custodial care.

The law also provides a safeguard against payment for simply long-term nursing home care through the limitation on the benefit to 100 days of care in a "spell of illness" and the requirement which prevents an individual's spell of illness from ending and thereby his qualifying for additional benefits unless he has been out of a hospital or an institution which is primarily engaged in providing skilled nursing care for 60 consecutive days. Thus, an individual who will spend a great deal of time in such a nursing home (or who may remain in such an institution for the rest of his life) will not be able to end his spell of illness and will not, therefore, be able to continually renew his entitlement to hospital insurance and extended care benefits.

The criteria established by the administration for determining whether an institution is primarily engaged in providing skilled nursing care (and therefore is an institution of the type that stays therein will prolong a spell of illness) will, we believe, encompass virtually all of the some 13,000 nursing homes classified by the Public Health Service as skilled nursing homes and in addition a number of homes with lesser-skilled nurse resources, but with registered or practical nursing supervision and around-the-clock nursing services.

The implementation of administrative procedures for assuring the effectiveness of the statutory safeguards rests essentially with the fiscal intermediaries.

We have worked very closely with the fiscal intermediaries in developing claims review procedures for assuring that payment is made only for the kind of care contemplated by the law. We have recently expanded upon our claims review guidelines to the intermediaries by issuing more definitive criteria for identifying custodial care situations which, as I indicated before, are excluded from coverage under the law. We are also undertaking, through the fiscal intermediaries, a special study of the medical characteristics of patients and the level of nursing care they are receiving in extended care facilities in an effort to test the effectiveness of these guidelines and to create a sharp awareness in extended care facilities of the nature of the custodial care exclusion and of the fact that intermediaries are scrutinizing claims and rigorously applying the exclusion. Moreover, our system is set up to collect detailed statistical data on lengths of patient stays in extended care facilities, the types of services they receive, and the medical care needs and characteristics of such patients. The tabulation of these data will enable us to compare performance among intermediaries and to make comparisons among communities and regions of patterns of care, lengths of stay, and use of extended care facilities, so as to ascertain over time the effectiveness with which the safeguards in the law are being applied by intermediaries.

Senator WILLIAMS. I would ask to be printed in the record an estimate of the cost of the increased benefits as just submitted by Mr. Myers. We discussed those costs earlier.

Senator ANDERSON. Without objection.

Senator WILLIAMS. I think they should be a part of the record.

(The document referred to follows:)

AUGUST 22, 1967.

## MEMORANDUM

From: Robert J. Myers, Chief Actuary, Social Security Administration.  
 Subject: Changes in cost for administration proposal as compared with H.R. 12080, social security and medicare programs.

This memorandum has been prepared at the request of Senator Williams in order to show the changes in cost, by items, for the Administration proposal, as compared with H.R. 12080 as passed by the House of Representatives. These changes in cost were requested for each calendar year for 1968-72 and are shown for all items resulting in significant changes. In a few instances, described below, it has not been possible to present specific cost estimates.

Table 1 deals with OASDI benefit changes, while Table 2 deals with Medicare benefit changes and Table 3 deals with financing changes. In all these tables, no account has been taken of the following changes:

(a) *Transfer of wage credits of Federal employees.*—This provision will have significant effect on both income and outgo over the long range (although the net effect will be largely counterbalancing), but will have relatively little effect in the early years of operation.

(b) *Coverage provisions relating to various categories (including truck loaders, certain fishermen, certain intermittent farm workers, and ministers).*—These changes will have relatively small effect as to increased income and outgo, with the former being of more significant size in the early years of operation.

(c) *Elimination of restriction on payment of benefits to certain aliens residing abroad.*—H.R. 12080 would make certain additional restrictions on the payment of benefits to aliens residing outside the United States (in addition to restrictions contained in existing law); these restrictions would principally relate to citizens of countries that have pension systems of general application and do not pay benefits to otherwise qualified Americans who are outside the particular country. The Administration proposal would eliminate these additional restriction (and thus, in general, retain the provisions of present law). As compared with H.R. 12080, the Administration proposal would increase benefit expenditures by an annual rate of about \$18 million (beginning about the middle of 1968) if the foreign countries concerned do not change their provisions as to not paying benefits to otherwise eligible Americans living outside of the particular country. On the other hand, if these countries introduce reciprocity into their programs, there will be little increase in cost over what the situation would be under H.R. 12080.

TABLE 1.—CHANGES IN COST FOR ADMINISTRATION PROPOSAL AS COMPARED WITH H.R. 12080 AS PASSED BY HOUSE OF REPRESENTATIVES, OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFIT CHANGES, BY CALENDAR YEAR.

(In millions)

	Provision in H.R. 12080	Provision in administration proposal	Increase in cost over bill				
			1968	1969	1970	1971	1972
A. General benefit increase <sup>1</sup> .	12½ percent, with \$50 minimum PIA.	15 percent, with \$70 minimum PIA.	\$1,263	\$1,312	\$1,348	\$1,392	\$1,414
B. Benefit increase for certain persons aged 72 or over. <sup>2</sup>	\$40 (\$60 for couples).	\$50 (\$75 for couples).	148	126	106	89	74
C. Special \$100 minimum for 25 years of coverage.	None.....	Yes.....	8	9	10	11	12
D. Benefits for disabled widows and widowers.	At age 50, with reduced rate.	At all ages, with full benefits.	11	13	14	14	14
E. Benefits for dependent parents of retired or disabled workers.	None.....	Yes.....	15	17	19	20	20
F. Benefits for children dependent on workers other than parents	None.....	Yes.....	11	16	20	23	25
G. Total.....			1,456	1,493	1,517	1,549	1,589

<sup>1</sup> The figures for the administration proposal are derived on the assumption that the maximum earnings base schedule therein is adopted; if the earnings base in H.R. 12080 were to prevail, the figures for the change shown here would be slightly lower.

<sup>2</sup> About 90 percent of the increase in cost is paid by the general fund.

TABLE 2.—CHANGES IN COST FOR ADMINISTRATION PROPOSAL AS COMPARED WITH H.R. 12080 AS PASSED BY HOUSE OF REPRESENTATIVES, MEDICARE BENEFIT CHANGES, BY CALENDAR YEAR

[In millions]

	Provision in H.R. 12080	Provision in administration proposal	Increase in cost over bill				
			1968	1969	1970	1971	1972
A. Hospital insurance benefits for disabled beneficiaries.	None.....	Yes.....	\$695	\$792	\$870	\$940	\$1,010
B. Payments to Federal facilities for medicare beneficiaries <sup>1</sup> .	None.....	Yes.....	130	148	163	177	189
C. Total.....			825	940	1,033	1,117	1,199

<sup>1</sup> These figures would be reduced by about 10 percent if the foregoing change is not included.

TABLE 3.—CHANGES IN COST FOR ADMINISTRATION PROPOSAL AS COMPARED WITH H.R. 12080 AS PASSED BY THE HOUSE OF REPRESENTATIVES, FINANCING CHANGES, BY CALENDAR YEAR

[In millions]

	Provision in H.R. 12080	Provision in administration proposal	Increase in tax income over bill				
			1968	1969	1970	1971	1972
A. Increase in maximum taxable earnings base.	\$7,600 in 1968 and after.	\$7,800 in 1968-70; \$8,000 in 1971-73; \$10,800 thereafter.	\$202	\$306	\$337	\$1,819	\$2,458
B. Increase in hospital insurance contribution rates.	0.2 percent increase in combined rate <sup>1</sup> for 1969 and after.	0.3 percent increase in combined rate <sup>1</sup> for 1969 and after.	.....	320	377	404	424
C. Total.....			202	626	714	2,223	2,882

<sup>1</sup> For employer and employee combined.

Senator ANDERSON. We will adjourn now to meet at 10 o'clock tomorrow morning.

(Whereupon, at 12:05 p.m., the hearing was recessed, to reconvene at 10 a.m., Thursday, August 24, 1967.)

# SOCIAL SECURITY AMENDMENTS OF 1967

THURSDAY, AUGUST 24, 1967

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

The committee met, pursuant to notice, at 10 a.m., in room 2221, New Senate Office Building, Senator Russell B. Long (chairman) presiding.

Present: Senators Long, Anderson, Talmadge, Hartke, Harris, Williams, Carlson, and Bennett.

The CHAIRMAN. The committee will come to order.

This morning we hope to conclude our interrogation of Secretary Gardner and his staff. At Tuesday's open session Senator Williams suggested that a copy of the language necessary to carry out the administration's recommendation to the committee. I would like to know whether that language is in draft form at this time.

**STATEMENT OF HON. JOHN W. GARDNER, SECRETARY, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE; ACCOMPANIED BY WILBUR J. COHEN, UNDER SECRETARY; ROBERT M. BALL, COMMISSIONER OF SOCIAL SECURITY; ROBERT J. MYERS, CHIEF ACTUARY, SOCIAL SECURITY ADMINISTRATION; AND CHARLES HAWKINS, LEGISLATIVE OFFICER, SOCIAL AND REHABILITATION SERVICE**

Mr. COHEN. The draft, the exact draft language of the amendments will be ready this afternoon. It has just been about completed and they are being duplicated

The CHAIRMAN. I see.

Secretary GARDNER. And the estimates of costs given.

(The recommended amendments and cost estimates referred to appear at p. 417.)

The CHAIRMAN. Senator Anderson?

Senator ANDERSON. No questions.

The CHAIRMAN. Senator Talmadge.

Senator TALMADGE. There are one or two things I am interested in that are not now in existing law. About 2 or 3 weeks ago I received a letter from a justice of the peace in Georgia complaining they could not come under social security. I wrote them back that Georgia employees who were county, State, or municipal employees could qualify at the option of the governing body involved.

Sometime thereafter the man in charge of the retirement program of the State of Georgia came by my office, Frank Delmar—I am sure some of you know him—and I took the matter up with him. And he said, "Herman, the reason we can't put these gentlemen on social security is because they are paid by fee and we can't deduct from their checks the social security funds."

Now, the thought occurred to me that there are probably any number of inferior magistrates, some of them justices of the peace, and bailiffs throughout the country that can't come under social security for the same reason. I have prepared an amendment which the staff has furnished, and I am sure the Department has been furnished a copy, to permit these inferior magistrates to come in as self-employed individuals. Would there be any objection to that?

Mr. BALL. Senator, I am not prepared at this time to comment specifically. We would be very happy to look into that question and see if we couldn't work out something that would be satisfactory so that those individuals could obtain coverage if they can't under the present law.

Senator TALMADGE. I have requested my staff to forward it to Under Secretary Cohen. At the present time a great injustice is performed because they can't come under social security at their own option, they are not covered by the State, and it seems to me they ought to be qualified at their option to come under as self-employed individuals.

There is one other problem that I have found. For various reasons there are a few hospitals throughout the country that don't come under the provisions of the medicare program. Sometimes individuals are injured and they become ill, and they are immediately rushed to the nearest hospital, frequently to try to save their lives. Sometimes when they get out of the hospital they find that the hospital at which they were treated is not eligible for medicare payments.

I have offered a bill where these individuals would be paid 75 percent of the cost because an acute hardship is worked on these individuals. I have several cases in my file in which the patients thought they were entitled to this assistance. The law provides for it, but through no fault of their own, sometimes the hospital wasn't covered. Is there any objection to that?

Mr. BALL. Senator, that situation is a very appealing one, and we are certainly sympathetic to the objectives of your bill. Of course, in truly emergency situations we can pay for care in a nonparticipating hospital under present law; but there are other situations that cannot be handled that way.

As you can immediately see, a problem does arise as to making sure that there is no incentive created for the hospital to stay out of regular participation.

Senator TALMADGE. There won't be any incentive. The hospital won't get a dime. The individual would get the money and only three-fourths of what he would be entitled to otherwise.

Mr. BALL. I think one problem we are concerned about is that the hospital itself might make a higher charge to the individual than they would actually get in reimbursement from us, and then the individual would be recovering 75 percent of that higher charge.

One possibility that we have thought of, and we would like very much to get your reaction to it, would be some modification of the approach that perhaps would reimburse the individual, not on the basis of 75 percent of whatever the hospital charged him, but rather 75 percent of what the cost of those services were in a like hospital of the same size and kind in that general area, which I think would help to prevent the possibility that a hospital would say "Well, we would just prefer to charge these people more than cost, which is all we get from medicare." Under what I was thinking of, if the charge was substantially above cost, the individual would get less than 75 percent and might object to the size of the hospital charge.

Senator TALMADGE. That sounds all right to me. I don't think many hospitals deliberately overcharge people anyway.

All I want to do is to achieve equity for the individual who through no fault of his own is entitled to this and because the hospital for various reasons didn't see fit to come under the program he is denied benefits to which he is entitled under the law.

The bill I have drafted also provides that if a hospital presently under the program withdraws, no benefits would be paid, so no incentive would be offered by the bill for a hospital to withdraw from the program.

Mr. BALL. Yes.

Of course, we are also concerned, as I am sure you are, Senator, that an incentive remain for hospitals that are still out to come in. Hospitals are continuing to come in for participation all the time. For instance, as I know you are aware, in Georgia alone, since the program went into effect, 52 more general hospitals have come into medicare, 11 of these since the first of the year, and the total number of Georgia hospitals now that are not participating is down to 34—there are now 132 participating hospitals. So I hope that we can work toward your objective in a way that makes it still always desirable for the hospital to come in for full participation.

Senator TALMADGE. I agree with you and that is the reason my bill provides for a cutoff date of December 1968.

Mr. BALL. I think both those provisions that you make would be helpful, Senator; if we could make some suggestions to you on this other point perhaps it would be satisfactory.

Senator TALMADGE. Thank you.

I have no further questions.

The CHAIRMAN. Senator Williams.

Senator WILLIAMS. In the absence of the amendments, I don't know that I have too many questions at this time.

Mr. Secretary, I understand that the administration has abandoned the President's recommendation in connection with taxing social security benefits. Is that correct?

Secretary GARDNER. Would you repeat the question?

Senator WILLIAMS. The President's first recommendations embraced a proposal to tax social security benefits. It is my understanding that that proposal has been abandoned. Is that correct?

Secretary GARDNER. Yes.

Mr. Cohen will comment on it.

Mr. COHEN. Senator, I wouldn't use the word "abandoned." I would say we are not proposing it in connection with this particular legisla-



tion. It was a matter of some controversy and misunderstanding and in the House after a good deal of consideration of the technical problems, it was agreed to be dropped from the House bill and we are not proposing that it be considered at this time.

Senator WILLIAMS. Do I understand the administration is still leaning toward that principle of taxing social security benefits?

Mr. COHEN. Well, I would say this: This is more a matter for the Treasury to comment on than for us. But we do think that there ought to be some simplification of the existing tax arrangements for older persons with a more equitable arrangement, and I recognize, we all do, that that is not easy to achieve, but I think if there were some possibility at some time of undertaking some changes to achieve those two objectives it would be very highly desirable.

As you know, the tax forms regarding both the double deduction and the retirement credit and the other provisions, I believe, take two separate sheets on the tax form, and some simplification and more equity in that would be desirable.

Senator WILLIAMS. Do the amendments that you are sending down, embrace the repeal of the present \$1,200 exemption that is now given to over 65? The President's original recommendation embraced a repeal of the \$1,200 exemption for those over 65.

Mr. COHEN. We are not sending down any amendments that relate to that, Senator.

Senator WILLIAMS. You are withdrawing that suggestion, too?

Mr. COHEN. Yes, sir.

We are not now making any suggestion in that area whatsoever.

Senator WILLIAMS. It was called to my attention, and I took this problem up with the Commissioner some time back, that under a recent ruling, work by an individual while he is serving in prison can be counted in the labor force with the result that he can build up social security benefits while serving his prison sentence now.

Is that a loophole in the law and do you think the law needs amending or do you support the continuation of that principle?

Mr. BALL. Senator, as I remember it, the only situation in which this can occur is when the prisoner is taking part in a rehabilitation arrangement where he is working in private industry as part of a plan to get him in the situation where he can go back into the community. He is not covered for work in the prison. It applies as he works like other people under such a rehabilitation program, and I believe the people in charge of that sort of thing feel that it is most helpful to his rehabilitation to treat him, in all respects that you can, like another worker in that same situation.

Senator WILLIAMS. The broad effect of that ruling is that if the man has prior Government service and he is reemployed by Government service, he can even increase his civil service retirement benefits. He can establish unemployment benefits so that when he is discharged to private society he loses his job as a prisoner and he can get unemployment benefits based solely in the fact he is discharged from prison. Isn't all of this rather farfetched and isn't it about time we remember that there are a lot of decent, law-abiding citizens who are trying to qualify under this program and having difficulty, why shouldn't we give some consideration to them instead of these criminals?

For example, people employed as domestics, if there is a slight family relationship, are barred, even though it is bona fide employment, and yet we find that that same individual, if he will commit some crime and go to prison, he can then establish benefits under social security—benefits which he cannot establish in private society. As members of Congress we are having a job to explain this new ruling.

**Mr. BALL.** I think the only point is, Senator, that it is limited to employment that they perform for private employers just as other people do, and, as a matter of fact, frequently his fellow workers and the bookkeeper and so on don't know that this individual is a prisoner. He is working like everyone else.

**Senator WILLIAMS.** This has only been as a result of a recent ruling, isn't that correct?

**Mr. BALL.** I am not sure that it is a ruling, Senator. I would have to check that. I believe it is more that the situation is new. I don't remember hearing about this kind of prison rehabilitation work until recently. But I will check into that.

**Senator WILLIAMS.** I wish you would check into it because some of us are very much concerned about that factor and would like to take into consideration a correction of the abuse as we are working on this bill.

(Material submitted for the record on this question follows:)

Services performed in a Federal penal institution by an inmate thereof for the institution are specifically excluded from employment for social security purposes by section 210(a)(6)(C)(iii) of the Social Security Act.

Inmates of Federal penal institutions are permitted to work outside the institutions for private concerns or Federal agencies for some months prior to their release from the institutions, as provided under the Work Release Program provision of the Prisoner Rehabilitation Act of 1965, Public Law 89-176. The work performed outside the prison for private concerns is almost always performed only in the last six months prior to the person's release. The inmates who work for private concerns perform their services as employees of the concerns within the definition of the term "employee" in section 210(j) of the Social Security Act and are, therefore, employees of such concerns for social security purposes. Accordingly, the pay they receive for work they perform for such private concerns constitutes "wages" for social security purposes and is counted in determining eligibility for social security benefits.

**Mr. COHEN.** Could I just comment on that, Senator?

**Senator WILLIAMS.** Yes.

**Mr. COHEN.** There was a recent law passed by the Congress called the Prisoner Rehabilitation Act, which, among other things, asked the Secretary to set up programs that would encourage rehabilitation of prisoners so that there wouldn't be so many repeaters. It is my understanding that these rehabilitation programs of prisoners to get them to work are designed to help reduce the cost to a taxpayer of the prison maintenance by getting them to both learn a trade and where they can be put out so they will learn some work and thus not be for so long a burden on the taxpayers. So I think this idea is consistent with what the law is that Congress has passed, to encourage that rehabilitation.

**Senator WILLIAMS.** I personally fail to see the connection. I certainly don't think it was the intention of Congress that we allow a man under that work rehabilitation to build up his civil service retirement benefits or rather pension benefits or social security, and perhaps it needs an amendment to the law. But I will say this as one individual: I just

don't understand it myself, and to carry it to the absurd meaning once you put that in under recognized labor subject to the social security and—subject to establishing social security eligibility and so forth, I am advised it automatically follows when he is discharged from prison he can qualify as an unemployed man because he can't continue in that force, he is no longer a prisoner and, therefore, he is unemployed and he can draw his unemployment insurance in any State of the Union under this ruling. It is these side effects that have to be taken into consideration as well.

Secretary GARDNER. Senator, none of the three of us can answer the question about the unemployment compensation. We don't know the details of that.

But a problem with respect to the very substantial proportion of the prisoners is that many of them have never been a part of our normal society, never been a part of the labor force, they have lived a life which they slip back into very easily, and then return to prison eventually, and the burden on society over the career of such an individual is just enormous. The sheer financial cost of supporting these men in prison over their lifetimes and the cost from crimes and so forth is so great that particular efforts are being made to find ways of moving these individuals back toward a kind of life in which they can earn their living. In many cases introducing them for the first time to the idea of a trade; of earning a living, of being a part of normal society, being a part of a work force where they have companions who are also working, something that is completely new to them. It is a very difficult thing, but a very rewarding this because when they get out, they have a trade, they are used to working with people, and they didn't slip back into the old patterns.

Senator WILLIAMS. I am not questioning the merits of the legislative program. I am just questioning the wisdom of extending social security benefits to criminals.

Is it not conceivably possible for a man who is serving a lifetime sentence to establish his social security benefits and then when he is 65 while he is still in prison start drawing his social security check?

Secretary GARDNER. Mr. Ball will comment on that.

Senator WILLIAMS. These points have to be considered when we sit down and figure how far we can go in extending benefits to a lot of people who through no fault of their own are disabled and can't work. I think we should direct our attention to those people.

Mr. BALL. Senator Williams, I think this is a much more limited situation in application, perhaps, than our discussion so far would indicate.

As I understand it this type of rehabilitation where the individual leaves the prison and works for a private employer is in the last year—generally, the last 6 months—prior to his release. An individual on a lifetime sentence could not earn social security coverage under this arrangement, because it applies in only the last year before he leaves prison. As you know, the act now provides for specific exclusions from coverage of any work that he performs in the prison, in the shops of the prison, and this other kind of thing is quite limited.

Senator WILLIAMS. Yes.

But you can check it and I will check it further. I am not so sure it is limited, as you say, to the last year or two.

Now, on the question of social security payments that are being sent overseas, are you having any difficulty in determining the work standards of those people who are overseas drawing benefits, whether or not they are exceeding your \$1,500 ceiling on earnings. If they are living in a soft currency area, how do you relate that \$1,500 to the standard exchange rate or to the black market rate. Just how do you enforce this particular provision to someone who is living outside of this country?

Mr. BALL. Senator, the Congress anticipated the problem of a retirement test in money terms for people who are living abroad and instead of a money test there is a special provision in the law which suspends benefits for any month in which an individual performs services on 7 days. In other words, this present test of \$1,500 or the proposal of \$1,680 does not apply to them. Instead of that there is a special test that just relates to whether they worked 7 days during the month.

We get from every beneficiary outside of the country an annual questionnaire on this point which he has to fill out before he can get a check. Every year we send out the questionnaire and we hold up the check if necessary until we get the questionnaire back. Then beyond that we have—not only related to this one point but related to the enforcement of all aspects of the benefit program abroad—we have sample surveys in two countries each year in order to determine whether there are any special problems and whether special procedures should be introduced.

Senator WILLIAMS. Have you had any difficulty in establishing the date of death of some of these individuals abroad where they wouldn't be certified to you as having passed on and somebody keeps cashing their checks?

Mr. BALL. No; I don't believe we have had any significant difficulty in that respect, Senator. In these special surveys—the sample surveys that I have indicated we carry on now—that have covered a large proportion of countries, we just haven't found that to be a problem. I don't think if there was one, that there was more than one situation in all the samples where we found that an individual had died and the check was still going out.

Senator WILLIAMS. Have you recently had a survey, either an inter-agency survey or one maybe in conjunction with the Comptroller General's Office, on this particular subject where it was pointed out that you were having a problem in this area? Haven't you had such a survey recently?

Mr. BALL. No, Senator, except, as I say, we have had several surveys of a sample kind in which this is one point that is checked, and we have not discovered any problem in this area.

Senator WILLIAMS. I am referring to any report which would be particularly troublesome to you from the standpoint of administrative practices. Have you had any report which gave you a little more than a normal amount of concern that there was trouble in this area?

Mr. BALL. You are speaking of the cases abroad?

Senator WILLIAMS. Yes.

Mr. BALL. No, Senator. We have not.

Senator WILLIAMS. In your testimony before the Ways and Means Committee in March, you testified that extending the benefits to the disabled under medicare would cost about \$220 million; is that correct?

Mr. BALL. \$225 million.

Senator WILLIAMS. \$225 million. That is what we have here.

Mr. BALL. Mr. Myers is checking the information now, Senator.

Senator WILLIAMS. I am referring—

Mr. MYERS. Senator Williams, I believe that figure was my original estimate of the cost of hospital insurance benefits for disabled beneficiaries. Since that time, I obtained information from a survey of disability beneficiaries and found that the rate of hospitalization and the duration of hospitalization among disabled persons were much higher than any information I had had previously. Originally, it had been assumed that the disabled persons would have about the same experience as those over 65, considering the fact that for the first 6 months of their disability they wouldn't be covered because they would still be in their waiting period.

However, this new information that I obtained from our beneficiary survey indicated that the disabled had a rate of hospitalization of about two and a half to possibly three times the experience of people over 65, and my cost estimates were revised. Accordingly the figure furnished to you in the memorandum that I believe was given to you yesterday—

Senator WILLIAMS. \$695 million?

Mr. MYERS. Was \$695 million, or about three times as high; the reason for this difference is as I have just indicated.

Senator WILLIAMS. About three times as high.

Well, it gives us concern when we find this same proposal, when recommended to the House, was recommended on the basis it would cost \$225 million; we are now told it would cost \$695 million, three times as much. Now do you attribute this to the new word you have coined, "slippage"?

How do we know that this new program won't be three times that much a little later? How many other cost estimates were given to the House which are likewise being revised upward?

Mr. MYERS. Senator Williams, this figure of roughly three times as high as originally estimated was given to the Ways and Means Committee as soon as I obtained the survey and as soon as I was convinced that the earlier estimate was not founded on adequate material because there were none available. As soon as I find any of my estimates to be incorrect in any way because the experience has changed or because I have more information I change them. I gave that information on the cost estimate for hospital benefits for disabled beneficiaries, to the House committee in executive session.

Senator WILLIAMS. Yes.

How many times has that particular \$225 million original figure been changed up to the present \$695 million?

Mr. MYERS. There was just the one change that I mentioned—namely, when I obtained the results of our survey of disability beneficiaries, in which they were asked, among other things, the extent of their hospitalization during the survey year. As soon as I found out that this experience was so much higher, I immediately changed the estimates to the best figures that I could possibly develop.

Senator WILLIAMS. There has been just one change made in this particular figure?

Mr. MYERS. Yes, Senator.

Senator WILLIAMS. Are there any of the other programs that were recommended in the House wherein major cost changes have developed that you can recall?

Mr. MYERS. No. This was the only major change in cost assumptions that was made during the House deliberations other than the fact that the Ways and Means Committee suggested for present law, as well as for the bill, that there should be more conservative assumptions adopted about the future trends of hospital costs.

As you may know, during the public hearings before the Ways and Means Committee, the American Hospital Association testified that, in their belief, hospital costs would rise very sharply not only as they had in the past year, but that this trend would continue for from 3 to 5 years in the future, with a possible increase of 15 percent per year. Accordingly, it was suggested by the Ways and Means Committee that I ought to adopt assumptions somewhat along these lines, and this resulted in the cost estimates for both the existing hospital insurance program and also for the changes therein, being increased.

Senator WILLIAMS. Now, your original estimate, as I understand it, on the cost of the extended care benefit of medicare was \$25 to \$50 million during 1967; is that correct?

Mr. MYERS. That is correct.

Senator WILLIAMS. What is your estimate now on this?

Mr. MYERS. I have—

Senator WILLIAMS. For the same year?

Mr. MYERS. Under present law—

Senator WILLIAMS. Is it not around \$200 to \$250 million now?

Mr. MYERS. Under present law—as I stated in the answer I have submitted to the question that was handed to me yesterday, in which I go into some detail on this particular aspect—I expect, from the experience to date on the first three months, that there will be about \$250 million to \$300 million of incurred expenses for extended care facility benefits for the calendar year 1967.

Senator WILLIAMS. What disturbs some of us is the fact that these programs look very attractive when we get a low-cost figure and then after we adopt them, we find, for example, in this first case, the cost is now estimated to be three times as much as it was just a few months back, and in this later case mentioned represents an increase of about 1,000 percent of projected costs. As of today, in title 19, none of you have the nerve even to project the cost of that one. I doubt if the administration would project the cost of it as it may now but at least it has jumped to a \$3 billion figure as compared to \$238 million to start with. I realize these are estimates and you are dealing with unknown factors. But it is rather disturbing that all of the estimates are so far on the down side and all of the increased costs are on the up side as far as the taxpayers are concerned. I am just wondering if you are not selling a bill of goods that maybe the taxpayers can't afford to pay.

Mr. MYERS. Senator Williams, I am just as disturbed as you are about any cost estimates that are too low. I always try to make the best possible estimates that I can. I can point out cases where I have over-estimated.

Senator WILLIAMS. Yet the fact remains that these programs are approved on the basis of the merit of the program, and the assumption that the costs will be in a certain area. And when we get these programs approved and find that the cost is three times or 10 times as high as was expected, we both realize it is almost impossible to repeal the program on that basis once you started it. That is the reason it is very important that we get more accurate projected costs.

Mr. MYERS. Senator, might I point out that for the hospital insurance program as a whole—that is, not only the extended care facility benefits, but also the inpatient hospital benefits and the other benefits that are included—the original cost estimate that was made when the legislation was enacted in 1965 for the first year of operation, that is the fiscal year that has just ended, was only about 6 percent below the actual experience that has developed. This was despite the fact—and perhaps largely because of the fact—that hospital costs rose so sharply in the period subsequent to the enactment of the legislation, which had not been anticipated to that extent. So, although this one particular piece of the estimate was obviously far off, some of the other parts of the estimate were very much closer.

Senator WILLIAMS. Well, some of the cost factors in the bill now before us are below the cost estimates that were based on the American Hospital Association's opinions. I mean projected hospital costs. Again you lowered the cost estimate. You didn't accept their estimate as to the proposed increase in hospital benefits, hospital charges, did you? You used a lower figure, did you not?

Mr. MYERS. Yes; I had used a lower figure and then, on the advice and recommendation of the Ways and Means Committee, in large part I used these higher increases in hospital costs that the American Hospital Association had suggested, even though I think they are a bit on the high side.

However, the margin of safety that that gives—if I am correct that the hospital costs won't rise quite that much—may well be needed for the higher cost for these extended care facility benefits that you have mentioned.

Senator WILLIAMS. What is your estimate of the total claims incurred under part A and B of the medicare during the first full year?

Mr. MYERS. I am sorry, Senator, I didn't hear that.

Senator WILLIAMS. What do you estimate will be the total claims incurred under parts A and B of medicare during its first full year of operation?

Mr. MYERS. The total amount of the benefit payments under part A, the hospital insurance program, in the first year of operation was \$2.51 billion. That is probably very close to what was incurred because, as you know, the hospitals are paid on a more or less current basis.

Now, in part B, the supplementary medical insurance program, the actual claims payments in the year were \$663 million which was considerably below the estimate of \$861 million. However, the \$663 million was the actual amount paid in cash and is not the incurred figure, which is the only proper figure for analytical purposes.

Senator WILLIAMS. That is right.

Mr. MYERS. We have not yet, by any means, reviewed and tabulated all the payment records for part B for this particular year of operation. First of all, many people haven't filed all their claims that are

applicable to that period because they hold their medical bills until they accumulate several.

Second, the carriers have a time period of several weeks to adjudicate the claims and to send them to us. Then, it takes some time for us to get them tabulated, so that I just don't yet have what the incurred benefit payments are under part B for the first year of operation. It is obviously higher than the \$663 million of cash payments, but I can't say whether it is above or below my estimated benefit disbursements that were published, showing \$861 million. I believe that it is probably close, but I couldn't say whether it is low or high.

Senator WILLIAMS. What estimate do you put on these incurred liabilities; because they are a part of the first year's cost? Don't you have some estimate on the incurred liabilities for the first year which are not paid under A and B?

That would have to be counted in as a part of the costs.

Mr. MYERS. Oh, yes, to the extent that claims are later filed. When I make my study of the costs of this program I am going to consider them on an incurred basis. But, as I said, Senator, it takes some time for all these claims that are in process to come in, and I haven't made an estimate as of now because in a few months we will have much more of the data actually come in.

Senator WILLIAMS. Don't you have any idea as to how much that is going to be?

Mr. MYERS. I haven't made an estimate of it because we are getting new tabulations every month, and I felt no need to make the estimate because, in the long run, I am going to do it on this basis.

Senator WILLIAMS. If we don't have any estimate of the outstanding liabilities under the year that has passed, how can we be so sure we are projecting the cost in the future? It would seem to me that it would be much easier to come up with a reasonably close estimate as to what the expenditures were under the first full year. We should at least have some reasonable estimate now of the incurred liabilities. I don't quite understand why that would be such a hard figure to determine when you can pull out of the air the figure of what it is going to cost in the next 12 months so easy.

Mr. MYERS. This program, as you know, Senator, is not financed on a long-range basis, as is hospital insurance or as is the cash-benefits program. It is financed, in effect, on a 2-year-term basis, because the premium rate is to be promulgated by the Secretary every 2 years. Promulgation is due before October 1 of this year, and before that time I will have completed my studies of what the accrued obligations have been, particularly for the first 6 months of operation. From those studies the new premium rate will be determined.

Senator WILLIAMS. And we are told there is every indication that premium rate is going to have to be substantially higher because there is going to be a deficit. The expenditures are going to be even more than first anticipated, are they not?

Mr. MYERS. We don't know yet. As I say, Senator, we are getting tabulations in very currently on this subject and within the next 2 or 3 weeks is when I am aiming to make a final study. As of the moment, I just couldn't say—other than that it would appear, in general, that the rate we have had in the past of \$3 from the individual and \$3 from the Government has not been either far too high or far too low.



But whether it is a little plus or a little minus, I can't say at this time until I make my analysis from these tabulations that I am currently receiving.

Senator WILLIAMS. But you will be able to give us a report in the next 2 or 3 weeks, you think?

Mr. MYERS. Well—

Senator WILLIAMS. By the first of October I think you said.

Mr. MYERS. Certainly by the first of October and I would hope to complete the studies by the middle of September or shortly thereafter because the time is drawing short before October 1, but I don't want to prejudge the experience that I have until I have all the data that I can possibly get before I have to make a final judgment.

Senator WILLIAMS. You will make that available to us at the time and I expect we will still be here in session in October anyway.

Mr. BALL. Senator, could I make one comment on this discussion with Mr. Myers.

Senator WILLIAMS. Sure.

Mr. BALL. Just for the record, I wanted to say that I worked with Mr. Myers now for many, many years. In my experience, his estimates that aren't right on the nose are ones that overstate the cost just as frequently as those that understate the cost. An excellent example of that is that we are coming to you in this bill indicating that there is three-quarters of a percent of payroll surplus on the most expensive part of the social security program, the old age, survivors, and disability insurance program, so that because of the conservative nature of the estimates in the past, we are now in a position to finance a sizable part of the increase without any change in the financing provisions. I just wanted to make clear that Mr. Myers' estimates weren't always on the side of understatement of the costs.

Senator WILLIAMS. I share your respect for Mr. Myers and I think he knows that, but I am raising these questions to determine whether we can finance a substantial part of these increased benefits without the increased tax. I point out again, whether there is any significance attached to it or not, that the postponement of the increased tax until 2 months after the 1968 election is significant. The tax will have to be raised and your recommendations are to raise the tax after the election, and that prompts another question that had almost slipped my mind.

Mr. Secretary—

Mr. BALL. I will learn to keep quiet. [Laughter.]

Senator WILLIAMS. Don't you think it would be advisable to adjust the tax rate and the benefits, both effective the same day? I realize that you have it figured out mathematically that in 1971, it takes a certain rate, but we could postpone that raise for a year or two. At least let's put ourselves in the position, both as Members of Congress and as the administration, when we go back home and boast to our constituents of the benefits that are under this bill, we can also picture to our constituents the costs that they will have as taxpayers. Don't you think it would be wise for us to adopt this practice—to make the tax increase effective the same day as the benefits? Would you support such a proposal? And I thank Mr. Ball for reminding me of that question. I almost forgot. [Laughter.]

Secretary GARDNER. Senator, we don't believe that that would be wise, and the Ways and Means Committee, as you know, went into

this in great detail and examined the economic implications, and they shade our view. I would like to get Mr. Cohen to comment on it because he sat through those sessions.

Senator WILLIAMS. Well, I am interested in your comments—from an economic standpoint, what have economics got to do with this? Surely the administration is not using this program as a pump-priming device before the election. If so, how do you reconcile that with a 10-percent tax surcharge they are putting on the other taxpayers? Are you trying to tell me this is an economic situation; where we are going to pump \$4 or \$5 billion into the economy through social security benefits next year, and take out of the economy about the same amount in a 10-percent surtax? I am sure you don't mean to leave that impression.

Secretary GARDNER. No, sir. I simply meant to say that the Ways and Means Committee examined all of the various implications of it. But our view is that it is not necessary to do this because there is a surplus in income over benefits, and we should proceed and allow the tax to take effect when it is needed.

Senator WILLIAMS. And those surpluses will run out about 2 months after the election results are in and then you have to raise the tax. Don't you think we can devise a tax program that would be more long-range and that will simplify it? Would you support a proposal that would put the tax impact of this bill in effect the same day as the benefits? Don't you think that would be a good policy for both the administration and Congress to adopt, not only in this connection, but in all future years as we raise benefits, raise the taxes, both effective the same day? As you well know this is not the first time that this has happened whereby the tax goes into effect after the election and the benefits go into effect before the election. Don't you think that is a bad policy?

Secretary GARDNER. Sir, I do not see any reason why we should rigidly link the tax raise and the increase in benefits. It is possible to conceive of a situation in which you need a tax raise without an increase in benefits. The existing situation is one in which we have a surplus and can provide the benefits immediately.

The Ways and Means Committee did consider the long-term policy, they did have in mind the long-term tax implications, but at a time when it is possible, because of past actions with respect to increase in the tax rates, to provide benefits immediately, this is, it seems to me, perfectly legitimate.

Senator WILLIAMS. Then do I understand that you would oppose the tax going into effect prior to the election if the committee tried to put them both through on the same date?

Secretary GARDNER. It isn't the election date—

Senator WILLIAMS. Well, suppose we say before the "big event" in 1968. Would you support or oppose the proposal to make both the tax rate and the benefits applicable the same date?

The reason I ask that is that suggestion is going to be before our committee, and I would like to have the administration's position on it.

Secretary GARDNER. I would favor sticking to our original proposal and the proposal of the Ways and Means Committee. It seems to me that has been very carefully tested and in long and careful discussion during 63 executive sessions, and I think that—

Senator WILLIAMS. When you describe that date being more feasible, do you attribute it to be more economically or politically feasible?

Secretary GARDNER. Well, it just isn't needed, I mean.

Senator WILLIAMS. You won't need it until after the "big event" in 1968 then.

Secretary GARDNER. Well, I think, Senator, that this is the kind of sparring that is not going to get us any closer to the economic facts of the case. I think you fully understand my position, that the money is there.

Senator WILLIAMS. Well, conceivably, Mr. Secretary, the money is there to pay it for 5 years without any tax increase, maybe longer, but it would utilize all the reserve.

Secretary GARDNER. No.

Not for 5 years.

Senator WILLIAMS. But by eventually depleting the reserves and which neither of us want to do. We don't want to do that so when we speak of the fact that the money is there, sure it is there. But the question is, do we want to use all the reserve and, as I pointed out before, in all fairness, this is not the first time this has happened. The benefits are always made effective prior to the election or we will say the "big event"—since we don't want to get political—prior to the "big event" that happens every 4 years, benefits go into effect, but the taxes always go in effect afterward. Under the House and the administration proposals, the big tax changes take place each year after an election, whether it is an off-year or whether it is a presidential election. Just by coincidence, I am sure.

But I hope you will reconsider your position because I think it is very important that we revise our policy if we will call it a policy. I think that there is strong justification for both you and me as individuals, as members of the executive or Members of Congress, when we go home and say that we are supporting this bill, that we also will be able to tell the taxpayers that we are the same ones who put that tax in effect. Let them know that this is the tax that goes to pay for the benefits they are getting under this bill.

Now, one disadvantage in not doing that is they get the idea they can get these benefits thinking they are paid out of the existing tax structure.

Then in 1969, they get a tax increase and immediately we, as Members of Congress, and you, in your position, will be asked the questions, "well, now, taxes have gone up, why don't we get another increase in benefits to offset it?" It would be very wise to make them both effective the same date.

As one who hopes to vote for some of this program, I will say this: If I vote for the increased benefits I am willing to vote for the tax and if we are not willing to vote for the increased tax we shouldn't vote for either.

Secretary GARDNER. Senator, the rise of the tax rates is not concealed, and it is perfectly possible for you to go home as soon as the session is over, and tell them that in fact the tax rate is linked to the benefits.

Senator WILLIAMS. Well, both you and I know. Mr. Secretary, that generally speaking the impact of the tax is noticed by the taxpayers when they start taking it out of their paychecks.

Secretary GARDNER. Senator, Mr. Cohen is itching to make a comment. May I ask him to do so?

Senator WILLIAMS. I wouldn't want to deny him the opportunity.

Mr. COHEN. First, Senator, let me say that this matter was exhaustively explored in the Ways and Means Committee. I don't want to leave the impression that this decision in this was haphazard, and I would also like to point out, before I make my substantive argument, that it was concurred in on a bipartisan basis. There was no political decision on this as far as I know in the discussion in the executive sessions on this economic and financial impact.

Senator WILLIAMS. I wasn't for one moment suggesting there was any political significance in back of the fact that this conveniently comes 60 days after the election. We both understand each other. [Laughter.]

Mr. COHEN. I just wanted to assure you that whatever the implications were they were not political.

Senator WILLIAMS. Oh, yes.

Mr. COHEN. Secondly—

Senator WILLIAMS. We agree so much so we are now referring to it as the "big event" of 1968 rather than an election.

Mr. COHEN. Well, let me point out the Ways and Means Committee was very much impressed by one fact, that 50 percent of all years in the United States are election years. This obviously makes a difference.

Senator WILLIAMS. That puts a political tinge on it.

Mr. COHEN. But in framing a tax schedule for the next 75 or 100 years or in perpetuity, as the committee did, they had to take into account that in half of all years an election occurs, so what I am saying is what the committee really wanted to do, their fundamental postulate was that, as the Secretary said—and I am sure Mr. Carlson will confirm this from his long association with the Ways and Means Committee—that they had tried to design a tax schedule that was clearly stated in the law that would finance this program over a long period of time, and so taxpayers knew exactly what they were required to pay in the long run.

Now, the problem between the short run and the long run is simply this: The committee, as well as the Secretary and myself, are very, very much concerned about the impact of a payroll tax on business and individuals—concerned that they have adequate notice to take this tax into account.

Here is a bill probably not coming out of the Congress and signed by the President until way into the last quarter of the year. What you are saying in doing this is if benefits were to begin in January that a tax increase would begin then. There really isn't adequate notice for the American businessman and the American taxpayer to take this into account in his cost structure. In other words the Ways and Means Committee said "Let's give business and people an opportunity to have enough advance notice so they can do this," particularly in competitive lines and particularly in the export business, and other American business has to know to put into its bid structure what its payroll costs are going to be. So I think when we speak of economics we were speaking really of economics in the sense that the Ways and Means Committee, deeply sensitive, as the administration is, as to what this impact

is on millions of businesses and on taxpayers, felt that since the money was not absolutely needed in order to keep the fund intact in that particular calendar year, it was perfectly wise and proper, giving advance notice to people what the tax rate would be, to put the tax increases in at a subsequent point.

Senator WILLIAMS. That is a wonderful statement, and I wouldn't suggest for a moment that you should be testifying on the tax bill before the Ways and Means Committee or the Finance Committee, but I am sure a lot of people would appreciate that statement you have just made. We are getting a lot of arguments that taxpayers are going to have trouble working a 10-percent change in their tax structure as a cost factor. Using that same argument, you would have to project—postpone the effective date of the 10-percent surtax at least 2 years.

Mr. COHEN. No, I don't want to speak for the Ways and Means Committee on this, but I am certain in the back of their mind they had, as I am sure other Senators and Congressmen have, the impact and interrelationship of both the general surtax arrangement and the social security tax, and I think the committee felt that it would be rather unwise to go ahead and predetermine, in a sense, the solution of the tax situation next year by making a tax rise in social security when along was coming a general tax bill which might also very likely be effective for 1968.

So I think the committee, in effect, was trying as best it can, and again I think in a highly responsible and nonpolitical way, to take both factors into account, Senator.

Senator WILLIAMS. Well, the point I am making is that assuming all of the administration's recommendations are adopted, you would, under this bill, have about four and a half billion dollars pumped into the economy in 1968, and on the basis of the recommended tax increase only about a third of that coming out. There is some question raised, from an economic standpoint, as to the wisdom of using one agency to pump \$3 billion into the economy, to stimulate the economy in 1968, while at the same time you are, through the surtax, siphoning \$4 or \$5 billion out of the economy to combat inflation. You have got two contradictory forces. I personally feel that it would be wise for both the administration, your Department, and the two committees of Congress that are handling this, to adopt a firm policy that always, both now and in the future, any increase in benefits would be accompanied by a corresponding increase in taxes, whatever is necessary to pay the cost. The social security program is not and was never intended to be a program or machinery for regulating the economy, either to stimulate it or to slow it down. It is a separate program entirely.

Mr. COHEN. Well, I certainly concur in your general observations: but I would disagree most respectfully to establishing an edict that said under all circumstances from now and on to the future that every time there is a benefit increase there must be a tax increase.

Now, three-quarters of a percent of the payroll that is involved in the benefit improvements in here is possible because the existing taxes are too high. It is not necessary in any shape or manner to raise the scheduled payroll tax rate when the existing tax rates permit a substantial benefit increase. So I do not see why one would have to adopt such a principle, Senator.

Senator WILLIAMS. What do you mean it is not necessary to raise it? The existing tax structure is high, therefore it is not necessary to raise it again until 60 days after the "big event" in 1968. Let's stop kidding ourselves. It will be necessary to raise the tax if this bill is passed and postponing that increase until after the 1968 election is a political decision.

Mr. COHEN. All I am saying—

Senator WILLIAMS. I am not going to pursue it further. It is your own testimony that it is necessary, to raise the tax rate if this bill is passed.

Senator HARRIS (presiding). Senator Hartke.

Senator HARTKE. Mr. Chairman, I don't want to permit this to be dropped in this fashion. I believe what the Secretary said was if you put the total package through there is going to have to be an increase in rates to cover the expenses. But you also said that if you just adopted that and forgot the increases in the benefits on the broad scale, that the existing rates would bring in enough revenue under an actuarial basis to pay for the benefits which some of these programs envision.

Mr. COHEN. That is correct, Senator Hartke. The present financing of the program as determined by Congress in prior years would permit at least an 8 percent increase in benefits without any increase in the scheduled tax whatsoever and my answer to Senator—

Senator HARTKE. What percentage increase?

Mr. COHEN. Eight percent.

Senator HARTKE. Let me get this straight. Is it true that you could provide for an across-the-board 8-percent increase in benefits, is that what you are saying, 8-percent increase in benefits without increasing the rates?

In other words, if we followed the law on the rate structure—let me back up here again, as I just want to make it clear for the record, that there are benefits and the benefits have to be paid for. I am not talking about the House bill. As it now exists in the law, you could pay for an 8-percent increase in benefits and not require any change in the rate base.

Mr. COHEN. In the rate schedule in the present law; yes, sir.

Senator HARTKE. In the present law?

Mr. COHEN. Yes, sir.

Senator HARTKE. In other words, when the House of Representatives calls for a 12½-percent increase, and if we forget for a moment the minimum benefits, if they just said 12½-percent increase then financing would be necessary to cover only an additional 4½ percent of the increase; is that correct?

Mr. COHEN. That is correct, Senator.

Senator HARTKE. So what you are saying in a way is that really to some extent you are overcharging them now?

Mr. COHEN. Yes, sir.

Senator HARTKE. This was not the intent of the original act; to overcharge people for the benefits that they are going to receive?

Mr. COHEN. When I said overcharging them, I meant that the present schedule in the law, if allowed to go into effect for the future, would have overcharged them for the benefit protection.

Senator HARTKE. That is right.

Mr. COHEN. And that is the reason why I felt Senator William's flat statement, universal for all time to come, was not appropriate because when the fund does yield this extra income, benefit increases can be made without increasing taxes, Congress has done that in the past and I would hope they would use their intelligence and judgment in the future to do it under other circumstances that would warrant it.

Senator HARTKE. I am in disagreement on this matter with Senator Williams, but I am going to be in agreement with him on another matter in which you are going to be in disagreement with us, and that is increasing the earnings limitation.

Mr. COHEN. Could I just follow this point through once more?

Senator HARTKE. Yes; I want to follow this through.

Mr. COHEN. Because there is a lot of misunderstanding about this point. The social security system is based upon a percentage of wages, and as wages increase the scheduled contribution rates yields more income. It is therefore possible, both now and I would predict many times in the future, for the social security benefits to be increased without the taxes being simultaneously increased commensurately or fully or even partially under those circumstances. That is the dynamic quality of the social security program and I think that point is frequently overlooked.

Senator HARTKE. There is another dynamic quality which is frequently ignored and I know it seemed to me it was passed over rather lightly and that is how you take people out of the poverty status and how you remove people from the welfare rolls through a program which really pays benefits on the basis of an organized system rather than upon what has now become rather, to some extent, disorganized and what I feel has become a way of life for people which we do not want to perpetuate.

In other words, there are two aspects which should not be ignored. One of them is by increasing these benefits that there are a number of people who are going to be removed from the welfare rolls and, secondarily, there are going to be a number of people who are going to be removed from the poverty status.

Let me ask you this: There has been talk about the fact that poverty status is those people with less than \$3,000 income.

Now, this is not what is generally used in the Government; is it?

Mr. COHEN. No, sir.

Senator HARTKE. Just for the record, What is the general poverty level for a single individual considered to be?

Mr. COHEN. Well, let me say this: The poverty level is a very sophisticated and very diversified measure. It is graded not only by size of family, but by age and to some extent by both farm and nonfarm area, so that the so-called poverty level is made up of a number of poverty levels. But to oversimplify it, it comes down to in the neighborhood for an aged person in a nonfarm area of, as I recall it, \$1,500 or \$1,600, I can give you the exact figure in a minute.

For one aged person, a nonfarm person, it was \$1,500, and for a couple it was \$1,890. For families with three members it was \$2,495, and four members \$3,200. Then it is diversified by male and female head of family, and other factors, Senator.

Senator HARTKE. Are you reading from the Research and Statistic Notes of February 16, 1967, table I?

Mr. COHEN. I think it is substantially the same thing, but if you want to refer to it, it is in the House committee hearings in volume, part I, page 426.

Senator HARTKE. The reason I want to pin this down is because a lot of people tell me "well, \$3,000 is an awful lot for one person to have on a poverty level."

Mr. COHEN. That is not the basis.

Senator HARTKE. We are talking about \$1,500, approximately \$1,500 for a person who is single and without holding it down to various times and places.

Mr. COHEN. To show you how modest it is though it is when modified for, let's say, farm groups it comes for the person 65 and over on the farm \$1,055.

This is not a single flat figure for everybody under all circumstances.

Senator HARTKE. I think people can readily recognize that that type of income is not enough for a society which is called the greatest society in the world and this is the point.

What I want to come back to is if you follow the House plan of 12½ percent, with approximately a \$50 minimum. I don't want to go into all those other little extras.

Mr. COHEN. Yes.

Senator HARTKE. I just want to cover the basic program, if you follow the House plan as adopted, approximately how many people would be taken off of old-age assistance?

Mr. COHEN. Off of old-age assistance?

Senator HARTKE. Off the welfare rolls, let me say.

Mr. COHEN. Well, roughly in the neighborhood of, I would say, I don't have the precise figure, I would say it would be in the neighborhood of 150,000 would be taken off completely.

Senator HARTKE. Off of welfare?

Mr. COHEN. And in the neighborhood of 750,000 perhaps would have their assistance payments reduced—between 750,000 and 800,000.

Senator HARTKE. That is the House bill?

If you follow the administration proposal of a 15-percent increase and a \$70 minimum?

Mr. HAWKINS. Then approximately 200,000 would be taken off of old age assistance and probably all together a million and a quarter to 1,350,000 would be taken off of all public assistance rolls—I mean reduced.

Senator HARTKE. Your name is Mr. Hawkins. I think you are the man our office talked to.

Mr. HAWKINS. Yes.

Senator HARTKE. And I also asked you to do a computation. What would be the results if you followed the Hartke proposals of taking a 20-percent increase and a \$100 minimum? Can you give us those figures?

Mr. HAWKINS. We concluded that approximately 500,000 would be removed from assistance rolls.

Senator HARTKE. Absolutely?

Mr. HAWKINS. Completely.

Senator HARTKE. If we took a half million people off of welfare?

Mr. HAWKINS. Off of old-age assistance.

Senator HARTKE. That is handled by the welfare department.



Mr. HAWKINS. Yes.

Senator HARTKE. How many people would be taken off welfare?

Mr. HAWKINS. About 550,000 more would have reduced payments.

Senator HARTKE. All right.

Mr. HAWKINS. I believe you also had another provision regarding persons over 72 who were not insured.

Senator HARTKE. That is right. To take care of the people over 72; that is right.

Mr. HAWKINS. I believe you suggested that the figure was \$70.

Senator HARTKE. Yes; \$70 instead of the \$35 which is presently in effect. The House bill provides for \$40.

Mr. HAWKINS. That is correct.

Senator HARTKE. And the administration proposal is?

Mr. HAWKINS. It is \$50.

Senator HARTKE. It is \$50 and I suggested \$70.

Mr. HAWKINS. That is right.

Senator HARTKE. What would be the effect of that?

Mr. HAWKINS. About 350,000 persons would be removed by that provision.

Senator HARTKE. So we are up to about 1,400,000 people who could either be removed or partially removed from the welfare rolls?

Mr. HAWKINS. About 850,000 would be removed and about 550,000 would receive lower assistance payments.

Senator HARTKE. 850,000 completely removed and 550,000 in which payments would be reduced?

Now, in poverty, I asked that of Mr. Hawkins. I ask Mr. Cohen, how many people would be taken off the status of poverty? Let's start out again. We will start out at poverty at 12½ percent and \$50 minimum.

Mr. COHEN. At 12½ percent and \$50, we estimate that around 800,000 persons would be taken out of poverty.

Senator HARTKE. All right.

Mr. COHEN. At 15 percent and \$70 there would be 2.1 million out of poverty. At 20 percent and \$100 minimum, we estimate 3.7 million would be taken out of poverty.

Senator HARTKE. In other words, 3,700,000 people would be taken out of poverty?

Mr. COHEN. Yes.

Senator HARTKE. In other words, I don't want you to do this; just let me have my own conclusions, but I think this does more than all the property programs wrapped in a package would do for poor Americans. If you want to fight poverty this is the way to do it on a systematic basis.

You might even decrease rioting in the streets far more effectively than some of the other programs. I don't want to in any way degrade the other programs, but I think this way is preferable and puts funds where they count.

One other point. If you follow the program which I have suggested, you would have—do you have the figures there of the reduction in the amount of money which would be required in direct payments to beneficiaries? In other words, what you are doing is taking it out of a system in which there are contributions, at the same time I think you have about close to—can I have those figures, Mr. Hawkins, for the 20 percent?

Mr. HAWKINS. The figures amount to \$735 million.

Senator HARTKE. You would save \$735 million in direct payments to the people now on welfare.

Mr. HAWKINS. Of which about \$485 million would be Federal funds and about \$250 million State and local funds.

Senator HARTKE. Yes; I understand.

One other factor. This does not take into consideration the fact that if you removed 850,000 people directly from welfare rolls, this could also mean a reduction in Government investigators required to handle all these cases; isn't that true?

Mr. HAWKINS. Well, there certainly would be 850,000 fewer people—

Senator HARTKE. Cases to be handled, almost a million less cases to be handled by the welfare workers, and this in and of itself would be a material benefit. I don't ask you to endorse the program, but I hope you will view it with a kindly eye. That is all I have.

Senator HARRIS. Senator Carlson.

Senator CARLSON. Mr. Chairman, I have one or two questions for one or two of our colleagues who are unavoidably detained this morning and couldn't be present.

First, I have a question by Senator Curtis of Nebraska and I shall read it. [Reading:]

Under present law, if an employee works for more than one employer during the year and OASDI taxes and railroad retirement contributions are collected on more than \$6600 of his earnings, his excess payment is credited against his income tax liability at the end of the year. However, we don't give him a refund for his excess health insurance tax payments. Do you have any objection to making the law consistent by permitting excess health insurance tax payments by the employee to also be credited against his income tax liability?

Mr. BALL. Senator, I believe present law does provide for a refund on both of those contributions when they are paid in excess of \$6,600. Perhaps we should check the instructional material, perhaps it isn't a hundred percent clear to the taxpayer that that is the case.

Senator CARLSON. I would ask you this question: Do you think that that statement is true as far as railroad retirement is concerned?

Mr. BALL. Mr. Myers is saying, he doesn't have the microphone, but he is saying, it is not true for railroad retirement.

Senator CARLSON. That is my understanding and that is the problem with dual employment, and I was wondering if we could work out something here which would take care of that situation. What would be the position of the Department on that?

Mr. MYERS. Senator Carlson, first, as to the facts in in the matter: If an individual works under social security for more than one employer, and if he earns more than \$6,600 on which social security taxes are collected, he can obtain a refund on his income tax on the excess taxes both for OASDI and also for hospital insurance.

However, if an individual works during a year for both a railroad and for another employer who is under the social security program, then existing law, there is no provision for him receiving any refund whatsoever through the income tax or otherwise for these excess taxes that he has paid, either for retirement purposes or for hospital insurance purposes. The excess retirement taxes can, under certain circumstances, produce additional benefits, but the excess hospital insurance taxes cannot possibly do so.

What actually turns out is that the excess taxes that he has paid in under those circumstances stay in the railroad retirement account. As to what the Department's position would be on this matter, I can't speak, but those are the facts.

Senator CARLSON. It is a matter that we are going to give some thought to and I would hope that the administration would give some study to it and see if we can't come up with something.

Mr. BALL. We will be glad to look it over, Senator Carlson.

Senator CARLSON. I have some correspondence from Mr. Myles F. Gibbons, who is the General Counsel for the Railroad Retirement Board on this very matter and I shall just read into the record his concluding paragraph of his memorandum here:

Turning to the specific question raised in the correspondence accompanying your memorandum, where an individual has two employers and one is covered by the railroad retirement system while the other is covered by the social security system, there is, to my knowledge, no provision of law authorizing either a tax credit or a tax refund merely because the "medicare" taxes paid were in excess of the amount that would have been paid if the individual had not been engaged in such dual employment.

I would be very appreciative if the administration would look into this and I am sure Senator Curtis would because he is the one who raised this issue.

Mr. BALL. Senator, as I am sure you see, this would certainly be primarily a matter of Railroad Retirement Board policy rather than social security, but we will work with them on it.

Senator CARLSON. We are going to deal with some of the problems, I assume, where receipts from social welfare payments are credited into railroad retirement, Veterans' Administration, and others before we get through so I think this is an area we could get into.

Senator BENNETT. Will the Senator yield before you leave that question? In the case of a man who earns more than \$6,600 from two employers and is assessed twice, is there a statute of limitations as to when he can apply for refund?

Mr. BALL. I would assume, Senator, I would have to check to be absolutely sure, that a statute of limitations of something like 3 years and 3 months and 15 days would apply. I will check it to be absolutely sure for the record.

Senator BENNETT. I see Mr. Cohen is nodding his head. Are you sure?

Mr. COHEN. Yes; I got caught on that provision so I am quite sure there is a statute of limitations. I found I couldn't get my amount back.

Senator BENNETT. Three years from the time the return was filed or 2 years from the time the tax was paid, whichever such period expires later.

Thank you.

(Material submitted for the record on this question follows:)

The general requirement (in Sec. 6511 of the Internal Revenue Code) is that a claim for a credit or refund of an overpayment of a tax must be filed (1) if a return was filed, within 3 years of the time the return was filed or within 2 years of the time the tax was paid, whichever period expires later, or (2) if no return was filed, within 2 years of the time the tax was paid. This requirement is applicable to a person who works for more than one employer and pays social security contributions on earnings in excess of \$6,600. In the first case, though, the filing of the return would generally constitute a claim for the credit or refund.

Senator CARLSON. Mr. Secretary, the minority leader, the distinguished Senator from Illinois, Mr. Dirksen, who is a member of this committee, is unable to be present this morning, and I have a question that has been left here, and it reads this way:

Will you provide for the record a list showing: (1) Each Welfare or Assistance program where Federal funds are used, the purpose of the program, the actual cost for each program in the most recent fiscal year, and the number of persons receiving benefits under the program; and also (2) Each retirement or pension program in which Federal funds are used, the amount disbursed and the number of persons receiving benefits.

If I leave this question with you, would you folks take it?

Secretary GARDNER. Yes, sir. We will supply it for the record. (The material submitted for the record follows:)

PUBLIC ASSISTANCE PROGRAMS

*Old Age Assistance (OAA)*

*Program Purpose.*—To assist aged needy individuals by providing financial assistance and medical care, and appropriate welfare services to help them to attain or retain capability for self-care insofar as practicable.

Costs (calendar 1966):

Total .....	\$2, 071, 912, 000
Federal .....	\$1, 378, 359, 000
Number of recipients (December 1966) .....	2, 073, 000

*Aid to the Blind (AB)*

*Program Purpose.*—To assist in providing financial assistance to needy blind individuals and in helping them as far as practicable to retain or attain capability for self-support or self-care.

Costs (calendar 1966):

Total .....	\$101, 123, 000
Federal .....	\$56, 922, 000
Number of recipients (December 1966) .....	83, 700

*Aid to the Permanently and Totally Disabled (APTD)*

*Program Purpose.*—To assist in providing financial assistance to needy individuals 18 years of age or older who are permanently and totally disabled and appropriate welfare services to such individuals to help them attain or retain capability for self-support or self-care as far as practicable.

Costs (calendar 1966):

Total .....	\$646, 176, 000
Federal .....	\$374, 314, 000
Number of recipients (December 1966) .....	588, 000

*Aid to Families with Dependent Children (AFDC)*

*Program Purpose.*—To assist in providing needy children with financial assistance; encouraging the care of dependent children in their own homes or in the homes of relatives; helping such relatives attain the maximum of self-support and independence consistent with maintenance of continuing parental care and protection; and strengthening family life.

Costs (calendar 1966):

Total .....	\$2, 265, 346, 000
Federal .....	\$1,299, 940, 000
Number of recipients (December 1966) .....	4, 666, 000

*Medical Assistance (MA)*

*Program Purpose.*—To assist in providing medical assistance to families with dependent children and to aged, blind, or permanently and totally disabled individuals whose income and resources are insufficient to meet costs of necessary medical services; furnishing rehabilitation and other services to help such families and individuals attain or retain capability for independence or self care.

## Costs (calendar 1966) :

Total .....	\$1, 252, 497, 000
Federal .....	620, 986, 000

*Medical Assistance for the Aged (MAA)*

*Program Purpose.*—To assist in providing medical services and appropriate social services to low-income older citizens not receiving Old-Age Assistance whose income and resources may be sufficient for their maintenance needs but insufficient to meet the cost of necessary medical services.

## Costs:

Total .....	\$314, 997, 000
Federal .....	164, 726, 000

## MATERNAL AND CHILD HEALTH AND WELFARE PROGRAMS

*Maternal and Child Health Services*

Grants enable States to extend and improve services for promoting the health of mothers and children. These services include maternity clinics where women are seen by doctors, nurses, nutritionists, and medical social workers; visits of public health nurses to homes before and after babies are born; well child clinics for child health supervision where mothers can get competent medical and nursing care for their babies and preschool children; pediatric clinics; school health programs that spot the youngsters who need medical or dental treatment and help them get it; dental care for children and pregnant women; and immunizations against preventable diseases.

During 1967, 287,000 mothers received medical, prenatal and postpartum care and 1,779,000 children received child health supervision. Estimated expenditures for the maternal and child health program amounted to \$133,300,000 of which \$49,000,000 was from Federal funds and \$84,300,000 was from State and local funds.

*Services for Crippled Children*

Grants enable States to extend and improve services for crippled children and children who are suffering from conditions which lead to crippling. State crippled children's agencies use their funds to locate handicapped children, to provide diagnostic services, and then to see that each child gets the medical care, hospitalization, and continuing care by a variety of professional people that he needs. Less than half of the children served have orthopedic handicaps; the rest include epilepsy, hearing impairment, cerebral palsy, cystic fibrosis, and many congenital defects.

The crippled children's program provided care for 453,000 children during 1967. Estimated total expenditures were \$128,800,000 of which \$49,600,000 was from Federal and \$79,200,000 from State and local funds.

*Maternity and Infant Care Projects*

These project grants provide medical care to women who during the maternity period are unlikely to receive necessary health care because they are from families with low incomes or for other reasons. In addition to medical care for the mother, health care to mothers and infants following childbirth is included. The health care is especially important for prospective mothers who have or are likely to have conditions associated with childbearing which increase the hazards to the health of mothers or their infants, including those which may cause physical or mental defects in the infants.

Ten of the 54 projects which have been approved serve low income areas in the nation's 10 largest cities. About 102,000 maternity patients were admitted to the program during 1967. Estimated expenditures for 1967 amount to \$37,144,000 of which \$27,744,000 is from Federal funds.<sup>1</sup>

*Grants for Health Care and Services for School and Preschool Children*

These grants provide comprehensive health care and services to children of school and preschool age, particularly in areas with concentration of low-income families. The program includes screening, diagnosis, and preventive services, both medical and dental. Treatment, correction of defects, and aftercare services are provided to children who would not otherwise receive them because of low income or other reasons beyond their control. By the end of fiscal year 1967, 54 projects had been approved.

<sup>1</sup> Some projects were approved in 1966 for more than a 12-month period.

Obligations incurred from Federal funds for these projects amounted to \$31,700,000 out of a total of \$32,000,000 available. An estimated additional \$11,000,000 was from State and local sources.

#### *Child Welfare Services*

This grant enables States to establish, extend and strengthen child welfare services. Such services include a wide range of preventive and protective services such as casework services to children and their parents, services to unmarried mothers and their babies, homemaker and day care services to help keep the child in his own home, foster care in foster family homes or institutions when a child must be removed from his home and adoption services to provide a new permanent home for a child who has lost his home. These services which both supplement and substitute for parental care and supervision are designed to protect children from the damage of abuse and neglect, but more importantly to prevent such abuse and neglect.

The estimated number of children receiving child welfare services through State or local welfare departments on March 31, 1967, was 601,000. Expenditures for this program for fiscal year 1967 are estimated to be \$451,700,000 of which \$45,200,000 is from Federal, \$227,600,000 from State and \$178,900,000 from local funds.

#### NUMBER OF BENEFICIARIES AND AMOUNT OF BENEFITS PAID UNDER FEDERAL RETIREMENT PROGRAMS IN 1966<sup>1</sup>

(Dollars in thousands)

	Number of beneficiaries <sup>2</sup>	Amount of benefits <sup>3</sup>
Social security <sup>4</sup> .....	14,573,500	\$13,417,056
Railroad retirement.....	525,100	739,060
Federal civil service.....	400,000	1,128,911
Other Federal employees, including military.....	432,200	1,420,635
Veterans' program <sup>5</sup> .....	11,300	16,298
<b>Total benefits.....</b>		<b>16,721,960</b>

<sup>1</sup> For some programs, data are preliminary and subject to change

<sup>2</sup> For social security, the figure is the average monthly number in 1966; for all other programs, the figures are for June 30, 1966.

<sup>3</sup> Amount of benefits paid in 1966.

<sup>4</sup> Aged workers and their dependents.

<sup>5</sup> Pensions based on age alone.

Senator CARLSON. I have two or three questions here that I would like to ask. There has been a great deal of discussion during this hearing on training of mothers who are receiving aid for dependent children so that they can hopefully become self-supporting or at least partially self-supporting. There is merit, it seems to me, to that proposal. Could you tell me what specific type of training you are considering at the present time?

Secretary GARDNER. We have had a good deal of experience with this in the present programs, as you know, and I hope we wouldn't limit ourself to that experience, but we have been doing this so we know that it is possible, we know that it can be made to work, and actually these mothers can be employed in a whole range of occupations. This depends on the occupational shortages in any given area, but they can take clerical jobs, they can take nursing jobs, homemaking jobs, domestic employment, service occupations of all sorts.

Senator CARLSON. In other words, you expect to establish or maybe you already have training agencies, do you expect to expand this program then so as to try to train these people to secure employment?

Secretary GARDNER. Our proposal, Senator, is that the Labor Department carry this training on, and that we deal with the individuals, help to select them and counsel them and provide the social services

they need by turning them over to the Labor Department training programs, and the Labor Department is eager to do all that they can to assist in this.

Senator CARLSON. I have been advised that maids in the District, for instance, are paid \$12 or more a day. Is any effort being made to direct these recipients toward these jobs at the present time?

Secretary GARDNER. I cannot answer the situation in the District, Senator. I don't know the details.

Senator CARLSON. What would be the policy of the Department in a situation like this? Would they make any effort to secure employment for these people who are in that category?

Secretary GARDNER. Under the House proposals, every State would be required to have a work-training program or work-training programs available in various areas. It would then be required to draw up a plan for each family indicating the possible employability of various members, and it is our belief that with the provisions of the House bill, the generous provisions for day care, the provisions we are proposing with respect to earned income exemptions, and our proposal of a \$20 training incentive, we would get a very large number of these individuals eager to undertake this employment.

Senator CARLSON. It seems to me that has much merit and I would hope that it would have some good results in the training programs.

Would you consider a refusal to work without sufficient cause by any aid recipient justification for terminating aid?

Secretary GARDNER. We do not believe that the compulsory feature in the House bill is appropriate. As I said, we believe that the voluntary features are ample to get to work all of the people that we could find jobs in the foreseeable future.

My own belief is that the compulsory feature is not only undesirable, but probably unadministrable. When you get down to what is the question of good cause in the case of a mother with responsibilities for young children, it would be exceedingly difficult to make those judgments and I would doubt very much that it could be done wisely.

Senator CARLSON. Under this, and under your work training proposal, who in the States would administer this program, or would the Labor Department do it? Who is going to do this training?

Secretary GARDNER. The Labor Department would do the training.

Senator CARLSON. Authorized under this program, the social security program?

Secretary GARDNER. Yes, sir.

Senator CARLSON. When would they do this then?

Secretary GARDNER. Pardon me?

Senator CARLSON. When would the Labor Department take this over?

Secretary GARDNER. I would assume that they would take it over right away.

Senator CARLSON. As soon as the act was passed?

Secretary GARDNER. That is my impression, yes.

We discussed this with the Labor Department. We haven't worked out the full details, but we are in full agreement as to the nature of the delegation.

Mr. COHEN. One second.

Senator HARRIS. Mr. Cohen.

Mr. COHEN. I am not quite sure, I was looking it up, but I think the actual date of the new provision that comes into effect, I think it is July 1, 1968, as far as the new work—this new work training program can be started permissively immediately upon enactment but is required of the States July 1, 1969.

Secretary GARDNER. Under the House bill.

Senator CARLSON. I am happy to get that answer for the reason that I have been told that the Labor Department could apply it if they wanted to but the decision was theirs. But you say it must be applied as of July 1, 1969?

Mr. COHEN. Let's make a distinction. The House bill which provides for the community work training program, assigns this responsibility to the Secretary of Health, Education, and Welfare, and on the State level to the State welfare department.

The Secretary, however, in testifying, recommended that the Senate Finance Committee go back to the original proposals which the administration submitted to the House Ways and Means Committee and which are embodied in H.R. 5710, and which assigned this responsibility to the Labor Department, and in answer to your brief question, the Labor Department would then have the responsibility of setting up these programs. Only if the Secretary of Labor was unable to do so or found it impossible to do so would the State and the Secretary come into the picture. So there are two separate types of proposals here, Senator Carlson.

Senator CARLSON. In other words, in some instances the State could or would administer the program.

Mr. COHEN. Under which?

Senator CARLSON. In some instances won't the State administer your proposal rather than the Federal Government? The States would administer it, wouldn't they, this training program?

Mr. COHEN. Well, under the House proposal, yes, the State would. The Secretary would have certain general overall responsibilities of defining certain things that were in the Federal statutes. But you are correct, under the bill as passed by the House pending before you today it is the State which has, you might say, the initiating responsibility, designing the project, subject to the standards which are in the Federal statute.

Secretary GARDNER. As I recall our own proposals did we not have a fallback responsibility in case the Department of Labor was not prepared to carry this forward in a given area?

Mr. COHEN. Yes.

Senator CARLSON. In the House bill, too, there is a section that deals with 16-year olds and over who are not in school when it comes to employment. Now many of these are unemployed, but unable to obtain work at \$1.40 an hour. It has been stated that, in some States they state, there is a recent increase—as a result of the recent increase in minimum wages, it has resulted in more unemployment than probably would have occurred had we not had a \$1.40 an hour minimum. Do you feel there is substance to this statement that some of these youths of ours are unable to get work because of a minimum wage law?

Secretary GARDNER. I don't think we have adequate data to answer that. Certainly, I have not seen data which would demonstrate that. I have heard that comment made, but I haven't seen data which would support it.



**Senator CARLSON.** It might be interesting, if it is not too difficult, to check into it because I have personally received letters from parents, from youths and from employers who state that "there is a young man here I would like to hire but I can't hire him, I can't pay him this minimum wage" and therefore he is out of work. I would be happy if there were some information on that really.

**Mr. COHEN.** Senator Carlson, if you will refer to the House committee report on page 105, you will see that the committee there, perhaps was dealing with the problem that is in your mind. Shall I just read a couple of sentences there which deal with this? It says:

The Committee is aware of the Federal and State minimum wage laws and with an expanded program, as envisioned by this bill, is concerned that these minimum wage provisions not handicap the establishment of constructive programs in the States. The original provision in the community, work, and training legislation is now expanded to give equivalency to the situation under the wage and hour laws, and is based on the view that the AFDC participant under the CWT program, including arrangements for training with private employers, is not in an employment relationship, or otherwise subject, because of this activity, to the wage and hours laws (or the internal revenue, social security, or workmen's compensation laws). For this reason, the committee urges that the Secretary of Labor find it possible to classify the beneficiaries of this program as not being included under the Federal minimum wage law.

**Senator CARLSON.** I am glad that statement was made a part of the record because I can't think of anything more important to these youths of ours than employment, and I can cite personal instances, I can give you names of individuals who have been unable to work or get work because of that very problem, and I think it is most unfortunate. I think a 16-year-old youth, sometimes less, there is nothing more important to them than work and I sincerely hope we can at least have some liberalization of that.

That is all, Mr. Chairman.

**The CHAIRMAN (presiding).** Might I just ask a few questions, and then I will turn it over to the others, because I have a meeting. I have to leave in about 20 minutes.

**Mr. Secretary,** I believe your Department is familiar with my amendment 266 which would set up cost and quality standards for drugs provided under the medicare and welfare health programs. This amendment is a slightly modified version of S. 1303 which was introduced last March.

Will you give us your views on this proposal, that in the medicare and medicaid programs where the Government provides drugs, it ought to pay for testing techniques to be sure that those drugs were of proper quality; and, second, not paying some premium simply because somebody puts a fancy name on the product.

Would you tell us what the Department's view is on that?

**Secretary GARDNER.** As you know, Senator, the Surgeon General, Dr. Goddard and Dr. Lee have been working on it. I have not been able to talk to them within the last 2 or 3 days to get the present status of their studies, but we are going to report back to you.

**The CHAIRMAN.** We are familiar with their study. I do not see that it is going to change our bill. I do not think it is going to change our basic opinions. It is just as simple as saying that any drug in the public domain should not be purchased at all unless it is of the quality that is required, and that if it is of the quality that is necessary, we ought to buy it at the most reasonable price available to us. It ought

to be bought on a competitive basis—you should not have to pay any premium just because somebody put a fancy name on it.

Why should we pay anywhere from 2 to as much as 20, and even 40 times what the drug should sell for, just for the privilege of having somebody's fancy name on the product? It does the same thing in either event inside the patient.

Secretary GARDNER. Senator, we do not have any argument with you in principle. We are concerned with the administrative complexities that would follow from it. If I could have your permission, I would like Bob Ball to comment on the problem, as we see it.

The CHAIRMAN. May I say before Mr. Ball comments, that we have been asking you about this since March. I would like to know if you have any impressive evidence at all that drugs are generally of better quality because they have a fancy trade name?

Mr. BALL. Mr. Chairman, I do not really feel that I am competent to answer that question from a professional standpoint. From a commonsense view it certainly would not seem that the addition of a name to the same drug would in itself add anything to its value.

We have, of course, carefully examined your bill, Senator, and the impact on the medicare program. It would not seem to us to present any major administrative problems.

There are provisions in it, as I understand it, that allow the drug committee of the hospital to make certain decisions that would relieve the bill of any rigidity, and my impression is that the big impact of the bill is on the medical assistance and the welfare programs from the standpoint of actually handling the administration of it, since they deal with drugs out of the hospital as well as in the hospital.

The CHAIRMAN. Well, the way we have this thing worked out, my guess is that as far as the community druggist is concerned, they are for it. They think it is good. The people who are not going to be for it would not be for it for obvious reasons. They want to sell you something with a fancy name on it for anywhere from 2 to 50 times what it ought to be selling for.

Do you know who the biggest manufacturer of generic drugs is?

Secretary GARDNER. No, sir.

The CHAIRMAN. Well, you might find out. I would not be surprised to find that Eli Lilly Co., or William S. Merrell are among the biggest; Squibb is also one of the largest. My impression is that what they are selling without the fancy name is precisely the same thing that they are selling, made in the same shop, that they sell by the fancy name. I have seen these people come in and suggest that if you do not buy it by the trade name—guaranteed to know who manufactured it, and where it was produced—it might not be of the best quality. It might be manufactured by some fellow who produced it in a garage or even in a privy. I have made some effort to meet that problem by providing that no matter who produces the drug, we would test and inspect to see if it is what it is supposed to be, through improved inspection and testing. The evidence that has been produced over in the Nelson committee indicates there is really not much difference in quality whether you buy it from a large concern or a small one. Both large and small firms produce their share of inferior products. In any event both should be tested and checked to make sure that they are producing proper products.

When the President or a Senator is taken down with an illness, he usually goes to Walter Reed Hospital, or to Bethesda Naval Hospital. The drugs that they buy there are bought on a generic basis and not for the name on the drug—not for the fancy trade or brand name, and they are subjected to testing.

My impression is that if someone goes to one of those two hospitals, or any other Government or military hospital, for that matter, he is actually better protected on the quality of the drugs he is taking into his body than someone who is simply buying them by the fancy name, because there is more testing required on the Government-purchased drugs. They are more carefully checked when the Government buys it. They test it to see that it is what it should be.

My thought is if that procedure is good enough for the President and Members of Congress, why should it not be good enough for citizens who are on welfare or for someone who is using the medicare program?

It would seem to me that the assurance of quality is even greater on the procedure suggested here and on the procedure used by the Department of Defense than it would be generally.

Now, do you know of any reason why we should not do this?

Secretary GARDNER. I think the best thing for us to do, Senator, would be to supply you a comment promptly for the record on the status of the study as of today.

Now, I will just reiterate, we do not have any disagreement in principle. We are concerned with a program that we would be required to administer and to live with, and we want to be sure that any problems are turned up ahead of time rather than after the program is launched.

The CHAIRMAN. Well, now, here is something that will save a lot of money, and we do not want this bill studied to death, Mr. Secretary.

I left here to go to a meeting of the Joint Committee on Reduction of Non-Essential Expenditures. The Secretary of the Treasury is over there right now urging the committee to do everything within their power to cut down on nonessential spending. He is well aware of the fact that he has budgetary responsibilities, and if we spend a lot more than the President recommends, that it is our duty to try to find some way to either raise the debt limit or raise taxes.

Now, he is over there asking that Committee on Reduction of Non-Essential Expenditures for its cooperation. It would seem to me that when the Secretary of the Treasury comes down asking the Congress to help save money, that the Secretary of Health, Education, and Welfare ought to be helping on his end to help us save money. This would save money, would it not?

Secretary GARDNER. It would save money; it certainly would.

The CHAIRMAN. Just by letting people bid for the business—and you are letting them bid by not giving some fellow a monopoly and requiring that it be bought by a fancy name at 40 times the price. You simply buy the drugs on a competitive basis. I believe you are aware of the fact that this bill requires more thorough testing and more thorough inspection than we presently have. The savings would more than carry the increased costs of testing and inspection, I believe, would it not? The bill would carry its own cost. You are familiar with that?

Secretary GARDNER. Yes, sir. I have read the bill, and we believe that your bill has gone very far to deal with many of the problems that we see. But there are other considerations that we have to face, such as questions of pricing and questions of quality control—we would want to assess those before we come up with a recommendation.

The CHAIRMAN. The reimbursement in my bill is essentially that recommended by the Comptroller General. That is the way he recommended that it should be done. I hope you are aware of that, Mr. Secretary?

Secretary GARDNER. Yes.

The CHAIRMAN. May I say the drug companies are spending a fortune trying to head this kind of proposal off.

I do not blame them. I think if I were a big drug company I would be paying a lot of high-priced lobbyists—some of them are in this room—seeking to head this off, knowing that as things now stand this is a big bonanza of the taxpayers' money. And, if we provide drugs for the aged people outside of the hospitals as well as under medicare, this could be a fantastic bonanza to the people who sell this thing for two, three, or 50 times its worth, rather than selling it on a competitive basis.

They were doing a great job in recruiting the local community druggists on their side, by sending their salesmen out to speak to them. I do not blame them for it. They have a right to do that, until we got our word through that this proposal would not reduce the income of that community druggist. As a matter of fact, he would be better off. The word is getting through to the retail pharmacists that this was not designed to hurt them but it was designed in the last analysis to help them. Do you understand how it will help them?

Secretary GARDNER. I am not entirely sure what you have in mind.

The CHAIRMAN. Well, one way it would help them is that they would not have to have 50 different products on the same drug on the shelf, all of which are basically the same thing except for different brand names. They could have two or three or even one product that has been properly tested, that would do the job. Their capital would not have to be tied up in a great deal of merchandise, some of which they will never have calls for, while the drug just sits there on their shelves. Some of those drugs deteriorate just sitting there.

In addition to that, this bill would provide that a druggist would add to the cost of the drug a fair professional fee. He is entitled to a fair profit. That professional fee would include a fair profit for that druggist which would help him compete with clinics and hospitals. It would help him to get that drug at the same price that the clinic or the hospital or somebody else gets the drug for, so that he would have the benefit of competition in getting a drug at the most reasonable price.

Then he would have the benefit of competition in passing that savings along to his customers. We could hopefully avoid a lot of this drug company propaganda for which the public pays and really gets nothing in return.

I am not opposed to advertising all this stuff designed to lead you to believe that one product is better than the other. If I do say so, it is not the worst thing I know of, but it is one big economic waste. The enormous amount of money spent advertising that one product is better than another, where there is no difference is wasteful and unnecessary.

I see these ads, one outfit putting out an aspirin tablet which says it has twice as much painkiller. That is because it is twice as big. The other one says that there is none better. There is none better, there is no better aspirin, and that is exactly right. None better and none worse. It is all exactly the same thing, aspirin, if it meets the U.S.P. standards, and it is all right by me for them to spend all that money advertising. One of them says it gets into your bloodstream faster and acts faster, and so forth. That is because a little bit of soda is mixed in with it. You can take an aspirin tablet and put a pinch of that Arm & Hammer soda, and you would get the same effect as by listening to that advertising and paying a bigger price.

All I had in mind was that it is one thing to let those people deceive the public, mislead them, propagandize them, and have somebody paying two, three, six, 50 times what needs to be paid for something. But if the Federal Government is going to pay for it, why should we pay two or three or 20 times what the drug really should be selling for? Do you see any reason for that?

Secretary GARDNER. No, sir. And when we complete our study, and we will give you an interim report on it, we are perfectly prepared to move ahead. But we want to be sure that before we undertake price-setting that affects 55,000 pharmacists, and before we undertake the very serious business of quality control, we could come to you with a confident statement that we can do it, that we know the way we are going to do it, and so forth. That is the only point.

(The material referred to follows:)

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE,  
Washington, September 1, 1967.

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

Dear MR. CHAIRMAN: I am pleased to have this opportunity of submitting to you this status report on the Task Force on Prescription Drugs, which was appointed on June 1, 1967, and directed to present its final report to me in twelve months.

Its mission is primarily a study of the possible inclusion of outpatient prescription drugs in the Medicare program. Many of its activities, however, touch areas which are also concerned in your proposed bill S. 2299, the "Quality and Cost Control Standards for Drugs Act."

As of August 23, the Task Force has not made any formal recommendations to me. The Task Force members and members of its staff have been undertaking intensive investigations in a number of significant fields.

1. A careful analysis is being made of the economic and health needs of those over the age of 65, in an effort to design programs which will provide maximum help to those who need it most seriously, without dissipating Federal funds on those who do not require such assistance.

2. Existing data from national, State, and local surveys of the elderly are being analyzed to provide a basis for predicting costs of a Federal program, and to determine potential savings which might be produced if such a mechanism as reimbursement were provided only for the low-cost generics where such drugs are available. New surveys have been initiated by the Task Force to solve problems created by substantial inconsistencies in the available survey data.

3. Comparative analyses have been undertaken to determine the relative advantages and disadvantages to the drug industry, to pharmacies, and to the Government of such reimbursement techniques as (a) acquisition cost plus percentage fee, (b) acquisition cost plus professional fee, (c) acquisition cost plus "reasonable" fee, (d) "reasonable price," (e) reimbursement to the pharmacist, (f) reimbursement to the patient, and (g) joint reimbursement.

4. Conferences between the Task Force and representatives of such agencies as the Department of Defense and the Veterans Administration are being con-

ducted in an effort to determine how prescription drug acquisition and quality control policies utilized by such agencies could be adopted for a Medicare program.

5. Faced with the possibility of processing, auditing, paying, and conducting utilization reviews on an estimated 250,000,000 individual prescription bills per year, the Task Force is now investigating the essential research, design, development, and field testing of appropriate electronic and other data processing systems.

6. As an essential phase in the development of such a system, or any other system involving accounting procedures as well as adverse reaction reporting for any large-scale Federal prescription drug program, the Task Force is now investigating a uniform nomenclature and coding system which can be effectively utilized by all hospitals, pharmacists, manufacturers, insurance companies and other third-party institutions, and governmental agencies.

7. Faced with the serious possibility of coping with accidental or deliberate abuse of a program, the Task Force is initiating the design and testing of appropriate utilization review methods.

8. Intensive studies are being conducted on the relative advantages and disadvantages of a wide variety of formularies now being used by Federal and State agencies, hospitals, insurance companies, and others, in order to determine their effects on cost, rational drug therapy, the interference with the professional prerogatives of physicians, and possible incentives to irrational diagnosis, irrational prescription, and other abuses.

9. Investigations are underway on the relative advantages and disadvantages of a variety of distribution systems, including community pharmacies, mail-order pharmacies, "central" or "controlled" pharmacies, government or "State" stores, physician dispensing, and outpatient hospital dispensing.

10. Studies are being conducted on the relative advantages and disadvantages of such devices as deductibles, coinsurance, copay, dollar limitations, quantity limitations, added premiums, and control of rebates to limit costs and minimize abuse.

11. Studies are being conducted on the relative advantages, disadvantages, and costs of widely differing prescription drug programs now being operated by a number of State welfare programs, labor unions, cooperatives, health insurance companies, group health plans, special drug insurance companies, and other groups throughout the United States. Similar studies are being made on selected programs in other countries having experience with one or more features proposed for an American program.

12. Investigations are underway to provide an objective basis for settling the problem of clinical equivalency of generic counterparts, to identify those drugs for which a significant lack of clinical equivalency appears to be most probable and to represent a significant hazard to health, and to establish suitable protocols for necessary clinical testing. Preliminary clinical trials of selected generic counterpart drugs which most urgently require study are being initiated by the Public Health Service and Food and Drug Administration.

13. Through PHS and FDA, the Task Force is studying a variety of proposed procedures to improve the quality of all drugs, including improved plant inspection, increased batch testing, increased testing of market samples, establishment of approved formulation procedures, establishment of self-certification procedures, and the modification of existing laboratory test specifications.

14. The Task Force is considering possible methods to solve the problem of single-source drugs, still under patent, which may be available only at excessive cost.

In carrying out their mission, members of the Task Force and its staff are consulting with many highly qualified members of the scientific and medical communities, as well as with representatives of major consumer, union, pharmacy, brand-name manufacturing, generic manufacturing, medical and other interested groups. Equally valuable assistance is being provided by representatives of many State agencies and of the Department of Defense, the Veterans Administration, the Department of Justice, and other Federal agencies.

Enclosed is the memorandum you requested me to submit on "Policy and Procedural Problems Under S. 2299 Which Require Further Examination."

I must tell you that after reviewing with members of the Task Force the formidable difficulties involved in this matter, I would be extremely reluctant to see any action taken before the Task Force study is completed.

Sincerely,

JOHN W. GARDNER, *Secretary.*

**STAFF REPORT: POLICY AND PROCEDURAL PROBLEMS UNDER S. 2299 WHICH  
REQUIRE FURTHER EXAMINATION**

This report reviews briefly the present status of staff explorations relating to the bill.

**1. ESTABLISHMENT OF REASONABLE CHARGES FOR PRESCRIPTION DRUGS**

In our experience the establishment of reasonable charges (the sum of the acquisition costs and reasonable professional fees) would be a protracted and complex undertaking. The only Federal requirement for reasonable costs in public assistance has health with hospital costs; after 25 years of discussion in this subject the elements to be included and excluded remain in controversy. Cost ranges for drugs would be based on current market practices, with all the complexities of quantity discounts, hospital discounts, rebates, geographical differences in price, determination of prices which vary "significantly" from others, and the need to consider claims of "distinct therapeutic advantages" for certain products—ratesetting in a novel field presenting novel problems.

Setting criteria to govern professional fees would have to take into account not only "costs of overhead, professional services, and a fair profit" mentioned in the bill, but also such variables as volume of business done, drugstore as compared to hospital pharmacy operation, independent as against chain stores, extent of late hour and weekend operation, and many other factors.

Establishment of both acquisition costs and professional fees would require consultation with the many interested groups, with State agencies, and with accountants and other advisers. The difficulty of arriving at acceptable criteria would be greater if, as is understood to be the case, the concept that professional fees should be determined by the Federal Government is opposed by the National Association of Retail Druggists. It is problematical whether the States would be either willing or able, as contemplated by the bill, to undertake under the Federal criteria the actual fixing of professional fees in the infinitely varied situations that would exist within each State. This is a matter which requires exploration with the States.

Once the cost and reimbursement patterns were worked out, the program would require not only dealing with 55,000 community pharmacies, 7,000 hospital pharmacies, and more than 12,000 skilled nursing homes, but also dealing indirectly with about 200,000 prescribing physicians.

**2. ECONOMIC FACTORS RELATING TO MANUFACTURERS AND RETAILERS**

Further discussion with economists is necessary to explore the implications of the following factors:

(a) Establishment of a "reasonable cost range," rather than a maximum reimbursable price, may in effect establish a floor for prices, and in some cases raise the cost of a drug.

(b) Using an approved cost (or cost range) of drug acquisition provides no incentive for the pharmacy to purchase at the lowest possible cost. While acquisition-cost-plus-markup may encourage the pharmacist to dispense the highest cost drug, the acquisition-cost-plus-fixed-fee does not encourage the pharmacist to buy at lower prices.

(c) The exclusion of competitive therapeutically duplicative drugs may tend to eliminate competition among manufacturers.

(d) The advantage to a manufacturer of having his drug in the Formulary, while possibly equally good drugs are excluded, provides an economic advantage not related either to quality or to the market place.

**3. FEDERAL-STATE RELATIONS**

(a) The only present Federal determination of the basis on which States must pay for services in their medical care programs relates to the care of hospital inpatients, and was designed to correct inadequacy of payment. Federal setting of a basis of payment for outpatient drugs, designed to avoid excessive rather than inadequate outlays, raises the question whether there should be similar Federal control of prices making up other major expenditures, such as those for physicians' services (e.g., nationally prescribed criteria for State fee schedules).

(b) Since the proposed controls limit kinds as well as unit cost of drugs, a similar question arises about other health services: Should the Federal Gov-

ernment seek, in the interest of economy, to limit the use of kinds of health facilities and health personnel to those which the Secretary deems most efficient? Traditionally, Federal requirements have left the major decisions in these areas to the States, which have in turn left them in part to the health professions and the health institutions.

(c) Using limitation on Federal matching as the mechanism of control means that the financial risks inherent in so novel an effort (such as the risk of non-cooperation by prescribing physicians) would fall either on the States or on the recipients of health care. In absence of effective control over the writing of prescriptions, the bill affords no assurance against the incurring of substantial costs in which the Federal Government would not share.

#### 4. THE FORMULARY

(a) This Department would have new and heavy responsibilities in organizing and overseeing the operation of the Formulary Committee. Three of its principal health officials—the Surgeon General, the Commissioner of Food and Drugs, and the Director of the National Institutes of Health—would be members of the Committee. The Committee's assignment obviously cannot be a part-time operation. The Secretary would be responsible ultimately for the success of the program, and the Department would have to supply the resources in manpower and supporting facilities. The bill is not clear as to the responsibilities of the Secretary in relation to the Formulary Committee, which is established "within" the Department but with no clear delineation of the Secretary's responsibility for its actions.

(b) The Formulary Committee would have the duty of evaluating every prescription drug used in medical practice today—more than 5,000—and providing a formulary of drugs of choice. It would have to exclude drugs that it considered unnecessary, therapeutically duplicative, or of unacceptable quality. It would have to include drugs which it determined to be necessary and proper. And finally, it would be responsible for the promulgation of regulations establishing requirements to assure the orderly, efficient, and proper usage of drugs and biologicals.

*The magnitude of this task should not be underestimated.*

As one example of the seriousness of this problem, last year FDA entered into a contract with the National Research Council-National Academy of Sciences for a study of the validity of claims of effectiveness for drugs marketed between 1938 and 1962, when safety was the sole criterion for pre-market clearance. After a year and a half of intensive effort, this project is far from complete. Furthermore, after the reports are received, extensive administrative action will still be required to review the recommendations and put them into effect, and to deal with the challenges which will be made to some of them.

It is evident that any review of drugs, along with the promotional claims that are being made for them and the scientific data to support the promotional claims, calls for the efforts of the most highly qualified medical scientists, and that any large-scale effort must extend over a period at least of several years.

Under the bill all drugs—not only those cleared through the new drug procedures since 1938—would have to be reviewed. For many of these drugs there are no adequate, well-controlled scientific data on which the claims of therapeutic effectiveness could be properly evaluated. This is true even for a number of drugs which are widely accepted among physicians as apparently valuable in the treatment of disease.

(c) The procedures for hearings on drugs excluded from the Formulary, and for judicial review with trial *de novo* in the District Courts, could involve inordinate delay in the final establishment of the list. With large economic interests at stake, the prospect of substantial litigation is a serious one.

Difficult as this undertaking would be initially, the problem would be compounded by the need to keep a Formulary up to date. In view of the rapid advances in drug therapy, there is grave danger that revisions of the Formulary, and the reasonable cost determinations that would need to accompany them, could not keep pace with the ever-accelerating developments in this field. Here again, hearings and litigation would create serious factors of delay.

(d) Restrictions on the use of combination drugs in the bill appear to be too severe. Some of these drugs often provide convenience and more assurance of proper drug usage when self-administered, even though they may not have intrinsic therapeutic advantages over several drugs used separately.



(e) There may be inconsistencies between hospital and outpatient practice with respect to drugs. A patient stabilized on a particular drug in the hospital may find that drug unavailable for non-hospital use under the welfare program.

#### 5. THERAPEUTIC EQUIVALENCY

(a) The therapeutic equivalency of generic counterparts has not been established in all cases. In some instances agreement on "distinct, demonstrated therapeutic characteristics not otherwise available" will be difficult if not impossible to achieve.

(b) Under the bill the Formulary Committee would contract for production of reliable clinical data on which to base its judgments, but this would require the cooperation of medical centers and an array of patients. It would require in particular the involvement of individual investigators of high competency who would have to be induced to undertake routine investigations offering little promise of advancing medical knowledge.

#### 6. THERAPEUTICALLY DUPLICATIVE DRUGS

(a) The goal of minimizing the use of "therapeutically duplicative" drugs may be desirable, but an objective, noncontroversial method of determining which drugs therapeutically duplicative has not been developed.

(b) The implications of this provision with respect to effects on quality of care, research, and competition need further study.

#### 7. ORDERLY, EFFICIENT, AND PROPER USE OF DRUGS

(a) The definition of "qualified drug" includes only those drugs listed in the Formulary of the United States or in a hospital formulary which are "prescribed or furnished in such quantities and under such conditions as are necessary to meet requirements established by the Formulary Committee under regulations designed to assure the orderly, efficient, and proper use of drugs." This means that the Formulary Committee should provide conditions of use of drugs with both therapeutic effect and cost of medication in mind. It could limit the use, for example, of high cost drug specialties in situations in which less costly drugs of the same class were the drugs of first choice, and in this way bring down the cost to the Federal program. But in doing this it would give the Committee the responsibility for regulating what types of drugs could be prescribed in what clinical situations, in what amounts, in what total quantities, and over how long a period.

The promulgation of regulations applicable to the orderly, efficient, and proper use of drugs would limit physicians in their practice and would make the Formulary Committee the ultimate arbiter of the proper drug in clinical situations.

(b) Federal determination of the comparative efficacy of drugs used to combat the same infectious disease or to combat diabetes, for example, was considered and rejected by the Congress in 1962 as involving too large a measure of medical judgment to authorize the exclusion from the market of new drugs that were no better than already marketed products.

(c) Formulary Committees in hospitals normally provide a mechanism by which the physician can justify and prescribe drugs not listed in the hospital formulary when his clinical judgment requires it. Such flexibility is needed to make the operations of the proposed Formulary Committee workable.

#### 8. REGISTRATION AND INSPECTION

(a) The bill would disqualify drugs for violation of either of two provisions of the Federal Food, Drug, and Cosmetic Act. The failure to meet other applicable misbranding and adulteration provisions of the law, or the new drug or antibiotic certification provisions, is of equal importance. A drug that was prepared in an insanitary plant, or one that failed to bear adequate directions for use and adequate warnings, should warrant disqualification.

(b) The administrative process of applying sanctions to prevent a firm from using its registration number, and thus from participating in the program, would require additional personnel and would give rise to a substantial volume of administrative hearings and litigation.

## 9. ADMINISTRATIVE COSTS

(a) Cost of operation of the Formulary Committee and its supporting staff are estimated to be approximately \$10 million a year for the first three years, and \$5 million a year thereafter.

(b) Federal costs to carry out planning, State plan review, program evaluation, auditing, and technical assistance to the States are estimated to be more than \$600 thousand a year.

(c) Costs for printing, maintaining, revising and distributing the Formulary to physicians, pharmacists, hospitals and State agencies—but not to individual beneficiaries—are estimated to be \$3 million per year.

(d) Increased Federal-State costs to administer the program are estimated to be at least \$6 million per year. The States will have to support this increased cost in part from their own limited funds, which may require a reduction in the amount of benefits available to recipients.

(e) In addition, other costs should be considered which though arising from the bill, would benefit all patients whether or not they were covered by any governmental program. Thus, the improved quality control program would cost an estimated \$25 million per year, primarily for an additional 2,000 FDA inspectors, space, necessary administrative support, and strengthening of the FDA product testing program. The necessary clinical testing ordered by the Formulary Committee could cost approximately \$67 million for the first year and up to \$50 million per year for the next five years; manufacturers might be required to undertake some of this cost. In any event, the task of clinical evaluation is large and will be a continuing one; the scientific manpower to undertake it is in short supply, the nature of the work is not attractive to top scientists, and the procedures are time-consuming and expensive.

## 10. EFFECTIVE DATE

(a) The provisions of the bill would require HEW to undertake a number of new and extended responsibilities. We do not believe that these responsibilities can be satisfactorily discharged by July 1, 1969.

(b) Determination of "qualified drugs" would require many months and possibly several years of work by the Committee. But implementation of the Formulary could be delayed for additional months or even years by administrative hearings and judicial review at suit of the parties affected.

(c) Establishment of the requisite improved quality control program would need many months for the recruitment and training of the inspectors and laboratory personnel.

(d) After establishment of other phases of the program, time would be needed for State agencies to develop their own program modifications to conform to Federal regulations.

(e) Development of an essential accounting, auditing, and utilization review system would require at least two years for the necessary research, development, design, and field testing.

The CHAIRMAN. Well, time is wasting now, Mr. Secretary. Last year Senator Moss had a bill in on nursing homes, and we were asked by your Department to hold off on that matter until they could study it. It is my understanding that the nursing home task force made a report and it has never been released. That is the task force on nursing homes completed its report and it has never been released. That might be interesting enough in itself.

But it would seem to me that this is a very simple matter. Just talk with people who have no interest in selling you something at four, or five times the price. Just talk with people such as the druggist or the head of the pharmacists in a State, and I think most of them would tell you that what I say is correct. They can take you right in their own drugstores, take the bottles off the shelves, and show you there is no real difference between these various products, that there is a tremendous saving that could be made. It would seem to me that you could just go out to Walter Reed or Bethesda, and they can show you. There is

just no problem here. You test the drug and you see that it is what it is supposed to be, and you buy it on a competitive basis.

Furthermore, the American Pharmaceutical Association endorses this proposal. They have been propagandized more than almost anybody on the subject to try to persuade them to fight it. When they came to understand what this was all about that there is no profit advantage to them doing that which is not in the national and public interest they decided that they were for it.

So it seems to me that your Department should be able to make up its mind on this and give us its recommendation—if for no other reason than that it would save a lot of money.

I would like to stress that the amendment I have introduced does not provide a new drug benefit under medicare. All this has to do with concerns existing programs. But there is no doubt in my mind that the savings you achieve here will be multiplied at such time as Congress decides to extend medicare to cover prescription drugs outside of hospitals.

If Congress decides to do that, the logical way to do it would be to say that if someone wants to buy it, to pay a premium price for a fancy name, that is his privilege. If a doctor wants to insist on it, that is his privilege. But as far as we are concerned, we are only going to pay what is a fair price. If we are going to pay for it, we will pay a fair price, because we are buying a lot of it.

If the other fellow is going to pay, it is all right for him to go ahead and buy all that propaganda and pay anything he wants to pay.

But it would seem to me, Mr. Secretary, it is one area where tremendous savings could be made. We have been looking into this thing and finding the answers to the problems, so much so that we have most pharmacists satisfied with the matter. Now I expect that if we can satisfy them we would not expect to satisfy the fellows who are making a fortune selling something for many times what it is worth—I do not see why they would be satisfied. If I were they, I would not give it up.

Just a short time ago I asked why a certain product sold for so much higher than seemed sensible at a particular place. I am not going to name the product. I do not want to embarrass anybody about it. A man in the industry who was not familiar with it, but who represents the industry, at least in part, said, "I don't know, but it looks to me as though somebody has a good thing from their point of view and they just don't want to give it up."

I do not blame anybody who feels that here is something good for them. That is why they want to keep it.

Now, Mr. Secretary, can you tell me how much Federal funds are being paid under title 19 for the aged in mental hospitals?

Secretary GARDNER. I will ask the Under Secretary to answer that.

Mr. COHEN. The total cost of the program at this present time is approximately \$207 million a year, of which the Federal share is \$107 million.

The CHAIRMAN. Thank you.

What hard evidence do you have that the States have established an individual plan evaluating the condition of each mental patient. I think that is something that Mr. Cohen was very anxious to achieve, if it could be done.

Mr. COHEN. Yes, sir.

I think that—let me say, first, that as of the present time, as of July 1 of this year, 24 States had taken advantage of this amendment that you sponsored, Senator, and we expect that about eight additional States will take advantage of this during this coming fiscal year.

About 60,000 patients 65 and over are currently in the program, and by the end of this fiscal year about 80,000 will be in.

The CHAIRMAN. Right.

Mr. COHEN. In general, I think that the States in working out these plans as provided in your amendment have made very great progress.

I have here, for instance, a report from a number of States. For instance, I imagine you would be interested in Louisiana. It says the 663 patients on all wards receiving these benefits have received more personal and individual attention than in the past, primarily in areas of mental, physical, and ancillary services. There has been concentration on needs of this geriatric group resulting in improved patient and staff morale. Specifically, the money grants for the eligible patients have given them an opportunity to purchase personal items that were not provided in the past because of restrictive hospital benefits.

It says that they noticed improved relationships within the welfare agencies and the mental health authorities which, of course, is a very important point, and the States have been able to use some of this money for staff increases in the hospitals to include more professional and nonprofessional personnel.

So I would say overall this amendment has been a singular success.

The CHAIRMAN. Thank you.

I would like to ask that you provide us for the record with a summary State-by-State breakdown of exactly what has been and is being done to comply with title 19 requirements for matching care in mental hospitals.

(Pursuant to the above question, the following material was received for the record:)

**PROVISIONS FOR ASSISTANCE TO AGED INDIVIDUALS IN INSTITUTIONS FOR MENTAL DISEASES UNDER THE MEDICAL ASSISTANCE PROGRAM, TITLE XIX OF PUBLIC LAW 89-97**

**A PROGRESS REPORT, JULY 1, 1967**

Since January 1, 1966, twenty-four States have implemented the provisions for assistance to aged individuals in institutions for mental diseases. Twenty under title XIX, three under title I, and one State under title XVI. The States are: California XIX, Colorado I, Connecticut XIX, Florida XVI, Illinois XIX, Kentucky XIX, Louisiana XIX, Maine XIX, Maryland XIX, Massachusetts XIX, Michigan XIX, Minnesota XIX, Nebraska XIX, Nevada I, New Jersey I, New York XIX, North Dakota XIX, Pennsylvania XIX, Rhode Island XIX, Utah XIX, Vermont XIX, Wisconsin XIX, and the two most recent States, Washington XIX, and Oregon XIX.

Eight additional States will probably implement the provisions this fiscal year, these are: Kansas, Ohio, Texas, Hawaii, Missouri, North Carolina, West Virginia and Delaware.

It is expected that the remaining 22 States and jurisdictions will eventually implement the provisions. Several of them are currently interested, but require legislation. A majority of them, however, will wait until they implement the total Medical Assistant Program.

As of July 1, 1967, approximately sixty thousand patients 65 years of age and over are receiving benefits from the program. This number represents approximately 64% of the total patients 65 years and older in the State and county mental hospitals of the twenty-four States currently operating the program. Further, it represents 43% of approximately 140,000 in-resident patients 65 years of age and over in all State and County mental hospitals in the United States.

The total cost of the program at the present time is approximately \$17,290,266 a month or \$207,483,192 a year on a projected basis. However, requirements for higher standards of care and payment of "reasonable cost" which went into effect July 1, 1967, will tend to increase the cost. As an example, an increase of \$1.00 per day would add approximately \$21,000,000 to the yearly cost. The projected Federal share on a yearly basis is \$107,765,412. However, an increase in hospital cost as mentioned above would add approximately \$11,000,000 to the Federal share to a total of approximately \$118,000,000 a year.

Since the inception of the program on January 1, 1966, over six thousand patients 65 years of age and over have been released from State and county mental hospitals. These patients have been placed in their own homes or homes of relatives, nursing homes, foster care homes, boarding homes and other alternate care facilities. Several of the States have reported a greater number of patients released during 1966 than in 1965.

The States operating the provisions for assistance to aged individuals in institutions for mental diseases report many improvements in the care of the geriatric patient since the implementation of the program. For example, Massachusetts reports the following: "From observation, the individual medical, psychiatric and social studies have individualized many patients in chronic wards. Many physicians have been surprised at the number of correctable physical defects that have been uncovered by these joint initial reviews. Cataracts, hernias, and prostate enlargements, are some of the common operable physical conditions that have been detected by the medical staff. Eye examinations, dental evaluations and hearing tests have begun to be prescribed for the individual patient."

*Florida* reports: "Nursing staff in the hospital observe patients are happier and are more manageable since receiving their \$10.00 checks. They receive their dinner at four o'clock, and the interval before bedtime was always a bad problem. However, now the patients can buy snacks such as cokes, candy, etc., during this time, and this has made a great difference. Patients now buy much needed articles or clothing and those able to do so go on shopping trips, for formerly they could not because they had no money. Those unable to shop or go to snack bars are shopped for by hospital staff."

*Maryland*: "Initial and periodic evaluations are standard procedure in all hospitals for geriatric patients receiving medical assistance and utilization review committees are operating effectively."

*Washington*: "A review was made of all geriatric patients in the three State hospitals. This review caused immediate improvement in the program. Patients who had been lost on their wards for years were located. Some were transferred to rehabilitation units, and encouraged to participate in appropriate activities and often, release planning was initiated. For instance, an 81 year old woman who had not left the hospital for sixty years was reunited with a son who had been searching for her. Difficulties in clothing, personal care items, teeth, eye glasses and minor surgery were often corrected as a result of the review. The stimulation attendant to these activities was beneficial to patients and staff."

*Louisiana*: "The 663 patients on all wards receiving Title XIX benefits have received more personal and individual attention than in the past. Primarily in areas of mental, physical, and ancillary services. There has been concentration of needs of this geriatric group resulting in improved patient and staff morale. Specifically, the money grant to the eligible patients has given them an opportunity to purchase personal items that were not provided in the past because of restrictive hospital benefits."

*Pennsylvania*: "The appearance, dignity, and morale of the patients have been greatly improved through the utilization of the money payment allowance."

*New York*: "The medical assistance program for aged individuals in mental institutions has improved the care and services to these patients in many ways, both tangible and intangible. There is no question but that it has caused both medical and social service staffs to individualize each patient and to explore even more closely the potentials in each case for rehabilitation and placement in alternate care facilities. Such individualization has been made possible by recent staff increases, as a result of the increased funds made available through this program. Total medical and social service staffs involved in preparing and reviewing medical-social evaluations. As experience is gained in preparing such evaluations, regular and more frequent review and consultation with Department of Social Services staff will follow and individual plans of action will be worked out and implemented.

"The increased individualization process has already resulted in awareness of the need of many of the patients for dentures, eyeglasses, hearing aids and other prosthetic devices. These needs are now being met in each case where medically indicated.

"At this juncture it is impossible to assess the specific impact on the over 65 patients in this program. The program has just begun and no empirical data has been yet gathered. However, upon completion of the program it envisions that there will be a patient rehabilitation unit at every New York State hospital and providing service for every appropriate patient. The total program will cost an additional \$250,000 of personal service per unit for an eventual commitment of \$5,000,000 additional per year. Of this \$5,000,000 approximately \$1,000,000 could be theoretically applied to the over 65 patient. With the inception of the Medicare and Medicaid programs the Departments began an intensive reanalysis of its services for geriatric patients. After intensive reevaluation, a comprehensive geriatric treatment program has been developed. The comprehensive geriatric treatment program is composed of seven different units each designed to treat a specific type of problem of the geriatric patient. These seven types of units are:

"1. *Mobile geriatric emergency team.*—To interview patients prior to admission to State hospitals, to solve crisis and promote appropriate admissions.

"2. *Geriatric admission intensive treatment service.*—Two wards per hospital to provide intensive therapeutic treatment for newly admitted geriatric patients.

"3. *Social and habit retraining units.*—To provide intensive social and habit retraining for both in and out patients.

"4. *Intensive retreatment unit.*—To provide intensive rehabilitation for long stay patients.

"5. *Short term boarding unit.*—To accept patients from the community for a very short time to help solve acute social problems and prevent unnecessary admission.

"6. *Independent living program.*—To promote independent living for hospitalized geriatric patients to provide a stepping stone for returning to the community.

"7. A cooperative community home for independent living for a group of previous patients within the general community.

"It is anticipated that over the next five years the total annual cost for this program will rise to \$20,000,000. The program should encompass all geriatric patients under the care of the New York State Department of Mental Hygiene."

*New Jersey:* "We have found increasing concern for the patient merely from interviews with the patient and medical staff. Plans are being developed to prepare patients for community placement. This is being accomplished through been able to identify and contact relatives and friends of the patient in order to direct contact with the patient and the use of volunteers. The staff has also encourage their interest."

*Utah:* "The benefits and accomplishments of the program since its inception can be summarized as follows:

"1. Personal needs money has been provided to patients who have been penniless for years, with noticeable benefit to self-esteem and independence.

"2. The State Hospital has received additional funds, enabling it to broaden its services, particularly in the medical area.

"3. Medical services to patients has improved as a result of the incentives in the Title XIX program requirements.

"4. Excellent working relations have been developed between the hospital staff and medical assistance representative.

"5. Relations between the Geriatrics Unit and County Welfare offices are generally good, and cooperation and transfer of information have been improved through the efforts of the medical assistance representative.

"6. The process of placing a patient outside the hospital has been smoothed so that a patient who is mentally ready to leave the hospital can more easily have the Welfare assistance he needs for support. In this regard, through the establishment of eligibility for assistance at the hospital, several patients who formerly were retained at the hospital because they could not qualify for public assistance and had otherwise insufficient resources for self-support, are now free to be released or have already been released.

"7. New types of alternate care placement have been introduced and are being tried successfully.

"8. Additional emphasis has been placed on protecting the patient's civil rights, protecting his financial resources, and considering his wishes regarding

possible alternate placement, as a result of the service requirements of the program.

"9. More effort is being spent by the Geriatric Unit in team planning and communicating treatment recommendations to County Welfare workers regarding patients who will need public assistance upon release.

"10. The knowledge and skill of the County Welfare Departments is being used to a great degree in regard to release planning and post release services."

A number of the States have been able to improve the staffing in the State and county mental hospitals through utilization of funds made available by the provisions for assistance to aged individuals in institutions for mental diseases. Approximately 800 new positions have been obtained since January 1, 1966. These include professional and non-professional personnel.

All the States currently operating the program have commented on the close working relationships between Public Welfare and Mental Health personnel, both at the State and local levels. The mutual responsibilities for the operation of the program have resulted in much better understanding between the two agencies, and as a result, improved services have been provided to the geriatric mental patient. For the first time, Public Welfare social workers are actually housed within the mental hospitals, and are participating in the overall planning for the aged mental patient.

The States have also reported a number of problems in connection with the implementation of the provisions. Among these are:

One of the major problems is insufficient financing. The Federal funds received by a State through the provisions for assistance to aged individuals in institutions for mental diseases, in many instances are not being reflected in increased budgets for the State and county mental hospitals. The requirements of the provisions in terms of improved services for the aged mental patient, can only be accomplished by diverting sufficient staff time to this particular group of patients. Most hospitals are under staffed at the present time, and in many situations, the requirements cannot be met unless additional staff is available. If the hospital budgets are not increased, additional staff will not be recruited, and as a result, the aged mental patient will not receive the improved services as required in the provisions. The shortage of professional manpower is a serious problem which is faced by all the States. It is extremely difficult to recruit psychiatrists, psychiatric nurses, social workers, etc., for State and county mental hospitals. With the expansion of the Mental Health Center program, the problem will become more serious. A third major problem is an insufficient number of good alternate care facilities. This problem is national in scope, and will require concentrated action in each State if it is to be resolved. The fourth problem is the deplorable lack of screening or assessment services for the aging population. A network of screening units would provide an opportunity to utilize alternatives to mental hospitalization, i.e., mental health centers, psychiatric wards in general hospitals, day and night hospital services, etc.

The CHAIRMAN. When the President sent his message regarding the social security and welfare to Congress, it was my feeling and that of other Senators that improvements in social security are a better way to fight poverty than some of the other programs that we have tried.

How much money can we save in the poverty program by increasing social security and minimum retirement benefits?

Mr. COHEN. Well, Senator, as you will recall, the poverty program is not primarily a program of cash benefits to individuals, although programs like the Job Corps, and Headstart, and some other programs do involve participation of the poor, do involve some employment for them. But, by and large the poverty program is a program that tries to eradicate the disadvantages that individuals will have, children and other people will have, and to set up the community programs that over the long run will undertake responsibilities in eliminating poverty in the future.

So that I would not, I could not, give you any estimate at all that the increase in the social security would diminish any of the needed expenditures under the poverty program.

I think they are two different things. One is apples and one is oranges in their effect. One is an immediate cash-income program; the other is trying to establish the structure in the long run for the eradication of poverty.

The CHAIRMAN. Now, it occurs to me that where people are able to work it would be better to subsidize them than it would simply to put them on the welfare without receiving any services in return.

For example, it occurs to me that perhaps a Federal-State program could be worked out to provide a rather substantial number of sub-marginal jobs for people to do various and sundry things, such as cleaning the streets, cleaning the highways, and moving garbage. In rural areas we have difficulty with people stealing timber. Under this program, you could pay someone to be on the lookout for timber thieves, or to perform various kinds of things that really would not justify someone in hiring a person on a full-time basis. I think we would have to put it outside the minimum wage.

Do you have some studies along that line or any thoughts about it?

Secretary GARDNER. Mr. Chairman, we do provide employment under the community work training programs. But the principle we tried to follow is that such employment is transitional to employment in the normal economy. We are not experts on employment programs, obviously, but the Secretary of Labor has discussed this with me many times, and I know his view is there is a real question about Federal subsidized employment at these levels, and he believes, and I certainly, from my perspective share his belief, that the major problem is training, and enabling people to become employable, and to fit themselves to obtain jobs in the regular economy.

The CHAIRMAN. Well, I suspect that one fault in our overall thinking in this program of helping the poor is that administrators think more in terms of making these people all Presidents of the United States or members of the President's Cabinet, or Senators or Congressmen, or generals in the army.

Most of these people who are at the bottom of the ladder are not going to be the Governor of the State. One of them might break through, but you cannot have that many Governors. Somebody still has to move the garbage around, and somebody is going to have to wash the dishes and wait on tables.

So that it would seem to me that a great deal of this should be directed toward helping the person lead a useful life rather than simply be a burden on society and on someone else. Maybe part of it could involve helping a person learn to be content, and happy with his own lot in life. If he is doing the best he can with what he has available to work with, I think it should be desirable to have him learn to be content with it and to adjust himself to it.

When I see a cartoon depicting the filthy slum conditions such as I saw in the Washington Post a day or so ago, indicating it is our fault, it occurs to me maybe it is. Since most of the slum dwellers are living on public money why don't we, as a condition of paying them, make them clean this place up. You pay someone a little some-



thing to sweep the streets, pick up the garbage, pick up the junk, pick up the litter.

Anybody who can get around at all, I would think, could pick up litter off the street, so that the place would not be so filthy.

Secretary GARDNER. Well, Senator I think that we would like to supply you with some of the results of our community work training programs, and I think you would feel that they are meeting the objective which you have in mind. These people are going into the kinds of work that are within their abilities. They are not limited to those kinds of work.

(The following material was received for the record :)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, SOCIAL AND REHABILITATION SERVICE, ASSISTANCE PAYMENTS ADMINISTRATION, OFFICE OF SPECIAL SERVICES, AUGUST 29, 1967

WORK EXPERIENCE AND TRAINING PROGRAM UNDER TITLE V OF THE ECONOMIC OPPORTUNITY ACT

Since inception of this Program in December 1964 through June 30, 1967, about 169,000 trainees have participated. Some trainees received more than one type of training.

63,700 have received adult basic education.

8,500 have participated in high school equivalency.

25,500 have developed new work skills or upgraded existing skills through full time vocational education.

90,200 either completed their training or dropped out prior to completion but were in the project sufficient time to measure the effect of Title V on the trainee.

The status of these 90,200 trainees upon leaving the projects was as follows:

41,100 (about 46 percent) immediately found gainful employment upon leaving the project.

5,300 (about 6 percent) left various projects to take advanced vocational instruction, including MDTA.

15,400 (about 17 percent) completed their training but did not find jobs immediately upon leaving projects. Their educational and vocational skills were improved so they now have better chances of obtaining employment.

17,900 (about 20 percent) persons left or were terminated from the program because of reasons as the following: lack of progress, poor attendance, dissatisfaction with or refusal of assignments, etc.

10,500 (about 11 percent) left the program for unknown reasons.

A conservative estimate of the percentage of trainees meeting the program's objective of improving employability—through employment, completion of Title V training, and going into advanced vocational training—is about 69 percent. A preliminary analysis of our follow-up reveals that more than three out of every four trainees who found employment immediately after leaving the project were still employed three months later. Their earnings ranged from \$74 to \$667 per month, and averaged \$273—about 80 percent greater than the average monthly AFDC payment of \$152. Also of great significance are the results that can be measured only in terms of human worth—improved family conditions, the feeling of satisfaction and independence that a head of a household derives from supporting his own family and a restoration of lost human resources.

As of June 30, 1967 approximately 24,000—almost half of the 53,800 trainees in Title V projects at that time were assigned to training in skilled occupations including sub-professional, technical, clerical, and sales. Approximately 19,000 (35%) were assigned to service occupations, which include a wide range of jobs at many skill levels. Trainees assigned to services occupations may be assigned to training as policemen, firemen, meatcutters or assigned to jobs such as grounds maintenance and private household cleaning. Another 2,000 (4%) were assigned to farm and non-farm occupational training which ranges in skill level from cutting weeds to operating a combine or washing dairy equipment to designing food packaging. Approximately 9,000 (16%) were assigned to semiskilled and unskilled occupations ranging from carpenter helpers, and plumber helpers to common laborers and street sweepers.

Many of the trainees will move from training in a low skill occupation to training in a higher skill occupation once they have learned good work habits, acquired literacy training, and there is indication that they are capable of functioning in a job requiring a higher skill level. The above distribution of trainees by occupational category is the initial assignment only and does not reflect the skill level the trainee may reach by the time he terminates from Title V.

Secretary GARDNER. I had a man in my office the other day who received the annual award for the most progress, and he went from virtual unemployability to finally being in the position of an aluminum welder at \$11,000. Some of them can do that.

The CHAIRMAN. If I do say it, Mr. Secretary, with regard to this welfare caseload, we are not going to get many of them off welfare by getting them \$11,000 jobs, not if we are making good use of our money. But there are a lot of jobs paying the minimum wage or less, perhaps, that could be provided where persons could do something.

For example, you drive past a beautiful stream and you think it might be nice to rent boats. But perhaps you could not afford to hire someone to go look after some little boats there and have them available to rent. Now, if you could make a contract with a person on welfare, so that you would pay either part or all of that welfare check in addition to what he could make renting boats, he could provide the public with an additional service. How much is it we are paying out in welfare money, \$7.8 billion or something this year through your Department?

Secretary GARDNER. Yes, sir, if you include funds from other sources along with Federal funds.

The CHAIRMAN. It just seems to me we might get a lot more for it, and do a lot for people we are not doing otherwise.

You are at odds with the House on this matter of working mothers, mothers with dependent children. As a matter of fact, with regard to most mothers who do not have a father there to support the family, wouldn't you say with regard to those people it would be best for the mothers to work to help support that family?

Secretary GARDNER. Senator, the only respect in which I am at odds on this question of work training is that I am absolutely convinced that you can proceed without coercion, given the very good provisions of the House bill for day care and other incentives, and get as many mothers to work as we could handle anyway. We figure this to be in the neighborhood of 250,000 to 300,000 women. If you can do this on a voluntary basis, I do not think you should go to a system which, as I said earlier, I think is unadministerable.

I do not think you can administer that good cause provision of the House bill when you are trying to decide what is a good cause with respect to a mother whose children are of different conditions and circumstances and ages. Every indication we have is that many, many of these mothers want to work, but they have never had the day care available which would permit them to work, and we feel certain that this can be done on that basis.

The CHAIRMAN. Mr. Secretary, when I was in the Soviet Union I asked to see at least one thing that was not on a guided tour. I wanted to see what they did with the young children while those mothers were working. I was at one of their farms which they picked out for us to go see. I wanted to see what they did with their children of pre-

school age while the mother was out working in those fields. They said it could not be done, and that I would miss my airplane. I was so determined to see it that I said I didn't care if I did miss my airplane, I wanted to see this.

They put me in something that looked like a converted American weapons carrier, and then they proceeded to take me to where they had three little houses. They had the infants, 3 months to about a year and a half, in one house, and they had the children from, let us say, a year and a half up to about 3 years in the second house, and from about 3 up to 6 in the other house. There were about two people managing each of those little houses.

May I say they were doing a very, very creditable job of looking after those children while those mothers were working. That is a case of the state providing care for children which is—I would say they are not as good as we are in capitalism and we are not as good as they are in socialism, perhaps, but in that area they really do a job of it, and they have been at it for quite a while.

The care that they provided for infants was to me extremely impressive. So were the sanitary conditions that they provided and the way that they looked after those children.

Of course, in the Soviet Union their effort is to make every mother work, whether there is a husband there or not. But my impression is that in this country, the best of our mothers, if there is no husband available to support that family, do work to support that family. If you are going to say this is just on a voluntary basis, and you have got, let us say, \$80 available for that family on welfare, and if that mother can work for \$100, she is going to take the attitude that she is only making \$20.

But if you take the attitude that the job is available, and there is a job here she could get if she felt like working, she could put those children in a day care school and go off and do a day's work. If you took the position that welfare money was not to be available if she had a job available, then she would take the attitude she is making \$100 at it.

Secretary GARDNER. We are proposing an earned income exemption of \$50, the first \$50, plus 50 percent of the remainder, which we consider would also be a very strong incentive for them to move them off the welfare.

The CHAIRMAN. Well, the point is, though, Mr. Secretary, it reminds me of a fellow who was in my crew during the naval service. His reaction was if he could not make enough money working 40 hours, with no work on Saturday, if he could not make enough money 5 days a week, to take off the other 2, he just was not going to work at all. I suspect that your position might very well lead to people feeling, "Well, look here, if I can't make more than \$20 more by turning a hand, I don't see why I should bother." It would be less trouble and less bother to stay at home and not worry about all that sort of thing.

Secretary GARDNER. Well, Senator, there have been a lot of statements about mothers on welfare that are not really grounded in facts.

For example, it was said earlier today, some reference was made to welfare as a way of life. I think it is not appreciated that the average stay on the AFDC rolls is about 2 years. There is a constant turn-

over. There is a great deal of indication that these mothers do, in fact, want to work and do, in fact, go out and get jobs.

There will be far more incentive to do so if we can provide this earned income incentive, if we can provide a training incentive, and if we can provide the day care.

The CHAIRMAN. How about these fathers of these children? Is there something we can do to help make those fathers do something to help support those children, which is yet being undone?

Secretary GARDNER. Well, we certainly believe that the fathers should support the children, and to the extent that that can be accomplished we are very much in favor of it.

The CHAIRMAN. When they go across a State boundary we cannot find them, we cannot do anything about them, and they move around from place to place, and there is not much that can be done, is there?

The thought just occurs to me, as chairman of the Finance Committee, why don't we put a tax on those fathers?

Secretary GARDNER. I am not a tax expert. [Laughter.]

Mr. COHEN. Senator, I do not know if you are aware, but in the House-passed bill there are provisions which provide more explicitly than ever before that in order for the Secretary to make funds available to the State welfare agency, they must have a program—page 109 of the bill—which will undertake, in the case of an illegitimate child receiving aid to families with dependent children, to establish the paternity of such child and secure support for him; and in the case of any child receiving such aid who has been deserted or abandoned by his parent, to secure support for such child from such parent or from any other person legally liable for such support, utilizing any reciprocal arrangements adopted with other States to obtain or enforce court orders for support; and for the establishment of a single organizational unit in the State agency or local agency administering the State plan in each political subdivision which will be responsible for the administration of the program.

The CHAIRMAN. I have had the experience of a young lawyer hanging a shingle out and practicing for himself—and these deserted wives and mothers come in trying to find out what could be done to get some money out of a wayward husband. Generally speaking, the answer is that very little, if anything, can be done.

Those people move around from place to place, and about the time you file your suit somewhere the fellow just moves somewhere else.

It occurs to me that the Federal Government could run that fellow down a lot easier than that wife could or that mother could, and it might just be well for us to consider seeing if we could just tax a fellow. If he should be paying alimony or child support, fine, he does not owe the tax. But if he is not paying support for the children, perhaps we could find a way to dedicate that tax to help pay for that child rather than let those people feel they can escape their responsibility entirely. A father has a responsibility toward his child, whether he is married to the mother or not, does he not?

Mr. COHEN. Yes, sir.

I would also like to point out, Senator, if you are aware, that on page 110 of the bill, the Ways and Means Committee also added a new requirement for the States to provide for their entering into cooperative arrangements with appropriate courts and law-enforcement offi-

cials to assist the State agency in administering the program that I previously outlined, including the entering into of financial arrangements with such courts and officials in order to assure the optimum results under such program, and with respect to any other matters of common concern to such courts or officials and the State agency or local agency administering the plan.

The Ways and Means Committee, both in its committee report and in the discussions, indicated that it expected the State welfare agencies to take a more affirmative and aggressive role in this area, and to have a sufficient staff that would undertake to have these relationships for the support of the children, and these reciprocal arrangements, to work them out, which have not been successfully done before.

The CHAIRMAN. Let me say, frankly, I have read your statements in the daily press, and I also have read the statement of Chairman Mills, and it occurs to me there is something to be said for both sides of the argument. Perhaps the House was too harsh on the mother, perhaps this is a matter of punishing the child for the sin of the parents, or for the imagined sins of the parents.

But it seems to me the one big item we are leaving out is that father. He has a responsibility to those children. I believe that all of us in this room can agree that a man who sires a lot of children has the responsibility to pay and support those children, and it occurs to me that maybe you are right, that is placing too great a burden on that mother to try to track that father down across this Nation. But this Federal Government can find him. He has a social security number, does he not, and when he goes to work, it occurs to me, if nobody else can find him to collect something for support of those children, maybe we ought to undertake to find him. We have a nationwide responsibility.

If you can give us some suggestions, by the way, on something that might be done along this line I would be interested in considering it because it occurs to me that the cost of this program is going up very, very drastically, and in regard to most of these children there is a father somewhere who is earning wages, who ought to be contributing to the support of that child rather than forcing that support from society and taxpayers.

Mr. COHEN. I could only say this, Senator, that this matter was given the most extensive treatment in the executive sessions of the Ways and Means Committee, the points you have just been raising, and the committee felt that the provisions of clauses 17 and 18 which I have just outlined to you, plus another one that is in the bill about assisting the courts with regard to support by the father, were the three provisions which they felt would certainly help to meet the problem that you mentioned.

I do not think they said that was the answer to the problem, but I am just pointing out that they tried to deal with the same kind of problem.

Senator WILLIAMS. If the Senator will yield, I will point out that on page 104, section 166 of the House bill, they provide the mechanics for locating that father. Now the question is, Does the administration support that provision?

Secretary GARDNER. We did not object to that provision, Senator.

Senator WILLIAMS. That was my understanding.

The CHAIRMAN. Well, you do not tax them, and that is just one thought that occurred to me. Taxing people is the responsibility of this committee, and if we do not recommend it nobody else is likely to.

Thank you very much, Mr. Secretary. That is all I am going to ask for the moment.

Senator BENNETT. Mr. Chairman, thank you very much.

I have the responsibility to question you in another field, if I can get your mind off of illegitimate children and working mothers.

Your recent reorganization plan dated August 15 moved the Crippled Children's Service into a new Rehabilitation Services Administration, and has set almost every State administrator wondering about the wisdom of this. Many pediatricians around the country have great fears that when you put the crippled children's problem as one of five adult rehabilitation programs, and take it out of the hands of people who are used to dealing with children's problems, they fear that you are going to destroy its effectiveness.

The committee has had a lot of telegrams; I have had an anguished letter from the health authorities in my State of Utah.

Why did you do it?

Secretary GARDNER. Well, Senator, I did it because I thought that the function belonged in the Rehabilitation Services Administration.

I want to say that I take very seriously my responsibilities in managing the Department, just in putting together the functions that belong together so that they can be effectively pursued, and I have found that in moving along those lines it is impossible to make any move without creating deep apprehension in somebody.

There is a feeling on the part of people in the States, in private agencies, and in all of the constituencies in which we deal that enormous consequences hang upon the location, the organizational location, of the function that they are concerned with, and that only if it is precisely where it is now will truth and right prevail.

I have run into this every time I have reorganized, and I have reorganized a good deal.

The crippled children's program will remain in the hands of the people who are concerned with this problem. We will not put it into alien hands.

Senator BENNETT. May I interrupt you at that point? Will the child welfare services of the State continue to operate then even though they are over in another theoretical area, or will the State have to set up new agencies related to rehabilitation, and the present child welfare people be deprived of their present operation?

Secretary GARDNER. There is no presumption on our part that we are determining the forms of State organization and, in fact, over the years there has been a great deal of flexibility with States following one form or organization and with us following another.

Senator BENNETT. Well, isn't the fact that you have set up the Rehabilitation Services Administration, either naturally going to be followed by a similar organization at the State level?

Secretary GARDNER. It does not need to at all, and I do not think that it will in many States. I think that it is quite possible over the years that the logic of the situation that struck me may strike others; but that is as may be.

Senator BENNETT. I am told that Mary Switzer has a different point of view, and that under the new organization the States will undoubtedly have to comply with the same pattern that you set up at the Federal level.

Secretary GARDNER. No; that is not true, Senator.

Senator BENNETT. Well, you have taken it out of the Children's Bureau and moved it over into the new one and, as I said earlier, the great fear is that this new organization is going to be an adult-oriented organization. This is one out of six, it is the tail, and it is not going to wag the dog. So that with all the emphasis on rehabilitation for adults for the purpose of earning a living there is great fear that the care of the children, which is a matter of health rather than a matter of being prepared for economic independence, haven't you got a conflict of motivation in this change?

Secretary GARDNER. No, sir.

In the first place, it is not just a matter of health. The rehabilitation of a crippled child is a great deal more than health, as I am sure you recognize, Senator.

Second, the Rehabilitation Services Administration, the present Vocational Rehabilitation Administration deals with children and has had a good deal of experience with children. It will be more child-oriented in the future.

There is no reason whatever to believe that this will be less well administered.

We have other programs involving children in the Department which are not in the Children's Bureau.

Senator BENNETT. Title III of the bill is a very short title. It is on page 181 of this small bill. "Effective with respect to fiscal years beginning after June 30, 1968, title V of the Social Security Act (as otherwise amended by this act) is amended to read as follows," which, in effect, puts maternal and child health and crippled children's services in one group.

Now, you have just taken the crippled children's services out of that group. Isn't there a conflict between your administrative action and the effect of the bill?

Secretary GARDNER. Do you want to comment on that?

Mr. COHEN. I do not think so, Senator Bennett. If you will turn to page 186 of the bill, you will see that while this consolidated the program for financial reasons, it still permits the States the flexibility that they now have, to use either the State health agency or an agency other than the State health agency for the administration of that part of the plan.

Now, the fact is the crippled children's services in the States now are not administered entirely—I should say it this way, in not all States is the health agency administering the crippled children's program at the present time and, as the Secretary says, nothing in his reorganization plan will predetermine the decision by the Governor or the legislature as to where that would be or could continue to be administered or be changed.

Senator BENNETT. Then you are saying to me that the States can, in effect, ignore the reorganization plan as far as their local administration of the crippled children's services are concerned?

Mr. COHEN. Yes.

Let me give you another illustration. The Secretary in that reorganization plan also transferred the functions of providing the services for aid to dependent children to the Children's Bureau, the Child Welfare Service item. Normally that is in the State—that is in every State welfare department.

The Secretary's reorganization at the Federal level for setting guidelines and standard setting, and so on, is not intended to predetermine how a State handles it, but simply the more effective way of our advising and helping the States.

So there is plenty of leeway for the States to do it as they think best, subject only to one point, that this new bill, passed by the House, says the Child Welfare Services and AFDC services children have to be administered by one unit of a State in the same place.

Well, obviously, the States have to obey that if Congress passes that law.

Secretary GARDNER. Senator, when I announced the reorganization, I explicitly stated that we were not trying to predetermine forms of State organization.

Senator BENNETT. Did you consult with the State people at all before you announced the reorganization?

Secretary GARDNER. We consulted with a number of State administrators before we did so.

Senator BENNETT. Well, apparently there are a lot you do not consult with, represented by the telegrams and letters—

Secretary GARDNER. There are always a lot.

Senator BENNETT (continuing). Coming to members of the committee.

You have also set some health programs out of the Children's Bureau over to the Rehabilitation Service. Is the same answer that you have given on these other questions applicable? Does that same answer apply?

Secretary GARDNER. No. I do not know what programs you refer to. I do not think there is any other program.

Senator BENNETT. The mentally retarded children's service.

Secretary GARDNER. That was in the Public Health Service and we took it from the Public Health Service into Rehabilitation.

Senator BENNETT. Of course, we are thinking about the Crippled Children's Service because that is a social security problem. But aren't the same components of the problem, or of a problem present in this transfer, too? It looks to me a little as if you have looked at titles and programs and said, "Well, because of their titles they all belong together," without concern for their actual content.

Secretary GARDNER. Well, Senator, it is a strange thing for you to say, who are looking at the titles of the programs, to someone who works with them day in and day out.

I believe that if you were familiar with the work of the rehabilitation people you would be enthusiastic. You would really be enthusiastic about it.

You would see what can be done with these youngsters with a mix of health care, educational services, and enlightened rehabilitation practices. It is a very impressive thing, and I just feel sure this is going to be useful.



Senator BENNETT. And you are not concerned with the mix between children's problems and adults' problems?

Secretary GARDNER. Well, these children must, many of these children must, be dealt with right through their teens, and it merges into adult problems, and the rehabilitation programs are now dealing with the children in their teens.

Senator BENNETT. Well, Mr. Chairman, I wanted to get this in the record because, as I say, I have had very strong representations from the health department in my State that feels this is downgrading the Children's Rehabilitation Service, and it is going to get lost in the bigger problem, which is oriented to help adults become economically independent. The file that has come to the committee includes not only telegrams from officers in the health services in the States, but communications from many pediatricians around the country who are apparently concerned that their relationship with their crippled children is going to be interfered with by this emphasis on adult rehabilitation.

Secretary GARDNER. Well, I understand the nature of the apprehension, Senator, and I assure you we will do everything humanly possible to keep a strong emphasis on these programs.

Senator BENNETT. Well, to repeat one final question, you do not feel if this bill is passed as it came from the House that it will require you to change your allocation of this service?

Secretary GARDNER. No, sir.

Senator BENNETT. That is all, Mr. Chairman.

Senator HARRIS (presiding). Anything further, Senator Williams?

Senator WILLIAMS. No.

Senator HARRIS. Mr. Secretary, I want to apologize to you, as I have to the committee, for the fact that I have not been here the preceding 2 days because of the activity of the President's Special Advisory Committee on Civil Disorders, an activity not totally unrelated to the subject of these hearings.

I had a tremendous number of questions which, if I were to ask them, I think would demonstrate a great deal of brilliance and perceptiveness on my part, among other things.

I hope they might elicit some answers that will be useful as well, but I am going to forgo those now because of the lateness of the hour. They have to do with research demonstration projects, the welfare and the work training programs, which I will either handle by letter to you or, perhaps, before these hearings are concluded you all might be back down here.

There are also other members of the committee who will want to submit questions in writing, and without objection those questions and answers will be inserted in the record.

The chairman suggests that the committee adjourn until Monday next at 10 a.m. unless he contacts the members of the committee otherwise today.

Is there objection to that?

Senator WILLIAMS. I would suggest, Mr. Chairman, that the staff be advised to accept the proposed amendments that will be submitted by the Department. I think you said you would have them ready tomorrow, did you not?

Mr. COHEN. Yes.

Senator WILLIAMS. Along with the estimated costs of each new proposal.

Mr. COHEN. Yes.

Senator WILLIAMS. We can make them a part of the record. (See p. 417.)

Mr. COHEN. Yes.

Senator HARRIS. Without objection, that will be done.

Earlier today Senator Carlson asked a question on behalf of Senator Dirksen, and you said you would supply an answer. Without objection, that will be inserted in the record at the point at which the question was asked. (See p. 385.)

Very well. Without objection we will stand in recess until 10 a.m. Monday.

(Whereupon, at 12:40 p.m. the committee recessed, to reconvene at 10 a.m. on Monday, August 28, 1967.)

# [COMMITTEE PRINT]

August 28, 1967

**NOTE:** This committee print contains the amendments to H.R. 12080 recommended by the Department of Health, Education, and Welfare for consideration by the Committee. Matter proposed to be stricken is printed in linetype or enclosed in brackets and matter proposed to be inserted is printed in italic.<sup>1</sup>

An explanation of the amendments as recommended by the Department of Health, Education, and Welfare together with estimated cost of these amendments begins at page 297.

90TH CONGRESS  
1st Session

## H. R. 12080

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IN THE SENATE OF THE UNITED STATES

August 18, 1967

Read twice and referred to the Committee on Finance

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## AN ACT

To amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 **That this Act, with the following table of contents, may be**
- 4 **cited as the "Social Security Amendments of 1967".**

<sup>1</sup> For correction in this Committee Print refer to errata sheet which appears at p. 723.

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2 AND HEALTH INSURANCE

3 PART 1—BENEFITS UNDER THE OLD-AGE, SURVIVORS, AND  
4 DISABILITY INSURANCE PROGRAM

5 INCREASE IN OLD-AGE, SURVIVORS, AND DISABILITY

6 INSURANCE BENEFITS

7 SEC. 101. (a) Section 215(a) of the Social Security  
8 Act is amended by striking out the table and inserting in  
9 lieu thereof the following:

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

I (Primary insurance benefit under 1959 Act, as modified)		II (Primary insurance amount under 1959 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefit)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (e)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 208(a)) on the basis of his wage and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
\$13.00	\$13.00	\$64.00		\$67	\$36.00	\$73.00
14.00	14.00	66.00		69	38.70	76.10
14.01	14.00	66.00	70	70	51.90	77.70
14.02	14.00	67.00	71	72	52.50	79.00
14.03	14.00	68.00	72	74	54.00	81.00
14.04	14.00	69.00	73	75	55.20	82.80
14.05	14.00	70.00	74	76	56.70	84.50
14.06	14.00	71.00	75	77	58.00	86.10
14.07	14.00	72.00	76	78	59.50	87.80
14.08	14.00	73.00	77	79	61.00	89.00
14.09	14.00	74.00	78	80	62.00	91.20
14.10	14.00	75.00	79	81	63.00	92.50
14.11	14.00	76.00	80	82	64.20	94.20
14.12	14.00	77.00	81	83	65.20	95.00
14.13	14.00	78.00	82	84	66.00	96.00
14.14	14.00	79.00	83	85	67.00	97.20
14.15	14.00	80.00	84	86	68.00	98.00
14.16	14.00	81.00	85	87	69.00	99.20
14.17	14.00	82.00	86	88	70.00	100.00
14.18	14.00	83.00	87	89	71.00	101.20
14.19	14.00	84.00	88	90	72.00	102.00
14.20	14.00	85.00	89	91	73.00	103.20
14.21	14.00	86.00	90	92	74.00	104.00
14.22	14.00	87.00	91	93	75.00	105.20
14.23	14.00	88.00	92	94	76.00	106.00
14.24	14.00	89.00	93	95	77.00	107.20
14.25	14.00	90.00	94	96	78.00	108.00
14.26	14.00	91.00	95	97	79.00	109.20
14.27	14.00	92.00	96	98	80.00	110.00
14.28	14.00	93.00	97	99	81.00	111.20
14.29	14.00	94.00	98	100	82.00	112.00
14.30	14.00	95.00	99	101	83.00	113.20
14.31	14.00	96.00	100	102	84.00	114.00
14.32	14.00	97.00	101	103	85.00	115.20
14.33	14.00	98.00	102	104	86.00	116.00
14.34	14.00	99.00	103	105	87.00	117.20
14.35	14.00	100.00	104	106	88.00	118.00
14.36	14.00	101.00	105	107	89.00	119.20
14.37	14.00	102.00	106	108	90.00	120.00
14.38	14.00	103.00	107	109	91.00	121.20
14.39	14.00	104.00	108	110	92.00	122.00
14.40	14.00	105.00	109	111	93.00	123.20
14.41	14.00	106.00	110	112	94.00	124.00
14.42	14.00	107.00	111	113	95.00	125.20
14.43	14.00	108.00	112	114	96.00	126.00
14.44	14.00	109.00	113	115	97.00	127.20
14.45	14.00	110.00	114	116	98.00	128.00
14.46	14.00	111.00	115	117	99.00	129.20
14.47	14.00	112.00	116	118	100.00	130.00
14.48	14.00	113.00	117	119	101.00	131.20
14.49	14.00	114.00	118	120	102.00	132.00
14.50	14.00	115.00	119	121	103.00	133.20
14.51	14.00	116.00	120	122	104.00	134.00
14.52	14.00	117.00	121	123	105.00	135.20
14.53	14.00	118.00	122	124	106.00	136.00
14.54	14.00	119.00	123	125	107.00	137.20
14.55	14.00	120.00	124	126	108.00	138.00
14.56	14.00	121.00	125	127	109.00	139.20
14.57	14.00	122.00	126	128	110.00	140.00
14.58	14.00	123.00	127	129	111.00	141.20
14.59	14.00	124.00	128	130	112.00	142.00
14.60	14.00	125.00	129	131	113.00	143.20
14.61	14.00	126.00	130	132	114.00	144.00
14.62	14.00	127.00	131	133	115.00	145.20
14.63	14.00	128.00	132	134	116.00	146.00
14.64	14.00	129.00	133	135	117.00	147.20
14.65	14.00	130.00	134	136	118.00	148.00
14.66	14.00	131.00	135	137	119.00	149.20
14.67	14.00	132.00	136	138	120.00	150.00

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I Primary insurance benefit under 1950 Act, as modified		II (Primary insurance amount under 1950 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (a)) is—		Or his primary insurance amount (as determined under subsec. (d)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(A) on the basis of his wage and self-employment and out-earnings) shall be—
At least—	But not more than—		At least—	But not more than—		
224.00	224.00	224.00	2170	2174	224.00	241.00
24.00	24.00	24.00	2175	2179	24.00	142.00
28.00	28.00	28.00	2180	2184	28.00	144.00
32.00	32.00	32.00	2185	2189	32.00	146.00
36.00	36.00	36.00	2190	2194	36.00	148.00
40.00	40.00	40.00	2195	2199	40.00	150.00
44.00	44.00	44.00	2200	2204	44.00	152.00
48.00	48.00	48.00	2205	2209	48.00	154.00
52.00	52.00	52.00	2210	2214	52.00	156.00
56.00	56.00	56.00	2215	2219	56.00	158.00
60.00	60.00	60.00	2220	2224	60.00	160.00
64.00	64.00	64.00	2225	2229	64.00	162.00
68.00	68.00	68.00	2230	2234	68.00	164.00
72.00	72.00	72.00	2235	2239	72.00	166.00
76.00	76.00	76.00	2240	2244	76.00	168.00
80.00	80.00	80.00	2245	2249	80.00	170.00
84.00	84.00	84.00	2250	2254	84.00	172.00
88.00	88.00	88.00	2255	2259	88.00	174.00
92.00	92.00	92.00	2260	2264	92.00	176.00
96.00	96.00	96.00	2265	2269	96.00	178.00
100.00	100.00	100.00	2270	2274	100.00	180.00
104.00	104.00	104.00	2275	2279	104.00	182.00
108.00	108.00	108.00	2280	2284	108.00	184.00
112.00	112.00	112.00	2285	2289	112.00	186.00
116.00	116.00	116.00	2290	2294	116.00	188.00
120.00	120.00	120.00	2295	2299	120.00	190.00
124.00	124.00	124.00	2300	2304	124.00	192.00
128.00	128.00	128.00	2305	2309	128.00	194.00
132.00	132.00	132.00	2310	2314	132.00	196.00
136.00	136.00	136.00	2315	2319	136.00	198.00
140.00	140.00	140.00	2320	2324	140.00	200.00
144.00	144.00	144.00	2325	2329	144.00	202.00
148.00	148.00	148.00	2330	2334	148.00	204.00
152.00	152.00	152.00	2335	2339	152.00	206.00
156.00	156.00	156.00	2340	2344	156.00	208.00
160.00	160.00	160.00	2345	2349	160.00	210.00
164.00	164.00	164.00	2350	2354	164.00	212.00
168.00	168.00	168.00	2355	2359	168.00	214.00
172.00	172.00	172.00	2360	2364	172.00	216.00
176.00	176.00	176.00	2365	2369	176.00	218.00
180.00	180.00	180.00	2370	2374	180.00	220.00
184.00	184.00	184.00	2375	2379	184.00	222.00
188.00	188.00	188.00	2380	2384	188.00	224.00
192.00	192.00	192.00	2385	2389	192.00	226.00
196.00	196.00	196.00	2390	2394	196.00	228.00
200.00	200.00	200.00	2395	2399	200.00	230.00
204.00	204.00	204.00	2400	2404	204.00	232.00
208.00	208.00	208.00	2405	2409	208.00	234.00
212.00	212.00	212.00	2410	2414	212.00	236.00
216.00	216.00	216.00	2415	2419	216.00	238.00
220.00	220.00	220.00	2420	2424	220.00	240.00
224.00	224.00	224.00	2425	2429	224.00	242.00
228.00	228.00	228.00	2430	2434	228.00	244.00
232.00	232.00	232.00	2435	2439	232.00	246.00
236.00	236.00	236.00	2440	2444	236.00	248.00
240.00	240.00	240.00	2445	2449	240.00	250.00
244.00	244.00	244.00	2450	2454	244.00	252.00
248.00	248.00	248.00	2455	2459	248.00	254.00
252.00	252.00	252.00	2460	2464	252.00	256.00
256.00	256.00	256.00	2465	2469	256.00	258.00
260.00	260.00	260.00	2470	2474	260.00	260.00
264.00	264.00	264.00	2475	2479	264.00	262.00
268.00	268.00	268.00	2480	2484	268.00	264.00
272.00	272.00	272.00	2485	2489	272.00	266.00
276.00	276.00	276.00	2490	2494	276.00	268.00
280.00	280.00	280.00	2495	2499	280.00	270.00
284.00	284.00	284.00	2500	2504	284.00	272.00
288.00	288.00	288.00	2505	2509	288.00	274.00
292.00	292.00	292.00	2510	2514	292.00	276.00
296.00	296.00	296.00	2515	2519	296.00	278.00
300.00	300.00	300.00	2520	2524	300.00	280.00
304.00	304.00	304.00	2525	2529	304.00	282.00
308.00	308.00	308.00	2530	2534	308.00	284.00
312.00	312.00	312.00	2535	2539	312.00	286.00
316.00	316.00	316.00	2540	2544	316.00	288.00
320.00	320.00	320.00	2545	2549	320.00	290.00
324.00	324.00	324.00	2550	2554	324.00	292.00
328.00	328.00	328.00	2555	2559	328.00	294.00
332.00	332.00	332.00	2560	2564	332.00	296.00
336.00	336.00	336.00	2565	2569	336.00	298.00
340.00	340.00	340.00	2570	2574	340.00	300.00
344.00	344.00	344.00	2575	2579	344.00	302.00
348.00	348.00	348.00	2580	2584	348.00	304.00
352.00	352.00	352.00	2585	2589	352.00	306.00
356.00	356.00	356.00	2590	2594	356.00	308.00
360.00	360.00	360.00	2595	2599	360.00	310.00
364.00	364.00	364.00	2600	2604	364.00	312.00
368.00	368.00	368.00	2605	2609	368.00	314.00
372.00	372.00	372.00	2610	2614	372.00	316.00
376.00	376.00	376.00	2615	2619	376.00	318.00
380.00	380.00	380.00	2620	2624	380.00	320.00
384.00	384.00	384.00	2625	2629	384.00	322.00
388.00	388.00	388.00	2630	2634	388.00	324.00
392.00	392.00	392.00	2635	2639	392.00	326.00
396.00	396.00	396.00	2640	2644	396.00	328.00
400.00	400.00	400.00	2645	2649	400.00	330.00
404.00	404.00	404.00	2650	2654	404.00	332.00
408.00	408.00	408.00	2655	2659	408.00	334.00
412.00	412.00	412.00	2660	2664	412.00	336.00
416.00	416.00	416.00	2665	2669	416.00	338.00
420.00	420.00	420.00	2670	2674	420.00	340.00
424.00	424.00	424.00	2675	2679	424.00	342.00
428.00	428.00	428.00	2680	2684	428.00	344.00
432.00	432.00	432.00	2685	2689	432.00	346.00
436.00	436.00	436.00	2690	2694	436.00	348.00
440.00	440.00	440.00	2695	2699	440.00	350.00
444.00	444.00	444.00	2700	2704	444.00	352.00
448.00	448.00	448.00	2705	2709	448.00	354.00
452.00	452.00	452.00	2710	2714	452.00	356.00
456.00	456.00	456.00	2715	2719	456.00	358.00
460.00	460.00	460.00	2720	2724	460.00	360.00
464.00	464.00	464.00	2725	2729	464.00	362.00
468.00	468.00	468.00	2730	2734	468.00	364.00
472.00	472.00	472.00	2735	2739	472.00	366.00
476.00	476.00	476.00	2740	2744	476.00	368.00
480.00	480.00	480.00	2745	2749	480.00	370.00
484.00	484.00	484.00	2750	2754	484.00	372.00
488.00	488.00	488.00	2755	2759	488.00	374.00
492.00	492.00	492.00	2760	2764	492.00	376.00
496.00	496.00	496.00	2765	2769	496.00	378.00
500.00	500.00	500.00	2770	2774	500.00	380.00
504.00	504.00	504.00	2775	2779	504.00	382.00
508.00	508.00	508.00	2780	2784	508.00	384.00
512.00	512.00	512.00	2785	2789	512.00	386.00
516.00	516.00	516.00	2790	2794	516.00	388.00
520.00	520.00	520.00	2795	2799	520.00	390.00
524.00	524.00	524.00	2800	2804	524.00	392.00
528.00	528.00	528.00	2805	2809	528.00	394.00
532.00	532.00	532.00	2810	2814	532.00	396.00
536.00	536.00	536.00	2815	2819	536.00	398.00
540.00	540.00	540.00	2820	2824	540.00	400.00
544.00	544.00	544.00	2825	2829	544.00	402.00
548.00	548.00	548.00	2830	2834	548.00	404.00
552.00	552.00	552.00	2835	2839	552.00	406.00
556.00	556.00	556.00	2840	2844	556.00	408.00
560.00	560.00	560.00	2845	2849	560.00	410.00
564.00	564.00	564.00	2850	2854	564.00	412.00
568.00	568.00	568.00	2855	2859	568.00	414.00
572.00	572.00	572.00	2860	2864	572.00	416.00
576.00	576.00	576.00	2865	2869	576.00	418.00
580.00	580.00	580.00	2870	2874	580.00	420.00
584.00	584.00	584.00	2875	2879	584.00	422.00
588.00	588.00	588.00	2880	2884	588.00	424.00
592.00	592.00	592.00	2885	2889	592.00	426.00
596.00	596.00	596.00	2890	2894	596.00	428.00
600.00	600.00	600.00	2895	2899	600.00	430.00
604.00	604.00	604.00	2900	2904	604.00	432.00
608.00	608.00	608.00	2905	2909	608.00	434.00
612.00	612.00	612.00	2910	2914	612.00	436.00
616.00	616.00	616.00	2915	2919	616.00	438.00
620.00	620.00	620.00	2920	2924	620.00	440.00
624.00	624.00	624.00	2925	2929	624.00	442.00
628.00	628.00	628.00	2930	2934	628.00	444.00
632						



"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I (Primary insurance benefit under 1959 Act, as modified)		II (Primary insurance amount under 1959 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefit)
If an individual's primary insurance benefit (as determined under subsec. (4)) is—		Or his primary insurance amount (as determined under subsec. (4)) is—	Or his average monthly wage (as determined under subsec. (5)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 205 (a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
		\$128.00	2885	2885	2282.40	\$2282.00
		129.00	2890	2894	2284.00	2291.00
		130.00	2895	2898	2285.60	2299.00
		131.00	2900	2902	2287.20	2307.00
		132.00	2905	2906	2288.80	2315.00
		133.00	2910	2910	2290.40	2323.00
		134.00	2915	2914	2292.00	2331.00
		135.00	2920	2918	2293.60	2339.00
		136.00	2925	2922	2295.20	2347.00
		137.00	2930	2926	2296.80	2355.00
		138.00	2935	2930	2298.40	2363.00
		139.00	2940	2934	2299.90	2371.00
		140.00	2945	2938	2301.50	2379.00
		141.00	2950	2942	2303.10	2387.00
		142.00	2955	2946	2304.70	2395.00
		143.00	2960	2950	2306.30	2403.00
		144.00	2965	2954	2307.90	2411.00
		145.00	2970	2958	2309.50	2419.00
		146.00	2975	2962	2311.10	2427.00
		147.00	2980	2966	2312.70	2435.00
		148.00	2985	2970	2314.30	2443.00
		149.00	2990	2974	2315.90	2451.00
		150.00	2995	2978	2317.50	2459.00
		151.00	3000	2982	2319.10	2467.00
		152.00	3005	2986	2320.70	2475.00
		153.00	3010	2990	2322.30	2483.00
		154.00	3015	2994	2323.90	2491.00
		155.00	3020	2998	2325.50	2499.00
		156.00	3025	3002	2327.10	2507.00
		157.00	3030	3006	2328.70	2515.00
		158.00	3035	3010	2330.30	2523.00
		159.00	3040	3014	2331.90	2531.00
		160.00	3045	3018	2333.50	2539.00
		161.00	3050	3022	2335.10	2547.00
		162.00	3055	3026	2336.70	2555.00
		163.00	3060	3030	2338.30	2563.00
		164.00	3065	3034	2339.90	2571.00
		165.00	3070	3038	2341.50	2579.00
		166.00	3075	3042	2343.10	2587.00
		167.00	3080	3046	2344.70	2595.00
		168.00	3085	3050	2346.30	2603.00
		169.00	3090	3054	2347.90	2611.00
		170.00	3095	3058	2349.50	2619.00
		171.00	3100	3062	2351.10	2627.00
		172.00	3105	3066	2352.70	2635.00
		173.00	3110	3070	2354.30	2643.00
		174.00	3115	3074	2355.90	2651.00
		175.00	3120	3078	2357.50	2659.00
		176.00	3125	3082	2359.10	2667.00
		177.00	3130	3086	2360.70	2675.00
		178.00	3135	3090	2362.30	2683.00
		179.00	3140	3094	2363.90	2691.00
		180.00	3145	3098	2365.50	2699.00

"Table for determining primary insurance amount and maximum family benefits

I (Primary insurance benefit under 1970 Act, as modified)		II (Primary insurance amount under 1966 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefit)
If an individual's primary insurance benefit (as determined under subsec. (4)) is—		Or his primary insurance amount (as determined under subsec. (4)) is—	Or his average monthly wage (as determined under subsec. (5)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 205 (a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
-----	\$68.00	\$68.00	---	685	\$70.00	\$700.00
69.00	69.00	69.00	685	687	70.00	700.00
70.00	70.00	70.00	685	689	71.00	707.00
71.00	71.00	71.00	685	691	72.00	714.00
72.00	72.00	72.00	685	693	73.00	721.00
73.00	73.00	73.00	685	695	74.00	728.00
74.00	74.00	74.00	685	697	75.00	735.00
75.00	75.00	75.00	685	699	76.00	742.00
76.00	76.00	76.00	685	701	77.00	749.00
77.00	77.00	77.00	685	703	78.00	756.00
78.00	78.00	78.00	685	705	79.00	763.00
79.00	79.00	79.00	685	707	80.00	770.00
80.00	80.00	80.00	685	709	81.00	777.00
81.00	81.00	81.00	685	711	82.00	784.00
82.00	82.00	82.00	685	713	83.00	791.00
83.00	83.00	83.00	685	715	84.00	798.00
84.00	84.00	84.00	685	717	85.00	805.00
85.00	85.00	85.00	685	719	86.00	812.00
86.00	86.00	86.00	685	721	87.00	819.00
87.00	87.00	87.00	685	723	88.00	826.00
88.00	88.00	88.00	685	725	89.00	833.00
89.00	89.00	89.00	685	727	90.00	840.00
90.00	90.00	90.00	685	729	91.00	847.00
91.00	91.00	91.00	685	731	92.00	854.00
92.00	92.00	92.00	685	733	93.00	861.00
93.00	93.00	93.00	685	735	94.00	868.00
94.00	94.00	94.00	685	737	95.00	875.00
95.00	95.00	95.00	685	739	96.00	882.00
96.00	96.00	96.00	685	741	97.00	889.00
97.00	97.00	97.00	685	743	98.00	896.00
98.00	98.00	98.00	685	745	99.00	903.00
99.00	99.00	99.00	685	747	100.00	910.00
100.00	100.00	100.00	685	749	101.00	917.00
101.00	101.00	101.00	685	751	102.00	924.00
102.00	102.00	102.00	685	753	103.00	931.00
103.00	103.00	103.00	685	755	104.00	938.00
104.00	104.00	104.00	685	757	105.00	945.00
105.00	105.00	105.00	685	759	106.00	952.00
106.00	106.00	106.00	685	761	107.00	959.00
107.00	107.00	107.00	685	763	108.00	966.00
108.00	108.00	108.00	685	765	109.00	973.00
109.00	109.00	109.00	685	767	110.00	980.00
110.00	110.00	110.00	685	769	111.00	987.00
111.00	111.00	111.00	685	771	112.00	994.00
112.00	112.00	112.00	685	773	113.00	1001.00
113.00	113.00	113.00	685	775	114.00	1008.00
114.00	114.00	114.00	685	777	115.00	1015.00
115.00	115.00	115.00	685	779	116.00	1022.00
116.00	116.00	116.00	685	781	117.00	1029.00
117.00	117.00	117.00	685	783	118.00	1036.00
118.00	118.00	118.00	685	785	119.00	1043.00
119.00	119.00	119.00	685	787	120.00	1050.00
120.00	120.00	120.00	685	789	121.00	1057.00
121.00	121.00	121.00	685	791	122.00	1064.00
122.00	122.00	122.00	685	793	123.00	1071.00
123.00	123.00	123.00	685	795	124.00	1078.00
124.00	124.00	124.00	685	797	125.00	1085.00
125.00	125.00	125.00	685	799	126.00	1092.00
126.00	126.00	126.00	685	801	127.00	1099.00
127.00	127.00	127.00	685	803	128.00	1106.00
128.00	128.00	128.00	685	805	129.00	1113.00
129.00	129.00	129.00	685	807	130.00	1120.00
130.00	130.00	130.00	685	809	131.00	1127.00
131.00	131.00	131.00	685	811	132.00	1134.00
132.00	132.00	132.00	685	813	133.00	1141.00
133.00	133.00	133.00	685	815	134.00	1148.00
134.00	134.00	134.00	685	817	135.00	1155.00
135.00	135.00	135.00	685	819	136.00	1162.00
136.00	136.00	136.00	685	821	137.00	1169.00
137.00	137.00	137.00	685	823	138.00	1176.00
138.00	138.00	138.00	685	825	139.00	1183.00
139.00	139.00	139.00	685	827	140.00	1190.00
140.00	140.00	140.00	685	829	141.00	1197.00
141.00	141.00	141.00	685	831	142.00	1204.00
142.00	142.00	142.00	685	833	143.00	1211.00
143.00	143.00	143.00	685	835	144.00	1218.00
144.00	144.00	144.00	685	837	145.00	1225.00
145.00	145.00	145.00	685	839	146.00	1232.00
146.00	146.00	146.00	685	841	147.00	1239.00
147.00	147.00	147.00	685	843	148.00	1246.00
148.00	148.00	148.00	685	845	149.00	1253.00
149.00	149.00	149.00	685	847	150.00	1260.00
150.00	150.00	150.00	685	849	151.00	1267.00
151.00	151.00	151.00	685	851	152.00	1274.00
152.00	152.00	152.00	685	853	153.00	1281.00
153.00	153.00	153.00	685	855	154.00	1288.00
154.00	154.00	154.00	685	857	155.00	1295.00
155.00	155.00	155.00	685	859	156.00	1302.00
156.00	156.00	156.00	685	861	157.00	1309.00
157.						

"Table for determining primary insurance amount and maximum family benefits—Con.

I (Primary insurance benefit under 1950 Act, as modified)		II (Primary insurance amount under 1950 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefit)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (e)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraph of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wage and self-employment income shall be—
All least—	But not more than—		All least—	But not more than—		
\$89.00	\$10.00	\$89.10	\$272	\$210	\$107.10	\$772.00
89.10	10.10	89.20	273	211	107.20	772.50
89.20	10.20	89.30	274	212	107.30	773.00
89.30	10.30	89.40	275	213	107.40	773.50
89.40	10.40	89.50	276	214	107.50	774.00
89.50	10.50	89.60	277	215	107.60	774.50
89.60	10.60	89.70	278	216	107.70	775.00
89.70	10.70	89.80	279	217	107.80	775.50
89.80	10.80	89.90	280	218	107.90	776.00
89.90	10.90	90.00	281	219	108.00	776.50
90.00	11.00	90.10	282	220	108.10	777.00
90.10	11.10	90.20	283	221	108.20	777.50
90.20	11.20	90.30	284	222	108.30	778.00
90.30	11.30	90.40	285	223	108.40	778.50
90.40	11.40	90.50	286	224	108.50	779.00
90.50	11.50	90.60	287	225	108.60	779.50
90.60	11.60	90.70	288	226	108.70	780.00
90.70	11.70	90.80	289	227	108.80	780.50
90.80	11.80	90.90	290	228	108.90	781.00
90.90	11.90	91.00	291	229	109.00	781.50
91.00	12.00	91.10	292	230	109.10	782.00
91.10	12.10	91.20	293	231	109.20	782.50
91.20	12.20	91.30	294	232	109.30	783.00
91.30	12.30	91.40	295	233	109.40	783.50
91.40	12.40	91.50	296	234	109.50	784.00
91.50	12.50	91.60	297	235	109.60	784.50
91.60	12.60	91.70	298	236	109.70	785.00
91.70	12.70	91.80	299	237	109.80	785.50
91.80	12.80	91.90	300	238	109.90	786.00
91.90	12.90	92.00	301	239	110.00	786.50
92.00	13.00	92.10	302	240	110.10	787.00
92.10	13.10	92.20	303	241	110.20	787.50
92.20	13.20	92.30	304	242	110.30	788.00
92.30	13.30	92.40	305	243	110.40	788.50
92.40	13.40	92.50	306	244	110.50	789.00
92.50	13.50	92.60	307	245	110.60	789.50
92.60	13.60	92.70	308	246	110.70	790.00
92.70	13.70	92.80	309	247	110.80	790.50
92.80	13.80	92.90	310	248	110.90	791.00
92.90	13.90	93.00	311	249	111.00	791.50
93.00	14.00	93.10	312	250	111.10	792.00
93.10	14.10	93.20	313	251	111.20	792.50
93.20	14.20	93.30	314	252	111.30	793.00
93.30	14.30	93.40	315	253	111.40	793.50
93.40	14.40	93.50	316	254	111.50	794.00
93.50	14.50	93.60	317	255	111.60	794.50
93.60	14.60	93.70	318	256	111.70	795.00
93.70	14.70	93.80	319	257	111.80	795.50
93.80	14.80	93.90	320	258	111.90	796.00
93.90	14.90	94.00	321	259	112.00	796.50
94.00	15.00	94.10	322	260	112.10	797.00
94.10	15.10	94.20	323	261	112.20	797.50
94.20	15.20	94.30	324	262	112.30	798.00
94.30	15.30	94.40	325	263	112.40	798.50
94.40	15.40	94.50	326	264	112.50	799.00
94.50	15.50	94.60	327	265	112.60	799.50
94.60	15.60	94.70	328	266	112.70	800.00
94.70	15.70	94.80	329	267	112.80	800.50
94.80	15.80	94.90	330	268	112.90	801.00
94.90	15.90	95.00	331	269	113.00	801.50
95.00	16.00	95.10	332	270	113.10	802.00
95.10	16.10	95.20	333	271	113.20	802.50
95.20	16.20	95.30	334	272	113.30	803.00
95.30	16.30	95.40	335	273	113.40	803.50
95.40	16.40	95.50	336	274	113.50	804.00
95.50	16.50	95.60	337	275	113.60	804.50
95.60	16.60	95.70	338	276	113.70	805.00
95.70	16.70	95.80	339	277	113.80	805.50
95.80	16.80	95.90	340	278	113.90	806.00
95.90	16.90	96.00	341	279	114.00	806.50
96.00	17.00	96.10	342	280	114.10	807.00
96.10	17.10	96.20	343	281	114.20	807.50
96.20	17.20	96.30	344	282	114.30	808.00
96.30	17.30	96.40	345	283	114.40	808.50
96.40	17.40	96.50	346	284	114.50	809.00
96.50	17.50	96.60	347	285	114.60	809.50
96.60	17.60	96.70	348	286	114.70	810.00
96.70	17.70	96.80	349	287	114.80	810.50
96.80	17.80	96.90	350	288	114.90	811.00
96.90	17.90	97.00	351	289	115.00	811.50
97.00	18.00	97.10	352	290	115.10	812.00
97.10	18.10	97.20	353	291	115.20	812.50
97.20	18.20	97.30	354	292	115.30	813.00
97.30	18.30	97.40	355	293	115.40	813.50
97.40	18.40	97.50	356	294	115.50	814.00
97.50	18.50	97.60	357	295	115.60	814.50
97.60	18.60	97.70	358	296	115.70	815.00
97.70	18.70	97.80	359	297	115.80	815.50
97.80	18.80	97.90	360	298	115.90	816.00
97.90	18.90	98.00	361	299	116.00	816.50
98.00	19.00	98.10	362	300	116.10	817.00
98.10	19.10	98.20	363	301	116.20	817.50
98.20	19.20	98.30	364	302	116.30	818.00
98.30	19.30	98.40	365	303	116.40	818.50
98.40	19.40	98.50	366	304	116.50	819.00
98.50	19.50	98.60	367	305	116.60	819.50
98.60	19.60	98.70	368	306	116.70	820.00
98.70	19.70	98.80	369	307	116.80	820.50
98.80	19.80	98.90	370	308	116.90	821.00
98.90	19.90	99.00	371	309	117.00	821.50
99.00	20.00	99.10	372	310	117.10	822.00
99.10	20.10	99.20	373	311	117.20	822.50
99.20	20.20	99.30	374	312	117.30	823.00
99.30	20.30	99.40	375	313	117.40	823.50
99.40	20.40	99.50	376	314	117.50	824.00
99.50	20.50	99.60	377	315	117.60	824.50
99.60	20.60	99.70	378	316	117.70	825.00
99.70	20.70	99.80	379	317	117.80	825.50
99.80	20.80	99.90	380	318	117.90	826.00
99.90	20.90	100.00	381	319	118.00	826.50
100.00	21.00	100.10	382	320	118.10	827.00
100.10	21.10	100.20	383	321	118.20	827.50
100.20	21.20	100.30	384	322	118.30	828.00
100.30	21.30	100.40	385	323	118.40	828.50
100.40	21.40	100.50	386	324	118.50	829.00
100.50	21.50	100.60	387	325	118.60	829.50
100.60	21.60	100.70	388	326	118.70	830.00
100.70	21.70	100.80	389	327	118.80	830.50
100.80	21.80	100.90	390	328	118.90	831.00
100.90	21.90	101.00	391	329	119.00	831.50
101.00	22.00	101.10	392	330	119.10	832.00
101.10	22.10	101.20	393	331	119.20	832.50
101.20	22.20	101.30	394	332	119.30	833.00
101.30	22.30	101.40	395	333	119.40	833.50
101.40	22.40	101.50	396	334	119.50	834.00
101.50	22.50	101.60	397	335	119.60	834.50
101.60	22.60	101.70	398	336	119.70	835.00
101.70	22.70	101.80	399	337	119.80	835.50
101.80	22.80	101.90	400	338	119.90	836.00
101.90	22.90	102.00	401	339	120.00	836.50
102.00	23.00	102.10	402	340	120.10	837.00
102.10	23.10	102.20	403	341	120.20	837.50
102.20	23.20	102.30	404	342	120.30	838.00
102.30	23.30	102.40	405	343	120.40	838.50
102.40	23.40	102.50	406	344	120.50	839.00
102.50	23.50	102.60	407	345	120.60	839.50
102.60	23.60	102.70	408	346	120.70	840.00
102.70	23.70	102.80	409	347	120.80	840.50
102.80	23.80	102.90	410	348	120.90	841.00
102.90	23.90	103.00	411	349	121.00	841.50
103.00	24.00	103.10	412	350	121.10	842.00
103.10	24.10	103.20	413	351	121.20	842.50
103.20	24.20	103.30	414	352	121.30	843.00
103.30	24.30	103.40	415	353	121.40	843.50
103.40	24.40	103.50	416	354	121.50	844.00
103.50	24.50	103.60	417	355	121.60	844.50
103.60	24.60	103.70	418	356	121.70	845.00
103.70	24.70	103.80	419	357	121.80	845.50
103.80	24.80	103.90	420	358	121.90	846.00
103.90	24.90	104.00	421	359	122.00	846.50
104.00	25.00	104.10	422	360	122.10	847.00
104.10	25.10	104.20	423	361	122.20	847.50
104.20	25.20	104.30	424	362	122.30	848.00
104.30	25.30	104.40	425	363	122.40	848.50
104.40	25.40	104.50	426	364	122.50	849.00
104.50	25.50	104.60	427	365	122.60	849.50
104.60	25.60	104.70	428	366	122.70	850.00
104.70	25.70	104.80	429	367	122.80	850.50
104.80	25.80	104.90	430	368	122.90	851.00
104.90	25.90	105.00	431	369	123.00	851.50
105.00	26.00	105.10	432	370	123.10	852.00
105.10						

(1)

"Table for determining primary insurance amount and maximum family benefits—Con.

I (Primary insurance benefit under 1959 Act, as modified)		II (Primary insurance amount under 1967 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefit)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—	At least—		But not more than—	Or his average monthly wage (as determined under subsec. (b)) is—		
		At least—		But not more than—		
			669	691	627.00	440.40
			670	692	628.00	441.00
			671	693	629.00	441.60
			672	694	630.00	442.20
			673	695	631.00	442.80
			674	696	632.00	443.40
			675	697	633.00	444.00
			676	698	634.00	444.60
			677	699	635.00	445.20
			678	700	636.00	445.80
			679	701	637.00	446.40
			680	702	638.00	447.00
			681	703	639.00	447.60
			682	704	640.00	448.20
			683	705	641.00	448.80
			684	706	642.00	449.40
			685	707	643.00	450.00
			686	708	644.00	450.60
			687	709	645.00	451.20
			688	710	646.00	451.80
			689	711	647.00	452.40
			690	712	648.00	453.00
			691	713	649.00	453.60
			692	714	650.00	454.20
			693	715	651.00	454.80
			694	716	652.00	455.40
			695	717	653.00	456.00
			696	718	654.00	456.60
			697	719	655.00	457.20
			698	720	656.00	457.80
			699	721	657.00	458.40
			700	722	658.00	459.00
			701	723	659.00	459.60
			702	724	660.00	460.20
			703	725	661.00	460.80
			704	726	662.00	461.40
			705	727	663.00	462.00
			706	728	664.00	462.60
			707	729	665.00	463.20
			708	730	666.00	463.80
			709	731	667.00	464.40
			710	732	668.00	465.00
			711	733	669.00	465.60
			712	734	670.00	466.20
			713	735	671.00	466.80
			714	736	672.00	467.40
			715	737	673.00	468.00
			716	738	674.00	468.60
			717	739	675.00	469.20
			718	740	676.00	469.80
			719	741	677.00	470.40
			720	742	678.00	471.00
			721	743	679.00	471.60
			722	744	680.00	472.20
			723	745	681.00	472.80
			724	746	682.00	473.40
			725	747	683.00	474.00
			726	748	684.00	474.60
			727	749	685.00	475.20
			728	750	686.00	475.80
			729	751	687.00	476.40
			730	752	688.00	477.00
			731	753	689.00	477.60
			732	754	690.00	478.20
			733	755	691.00	478.80
			734	756	692.00	479.40
			735	757	693.00	480.00
			736	758	694.00	480.60
			737	759	695.00	481.20
			738	760	696.00	481.80
			739	761	697.00	482.40
			740	762	698.00	483.00
			741	763	699.00	483.60
			742	764	700.00	484.20
			743	765	701.00	484.80
			744	766	702.00	485.40
			745	767	703.00	486.00
			746	768	704.00	486.60
			747	769	705.00	487.20
			748	770	706.00	487.80
			749	771	707.00	488.40
			750	772	708.00	489.00
			751	773	709.00	489.60
			752	774	710.00	490.20
			753	775	711.00	490.80
			754	776	712.00	491.40
			755	777	713.00	492.00
			756	778	714.00	492.60
			757	779	715.00	493.20
			758	780	716.00	493.80
			759	781	717.00	494.40
			760	782	718.00	495.00
			761	783	719.00	495.60
			762	784	720.00	496.20
			763	785	721.00	496.80
			764	786	722.00	497.40
			765	787	723.00	498.00
			766	788	724.00	498.60
			767	789	725.00	499.20
			768	790	726.00	499.80
			769	791	727.00	500.40
			770	792	728.00	501.00
			771	793	729.00	501.60
			772	794	730.00	502.20
			773	795	731.00	502.80
			774	796	732.00	503.40
			775	797	733.00	504.00
			776	798	734.00	504.60
			777	799	735.00	505.20
			778	800	736.00	505.80
			779	801	737.00	506.40
			780	802	738.00	507.00
			781	803	739.00	507.60
			782	804	740.00	508.20
			783	805	741.00	508.80
			784	806	742.00	509.40
			785	807	743.00	510.00
			786	808	744.00	510.60
			787	809	745.00	511.20
			788	810	746.00	511.80
			789	811	747.00	512.40
			790	812	748.00	513.00
			791	813	749.00	513.60
			792	814	750.00	514.20
			793	815	751.00	514.80
			794	816	752.00	515.40
			795	817	753.00	516.00
			796	818	754.00	516.60
			797	819	755.00	517.20
			798	820	756.00	517.80
			799	821	757.00	518.40
			800	822	758.00	519.00

## 10

1 (b) Section 203 (a) of such Act is amended by striking  
2 out paragraph (2) and inserting in lieu thereof the fol-  
3 lowing:

4 “(2) when two or more persons were entitled  
5 (without the application of section 202 (j) (1) and sec-  
6 tion 223 (b) ) to monthly benefits under section 202 or  
7 223 for the second month following the month in which  
8 the Social Security Amendments of 1967 are enacted on  
9 the basis of the wages and self-employment income of  
10 such insured individual, such total of benefits for such  
11 second month or any subsequent month shall not be  
12 reduced to less than the larger of—

13 “(A) the amount determined under this sub-  
14 section without regard to this paragraph, or

15 “(B) an amount equal to the sum of the  
16 amounts derived by multiplying the benefit amount  
17 determined under this title (including this subsec-  
18 tion, but without the application of section 222 (b) ,  
19 section 202 (q) , and subsections (b) , (c) , and (d)  
20 of this section) , as in effect prior to such second  
21 month, for each such person for such second month,  
22 by ~~112.5~~ 115 percent and raising each such in-  
23 creased amount, if it is not a multiple of \$0.10, to  
24 the next higher multiple of \$0.10;

25 but in any such case (i) paragraph (1) of this sub-

1 section shall not be applied to such total of benefits after  
2 the application of subparagraph (B), and (ii) if sec-  
3 tion 202 (k) (2) (A) was applicable in the case of any  
4 such benefits for such second month, and ceases to  
5 apply after such month, the provisions of subpara-  
6 graph (B) shall be applied, for and after the month  
7 in which section 202 (k) (2) (A) ceases to apply, as  
8 though paragraph (1) had not been applicable to such  
9 total of benefits for such second month, or”.

10 (c) (1) Section 215 (b) (4) of such Act is amended to  
11 read as follows:

12 “(4) The provisions of this subsection shall be ap-  
13 plicable only in the case of an individual—

14 “(A) who becomes entitled, in or after the  
15 second month following the month in which the So-  
16 cial Security Amendments of 1967 are enacted, to  
17 benefits under section 202 (a) or section 223; or

18 “(B) who dies in or after such second month  
19 without being entitled to benefits under section 202 (a)  
20 or section 223; or

21 “(C) whose primary insurance amount is required  
22 to be recomputed under subsection (f) (2).”

23 (2) Section 215 (b) (5) of such Act is repealed.

24 (d) Section 215 (c) of such Act is amended to read as  
25 follows:

## 12

## 1           "Primary Insurance Amount Under 1965 Act

2           "(c) (1) For the purposes of column II of the table  
3 appearing in subsection (a) of this section, an individual's  
4 primary insurance amount shall be computed on the basis  
5 of the law in effect prior to the enactment of the Social  
6 Security Amendments of 1967.

7           "(2) The provisions of this subsection shall be ap-  
8 plicable only in the case of an individual who became en-  
9 titled to benefits under section 202 (a) or section 223 before  
10 the second month following the month in which the Social  
11 Security Amendments of 1967 are enacted or who died  
12 before such second month."

13           (e) The amendments made by this section shall apply  
14 with respect to monthly benefits under title II of the  
15 Social Security Act for and after the second month fol-  
16 lowing the month in which this Act is enacted and with  
17 respect to lump-sum death payments under such title in the  
18 case of deaths occurring in or after such second month.

19           (f) If an individual was entitled to a disability insur-  
20 ance benefit under section 223 of the Social Security Act  
21 for the month following the month in which this Act is en-  
22 acted and became entitled to old-age insurance benefits under  
23 section 202 (a) of such Act for the second month following  
24 the month in which this Act is enacted, or he died in such  
25 second month, then, for purposes of section 215 (a) (4) of

## 13'

1 the Social Security Act (if applicable) the amount in column  
2 IV of the table appearing in such section 215 (a) for such  
3 individual shall be the amount in such column on the line  
4 on which in column II appears his primary insurance amount  
5 (as determined under section 215 (c) of such Act) instead  
6 of the amount in column IV equal to the primary insurance  
7 amount on which his disability insurance benefit is based.

8 *SPECIAL MINIMUM PRIMARY INSURANCE AMOUNT*

9 *SEC. 102. (a) Section 215(a) of the Social Security*  
10 *Act is amended by striking out "or" at the end of paragraph*  
11 *(3), by striking out the period at the end of paragraph (4)*  
12 *and inserting in lieu thereof "; or", and by inserting after*  
13 *paragraph (4) the following:*

14 *"(5) An amount equal to \$4 multiplied by his years*  
15 *of coverage.*

16 *For purposes of paragraph (5), an individual's 'years of*  
17 *coverage' is the number (not exceeding 25) equal to the sum*  
18 *of (A) the number (not exceeding 14 and disregarding any*  
19 *fraction) determined by dividing the total of the wages*  
20 *credited to him for years after 1936 and before 1951 by*  
21 *\$900, plus (B) the number equal to the number of years*  
22 *after 1950 each of which is a computation base year (within*  
23 *the meaning of subsection (b)(2)(C)), and in each of which*  
24 *he is credited with wages and self-employment income of not*

## 14

1 *less than 25 percent of the maximum amount which, pursuant*  
 2 *to subsection (e), may be counted for each such year."*

3 *(b) Section 203(a) of such Act is amended by adding*  
 4 *immediately after paragraph (3) thereof the following new*  
 5 *sentence: "For purposes of this subsection, if the primary*  
 6 *insurance amount of an individual does not appear in*  
 7 *column IV of the table in section 215(a), the reference to the*  
 8 *amount appearing in column V of such table shall be treated*  
 9 *as referring to the amount on the line on which the next*  
 10 *higher primary insurance amount appears."*

11 *(c) Section 215(f)(2)(C) of such Act is amended by*  
 12 *striking out "(1) and (3)" and inserting in lieu thereof*  
 13 *"(1), (3), and (5)".*

14 *(d) The amendments made by subsections (a), (b), and*  
 15 *(c) shall apply with respect to monthly insurance benefits*  
 16 *under title II of the Social Security Act for months for and*  
 17 *after the second month following the month in which this Act*  
 18 *is enacted and with respect to lump-sum death payments*  
 19 *under such title in the case of deaths occurring in or after*  
 20 *such month.*

21 INCREASE IN BENEFITS FOR CERTAIN INDIVIDUALS AGE 72

22 AND OVER

23 SEC. ~~102~~ 103. (a) (1) Section 227 (a) of the Social  
 24 Security Act is amended by striking out "\$35" and inserting  
 25 in lieu thereof "~~\$40~~" "\$50", and by striking out "\$17.50"  
 26 and inserting in lieu thereof "~~\$20~~" "\$25".



## 15.

1 (2) Section 227 (b) of such Act is amended by striking  
2 out in the second sentence "~~\$35~~" and inserting in lieu thereof  
3 "~~\$40~~" "~~\$50~~".

4 (b) (1) Section 228 (b) (1) of such Act is amended by  
5 striking out "~~\$35~~" and inserting in lieu thereof "~~\$40~~" "~~\$50~~".

6 (2) Section 228 (b) (2) of such Act is amended by  
7 striking out "~~\$35~~" and inserting in lieu thereof "~~\$40~~" "~~\$50~~",  
8 and by striking out "~~\$17.50~~" and inserting in lieu thereof  
9 "~~\$20~~" "~~\$25~~".

10 (3) Section 228 (c) (2) of such Act is amended by  
11 striking out "~~\$17.50~~" and inserting in lieu thereof "~~\$20~~"  
12 "~~\$25~~".

13 (4) Section 228 (c) (3) (A) of such Act is amended by  
14 striking out "~~\$35~~" and inserting in lieu thereof "~~\$40~~" "~~\$50~~".

15 (5) Section 228 (c) (3) (B) of such Act is amended by  
16 striking out "~~\$17.50~~" and inserting in lieu thereof "~~\$20~~"  
17 "~~\$25~~".

18 (c) The amendments made by subsections (a) and (b)  
19 shall apply with respect to monthly benefits under title II  
20 of the Social Security Act for and after the second month  
21 following the month in which this Act is enacted.

22 **MAXIMUM AMOUNT OF A WIFE'S OR HUSBAND'S INSUR-**  
23 **ANCE BENEFIT**

24 **SEC. 103 104.** (a) Section 202 (b) (2) of the Social  
25 Security Act is amended to read as follows:

## 16

1       “(2) Except as provided in subsection (q), such wife’s  
2 insurance benefit for each month shall be equal to whichever  
3 of the following is the smaller: (A) one-half of the primary  
4 insurance amount of her husband (or, in the case of a di-  
5 vorced wife, her former husband) for such month, or (B)  
6 \$105.”

7       (b) Section 202(c)(3) of such Act is amended to read  
8 as follows:

9       “(3) Except as provided in subsection (q), such hus-  
10 band’s insurance benefit for each month shall be equal to  
11 whichever of the following is the smaller: (A) one-half of  
12 the primary insurance amount of his wife for such month, or  
13 (B) \$105.”

14       (c) Section 202(e)(4) of such Act is amended by  
15 striking out “50 per centum of the primary insurance amount  
16 of the deceased individual on whose wages and self-employ-  
17 ment income such benefit is based” and inserting in lieu  
18 thereof “whichever of the following is the smaller: (A) one-  
19 half of the primary insurance amount of the deceased indi-  
20 vidual on whose wages and self-employment income such  
21 benefit is based, or (B) \$105”.

22       (d) Section 202(f)(5) of such Act is amended by  
23 striking out “50 per centum of the primary insurance amount  
24 of the deceased individual on whose wages and self-employ-

## 17

1 ment income such benefit is based" and inserting in lieu  
2 thereof "whichever of the following is the smaller: (A) one-  
3 half of the primary insurance amount of the deceased indi-  
4 vidual on whose wages and self-employment income such  
5 benefit is based, or (B) \$105".

6 (e) The amendments made by subsections (a), (b),  
7 (c), and (d) shall apply with respect to monthly benefits  
8 under title II of the Social Security Act for and after the  
9 second month following the month in which this Act is  
10 enacted.

## 11 BENEFITS TO DISABLED WIDOWS AND WIDOWERS

12 SEC. 104. ~~(a)(1)~~. Subparagraph ~~(B)~~ of section 202  
13 ~~(c)(1)~~ of the Social Security Act is amended to read as  
14 follows:

15 "~~(B)(i)~~ has attained age 60, or ~~(ii)~~ has attained  
16 age 50 but has not attained age 60 and is under a  
17 disability ~~(as defined in section 223(d))~~ which began  
18 before the end of the period specified in paragraph ~~(5)~~,".

19 ~~(2)~~ So much of section 202~~(c)(1)~~ of such Act as  
20 follows subparagraph ~~(E)~~ is amended to read as follows:  
21 "shall be entitled to a widow's insurance benefit for each  
22 month, beginning with—

23 "~~(F)~~ if she satisfies subparagraph ~~(B)~~ by reason

18

1 of clause ~~(i)~~ thereof, the first month in which she be-  
2 comes so entitled to such insurance benefits, or

3 ~~“(G) if she satisfies subparagraph (B) by reason~~  
4 ~~of clause (ii) thereof—~~

5 ~~“(i) the first month after her waiting period~~  
6 ~~(as defined in paragraph (6)) in which she be-~~  
7 ~~comes so entitled to such insurance benefits, or~~

8 ~~“(ii) the first month during all of which she is~~  
9 ~~under a disability and in which she becomes so en-~~  
10 ~~titled to such insurance benefits, but only if she was~~  
11 ~~previously entitled to insurance benefits under this~~  
12 ~~subsection on the basis of being under a disability~~  
13 ~~and such first month occurs (I) in the period speci-~~  
14 ~~fied in paragraph (5) and (II) after the month in~~  
15 ~~which a previous entitlement to such benefits on~~  
16 ~~such basis terminated,~~

17 and ending with the month preceding the first month in  
18 which any of the following occurs: she remarries, dies,  
19 becomes entitled to an old-age insurance benefit equal to or  
20 exceeding 82½ percent of the primary insurance amount of  
21 such deceased individual, or, if she became entitled to such  
22 benefits before she attained age 60, the third month following  
23 the month in which her disability ceases (unless she attains  
24 age 62 on or before the last day of such third month).”

25 ~~(3) Section 202(e) of such Act is further amended by~~  
26 ~~adding after paragraph (4) the following new paragraphs:~~

## 19

1     ~~“(5) The period referred to in paragraph (1)(B)(ii),~~  
2     ~~in the case of any widow or surviving divorced wife, is the~~  
3     ~~period beginning with whichever of the following is the~~  
4     ~~latest:~~

5             ~~“(A) the month in which occurred the death of~~  
6             ~~the fully insured individual referred to in paragraph (1)~~  
7             ~~on whose wages and self-employment income her bene-~~  
8             ~~fits are or would be based, or~~

9             ~~“(B) the last month for which she was entitled to~~  
10            ~~mother’s insurance benefits on the basis of the wages and~~  
11            ~~self-employment income of such individual, or~~

12            ~~“(C) the month in which a previous entitlement~~  
13            ~~to widow’s insurance benefits on the basis of such wages~~  
14            ~~and self-employment income terminated because her~~  
15            ~~disability had ceased,~~

16     ~~and ending with the month before the month in which she~~  
17     ~~attains age 60, or, if earlier, with the close of the eighty-~~  
18     ~~fourth month following the month with which such period~~  
19     ~~began.~~

20     ~~“(6) The waiting period referred to in paragraph (1)~~  
21     ~~(G), in the case of any widow or surviving divorced wife, is~~  
22     ~~the earliest period of six consecutive calendar months—~~

23            ~~“(A) throughout which she has been under a disa-~~  
24            ~~bility, and~~

25            ~~“(B) which begins not earlier than with whichever~~

1 of the following is the later: (i) the first day of the  
2 eighteenth month before the month in which her applica-  
3 tion is filed; or (ii) the first day of the sixth month be-  
4 fore the month in which the period specified in para-  
5 graph (5) begins."

6 ~~(b)(1)~~ Subparagraph ~~(B)~~ of section 202(f)(1) of  
7 such Act is amended to read as follows:

8 "~~(B)~~ (i) has attained age 62, or (ii) has attained  
9 age 50 but has not attained age 62 and is under a dis-  
10 ability (as defined in section 223(d)) which began  
11 before the end of the period specified in paragraph  
12 ~~(6)~~,"

13 ~~(2)~~ So much of section 202(f)(1) of such Act as  
14 follows subparagraph ~~(E)~~ is amended to read as follows:  
15 "shall be entitled to a widower's insurance benefit for each  
16 month, beginning with—

17 "~~(F)~~ if he satisfies subparagraph ~~(B)~~ by reason  
18 of clause (i) thereof, the first month in which he  
19 becomes so entitled to such insurance benefits; or

20 "~~(G)~~ if he satisfies subparagraph ~~(B)~~ by reason  
21 of clause (ii) thereof—

22 "~~(i)~~ the first month after his waiting period  
23 (as defined in paragraph (7)) in which he be-  
24 comes so entitled to such insurance benefits; or

25 "~~(ii)~~ the first month during all of which he is

## 21

1           under a disability and in which he becomes so en-  
2           titled to such insurance benefits, but only if he was  
3           previously entitled to insurance benefits under this  
4           subsection on the basis of being under a disability  
5           and such first month occurs ~~(I)~~ in the period  
6           specified in paragraph ~~(6)~~ and ~~(II)~~ after the  
7           month in which a previous entitlement to such bene-  
8           fits on such basis terminated,

9           and ending with the month preceding the first month in  
10          which any of the following occurs: he remarries, dies, or  
11          becomes entitled to an old-age insurance benefit equal to or  
12          exceeding 82½ percent of the primary insurance amount of  
13          his deceased wife, or the third month following the month  
14          in which his disability ceases (unless he attains age 62  
15          on or before the last day of such third month)."

16          ~~(3)~~ Section 202~~(f)~~~~(3)~~ of such Act is amended by  
17          inserting "subsection ~~(q)~~ and" after "provided in".

18          ~~(4)~~ Section 202~~(f)~~ of such Act is further amended by  
19          adding after paragraph ~~(5)~~ the following new paragraphs:

20          "~~(6)~~ The period referred to in paragraph ~~(1)~~~~(B)~~~~(ii)~~,  
21          in the case of any widower, is the period beginning with  
22          whichever of the following is the latest:

23                  "~~(A)~~ the month in which occurred the death of the  
24          fully insured individual referred to in paragraph ~~(1)~~

## 22

1 on whose wages and self-employment income his bene-  
2 fits are or would be based, or

3 “(B) the month in which a previous entitlement  
4 to widower’s insurance benefits on the basis of such  
5 wages and self-employment income terminated because  
6 his disability had ceased;

7 and ending with the month before the month in which he  
8 attains age 62, or, if earlier, with the close of the eighty-  
9 fourth month following the month with which such period  
10 began.

11 “(7) The waiting period referred to in paragraph (1)  
12 (G), in the case of any widower, is the earliest period of  
13 six consecutive calendar months—

14 “(A) throughout which he has been under a dis-  
15 ability, and

16 “(B) which begins not earlier than with whichever  
17 of the following is the later: (i) the first day of the  
18 eighteenth month before the month in which his applica-  
19 tion is filed, or (ii) the first day of the sixth month be-  
20 fore the month in which the period specified in para-  
21 graph (6) begins.”

22 (e)(1) The heading of section 202(q) of such Act is  
23 amended to read as follows:

24 “Reduction of Benefit Amounts for Certain Beneficiaries”

25 (2) So much of section 202(q)(1) of such Act as  
26 precedes subparagraph (A) is amended by striking out “or



## 23

1 widow's" and inserting in lieu thereof "widow's, or wid-  
2 ower's".

3 (3) Subparagraph (A) of section 202(q)(1) of such  
4 Act is amended by striking out "or widow's" and inserting  
5 in lieu thereof "widow's, or widower's".

6 (4) Section 202(q)(1) of such Act is amended by  
7 adding at the end thereof the following:

8 "A widow's or widower's insurance benefit reduced pursuant  
9 to the preceding sentence shall be further required by—

10 (C)  $\frac{3}{100}$  of 1 percent of the amount of such  
11 benefit, multiplied by

12 (D)(i) the number of months in the additional  
13 reduction period for such benefit (determined under  
14 paragraph (6)), if such benefit is for a month before  
15 the month in which such individual attains retirement  
16 age, or

17 (ii) the number of months in the additional ad-  
18 justed reduction period for such benefit (determined  
19 under paragraph (7)), if such benefit is for the month  
20 in which such individual attains retirement age or for  
21 any month thereafter."

22 (5) Section 202(q)(3)(A) of such Act is amended—

23 (A) by striking out "or widow's" each place it ap-  
24 pears and inserting in lieu thereof "widow's, or widow-  
25 er's";

## 24

1           (B) by striking out "a widow's" and inserting in  
2           lieu thereof "a widow's or widower's"; and

3           (C) by striking out "60" and inserting in lieu  
4           thereof "50".

5           (6) Section 202(q)(3)(C) of such Act is amended  
6           by striking out "or widow's" each time it appears and insert-  
7           ing in lieu thereof "widow's, or widower's".

8           (7) Section 202(q)(3)(D) of such Act is amended  
9           by striking out "or widow's" and inserting in lieu thereof  
10          "widow's, or widower's".

11          (8) Section 202(q)(3)(E) of such Act is amended—

12           (A) by striking out "(or would, but for subsection  
13          (c)(1), be)" and inserting in lieu thereof "(or would,  
14          but for subsection (c)(1) in the case of a widow or  
15          surviving divorced wife or subsection (f)(1) in the case  
16          of a widower, be)";

17           (B) by striking out "widow's" each place it ap-  
18          pears and inserting in lieu thereof "widow's or widow-  
19          er's"; and

20           (C) by striking out "she" and inserting in lieu  
21          thereof "she or he".

22          (9) Section 202(q)(3)(F) of such Act is amended—

23           (A) by striking out "(or would, but for subsection  
24          (c)(1), be)" and inserting in lieu thereof "(or would,  
25          but for subsection (c)(1) in the case of a widow or

## 25

1 surviving divorced wife or subsection ~~(f)(1)~~ in the  
2 case of a widower, be);

3 (B) by striking out "widow's" each place it appears  
4 and inserting in lieu thereof "widow's or widower's";  
5 and

6 (C) by striking out "she" and inserting in lieu  
7 thereof "she or he".

8 ~~(10)~~ Section 202(q)(2)(G) of such Act is amended—

9 (A) by striking out "(or would, but for subsection  
10 (e)(1), be)" and inserting in lieu thereof "(or would,  
11 but for subsection (e)(1) in the case of a widow or sur-  
12 viving divorced wife or subsection ~~(f)(1)~~ in the case  
13 of a widower, be)";

14 (B) by striking out "widow's" and inserting in lieu  
15 thereof "widow's or widower's"; and

16 (C) by striking out "he" and inserting in lieu  
17 thereof "she or he".

18 ~~(11)~~ Section 202(q)(6) of such Act is amended to  
19 read as follows:

20 "(6) For the purposes of this subsection—

21 "(A) the 'reduction period' for an individual's old-  
22 age, wife's, husband's, widow's, or widower's insurance  
23 benefit is the period—

24 "(i) beginning—

25 "(I) in the case of an old-age or husband's

1 insurance benefit, with the first day of the first  
2 month for which such individual is entitled  
3 to such benefit, or

4 ~~“(II) in the case of a wife’s insurance~~  
5 ~~benefit, with the first day of the first month~~  
6 ~~for which a certificate described in paragraph~~  
7 ~~(5) (A) (i) is effective, or~~

8 ~~“(III) in the case of a widow’s or widow-~~  
9 ~~er’s insurance benefit, with the first day of the~~  
10 ~~first month for which such individual is entitled~~  
11 ~~to such benefit or the first day of the month in~~  
12 ~~which such individual attains age 60, whichever~~  
13 ~~is the later, and~~

14 ~~“(ii) ending with the last day of the month~~  
15 ~~before the month in which such individual attains~~  
16 ~~retirement age; and~~

17 ~~“(B) the ‘additional reduction period’ for an in-~~  
18 ~~dividual’s widow’s or widower’s insurance benefit is the~~  
19 ~~period—~~

20 ~~“(i) beginning with the first day of the first~~  
21 ~~month for which such individual is entitled to such~~  
22 ~~benefit, but only if such individual has not attained~~  
23 ~~age 60 in such first month; and~~

24 ~~“(ii) ending with the last day of the month~~  
25 ~~before the month in which such individual attains~~  
26 ~~age 60.”~~

## 27

1 ~~(12)~~ Section 202(q)(7) of such Act is amended—

2 (A) by inserting “or ‘additional adjusted reduction  
3 period.’” after “the ‘adjusted reduction period.’”;

4 (B) by striking out “or widow’s” and inserting in  
5 lieu thereof “widow’s, or widower’s”;

6 (C) by inserting “or additional reduction period  
7 (as the case may be)” after “the reduction period”;

8 and

9 (D) by striking out “widow’s” in subparagraph

10 (E) and inserting in lieu thereof “widow’s or widow-

11 er’s”; by striking out “she” each place it appears in

12 such subparagraph and inserting in lieu thereof “she or

13 he”; and by striking out “her” in such subparagraph and

14 inserting in lieu thereof “her or his”.

15 ~~(13)~~ Section 202(q)(9) of such Act is amended by

16 striking out “widow’s” and inserting in lieu thereof “widow’s

17 or widower’s”.

18 (d)(1)(A) The third sentence of section 202(e) of

19 such Act is amended by striking out “or any subsequent

20 month” and inserting in lieu thereof “or any subsequent

21 month; nor shall any deduction be made under this subsec-

22 tion from any widow’s insurance benefit for any month in

23 which the widow or surviving divorced wife is entitled and

24 has not attained age 62 (but only if she became so entitled

25 prior to attaining age 60), or from any widower’s insurance

1 benefit for any month in which the widower is entitled and  
2 has not attained age 62".

3 ~~(B)~~ The third sentence of section 202(f)(1) of such  
4 Act is amended by striking out "or ~~(D)~~" and inserting in  
5 lieu thereof the following: "~~(D)~~ for which such individual  
6 is entitled to widow's insurance benefits and has not attained  
7 age 62 (but only if she became so entitled prior to attain-  
8 ing age 60) or widower's insurance benefits and has not  
9 attained age 62, or ~~(E)~~".

10 ~~(C)~~ Section 202(f)(2) of such Act is amended by  
11 striking out "and ~~(D)~~" and inserting in lieu thereof "~~(D)~~,  
12 and ~~(E)~~".

13 ~~(D)~~ Section 202(f)(4) of such Act is amended by  
14 striking out "~~(D)~~" and inserting in lieu thereof "~~(E)~~".

15 ~~(2)~~ Section 216(i)(1) of such Act is amended by  
16 inserting "202(e), 202(f)," after "202(d)".

17 ~~(3)~~ ~~(A)~~ Section 222(a) of such Act is amended by  
18 inserting "widow's insurance benefits, or widower's insurance  
19 benefits," after "benefits".

20 ~~(B)~~ Section 222(b)(1) of such Act is amended by  
21 striking out "child's insurance benefits or if" and inserting in  
22 lieu thereof "child's insurance benefits, a widow or surviving  
23 divorced wife who has not attained age 60, a widower who  
24 has not attained age 62, or".

25 ~~(4)~~ ~~(A)~~ Section 222(d)(1) of such Act is amended

## 20

1 by inserting "or" at the end of subparagraph (B), and by  
2 inserting after such subparagraph the following new sub-  
3 paragraphs:

4        ~~“(C)~~ entitled to widow's insurance benefits under  
5        section 202(e) prior to attaining age 60, or

6        ~~“(D)~~ entitled to widower's insurance benefits under  
7        section 202(f) prior to attaining age 62.”

8        ~~(B)~~ Section 222(d)(1) of such Act is further amended  
9 by striking out “who have attained age 18 and are under  
10 a disability,” in the first sentence and inserting in lieu  
11 thereof the following: “who have attained age 18 and are  
12 under a disability, the benefits under section 202(e) for  
13 widows and surviving divorced wives who have not attained  
14 age 60 and are under a disability, the benefits under section  
15 202(f) for widowers who have not attained age 62.”

16        ~~(5)(A)~~ The first sentence of section 225 of such Act  
17 is amended by inserting after “under section 202(d),” the  
18 following: “or that a widow or surviving divorced wife who  
19 has not attained age 60 and is entitled to benefits under  
20 section 202(e), or that a widower who has not attained age  
21 62 and is entitled to benefits under section 202(f).”

22        ~~(B)~~ The first sentence of section 225 of such Act is  
23 further amended by striking out “222 or 202(d)” and in-  
24 serting in lieu thereof “202(d), 202(e), 202(f), or 222”.

25        ~~(c)~~ The amendments made by this section shall apply

1 with respect to monthly benefits under title II of the  
2 Social Security Act for and after the second month fol-  
3 lowing the month in which this Act is enacted, but only  
4 on the basis of applications for such benefits filed in or after  
5 the month in which this Act is enacted.

6 *BENEFITS FOR DISABLED WIDOWS AND WIDOWERS*

7 *SEC. 105. (a)(1) Subparagraph (B) of section 202(e)*  
8 *(1) of the Social Security Act is amended to read as follows:*

9 *“(B)(i) has attained age 60, or (ii) is under a*  
10 *disability (as defined in section 223(d)) which began*  
11 *before the end of the period specified in paragraph (5),”.*

12 *(2) So much of section 202(e)(1) of such Act as fol-*  
13 *lows subparagraph (E) is amended to read as follows: “shall*  
14 *be entitled to a widow’s insurance benefit for each month,*  
15 *beginning with—*

16 *“(F) if she satisfies subparagraph (B) solely by*  
17 *reason of clause (i) thereof, the first month in which she*  
18 *becomes so entitled to such insurance benefits; or*

19 *“(G) if she satisfied subparagraph (B) by reason*  
20 *of clause (ii) thereof—*

21 *“(i) the first month after her waiting period (as*  
22 *defined in paragraph (6)) in which she becomes so*  
23 *entitled to such insurance benefits, or*

24 *“(ii) the first month during all of which she is*  
25 *under a disability and in which she becomes so en-*



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1            *entitled to such insurance benefits, but only if she was*  
2            *previously entitled to insurance benefits under this*  
3            *subsection on the basis of being under a disability*  
4            *and such first month occurs (I) in the period speci-*  
5            *fied in paragraph (5) and (II) after the month in*  
6            *which here previous entitlement to such benefits on*  
7            *such basis terminated,*  
8            *and ending with the month preceding the first month in which*  
9            *any of the following occurs: she remarries, dies, or becomes*  
10           *entitled to an old-age insurance benefit equal to or exceed-*  
11           *ing 82½ percent of the primary insurance amount of such*  
12           *deceased individual or the third month following the month*  
13           *in which her disability ceases (unless she attains age 62*  
14           *on or before the last day of such third month)."*

15           (3) *Section 202(e)(1) of such Act is further amended*  
16           *by adding at the end thereof the following new sentence:*  
17           *"No payment under this subsection may be made to a widow*  
18           *or surviving divorced wife who is entitled to benefits on the*  
19           *basis of being under a disability, but who would not meet*  
20           *the definition of disability in section 223(d) except for para-*  
21           *graph (1)(B) thereof, for any month in which she en-*  
22           *gages in substantial gainful activity."*

23           (4) *Section 202(e) of such Act is further amended by*  
24           *adding after paragraph (4) the following new paragraphs:*

25           *"(5) The period referred to in paragraph (1)(B)*

## 32

1 (ii), in the case of any widow or surviving divorced wife,  
 2 is the period beginning with whichever of the following is  
 3 the latest:

4       “(A) the month in which occurred the death of  
 5       the fully insured individual referred to in paragraph  
 6       (1) on whose wages and self-employment income her  
 7       benefits are or would be based, or

8       “(B) the last month for which she was entitled to  
 9       mother’s insurance benefits on the basis of the wages and  
 10       self-employment income of such individual, or

11       “(C) the month in which a previous entitlement to  
 12       widow’s insurance benefits on the basis of such wages and  
 13       self-employment income terminated because her disability  
 14       had ceased,

15 and ending with the month before the month in which she  
 16 attains age 65, or, if earlier, with the close of the eighty-  
 17 fourth month following the month with which such period  
 18 began.

19       “(6) The waiting period referred to in paragraph (1)  
 20 (G), in the case of any widow or surviving divorced wife,  
 21 is the earliest period of six consecutive calendar months—

22       “(A) throughout which she has been under a dis-  
 23       ability, and

24       “(B) which begins not earlier than with whichever  
 25       of the following is the later: (i) the first day of the

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1       *eighteenth month before the month in which her appli-*  
2       *cation is filed, or (ii) the first day of the sixth month*  
3       *before the month in which the period specified in para-*  
4       *graph (5) begins.*

5       “(7) A widow or surviving divorced wife entitled to  
6       benefits under this subsection shall be entitled on the basis of  
7       being under a disability (as defined in section 223(d)) which  
8       began before the expiration of the period specified in para-  
9       graph (5), but only if in the six calendar months preceding  
10      such month she was also under a disability (as so defined)  
11      unless she was previously entitled to benefits under this sub-  
12      section on the basis of being under a disability.”

13      (5) Section 202(q)(5) of such Act is amended by add-  
14      ing at the end thereof the following new subparagraph:

15           “(E) a widow’s insurance benefit which has been  
16      reduced as provided in paragraph (1), for a month for  
17      which she is entitled to benefits on the basis of being under  
18      a disability and which occurs before the month in which  
19      she attains age 62, shall be reduced for such month and  
20      subsequent months by the amount (if any) such widow’s  
21      insurance benefit would be reduced under such para-  
22      graph had such individual attained age 62 in the first  
23      month for which she was entitled to such benefits on the  
24      basis of being under such disability; except that for any

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1 of such subsequent months in which she has not attained  
2 age 62 such reduction shall, notwithstanding the last sen-  
3 tence of such paragraph, be made as though such bene-  
4 fit had been determined under section 202(e)(2)(B)."

5 (6) Section 202(q) of such Act is amended by adding at  
6 the end thereof the following new paragraph:

7 "(10) For purposes of this subsection, the term 'widow's  
8 insurance benefit' means only a benefit payable under subsec-  
9 tion (e) which is determined under subsection (e)(2)(A)."

10 (b)(1) Subparagraph (B) of section 202(f)(1) of  
11 such Act is amended to read as follows:

12 "(B)(i) has attained age 62, or (ii) is under a dis-  
13 ability (as defined in section 223(d)) which began before  
14 the end of the period specified in paragraph (6)."

15 (2) So much of section 202(f)(1) of such Act as fol-  
16 lows subparagraph (E) is amended to read as follows: "shall  
17 be entitled to a widower's insurance benefit for each month,  
18 beginning with—

19 "(F) if he satisfies subparagraph (B) solely by rea-  
20 son of clause (i) thereof, the first month in which he  
21 becomes so entitled to such insurance benefits, or

22 "(G) if he satisfies subparagraph (B) by reason of  
23 clause (ii) thereof—

24 "(i) the first month after his waiting period (as  
25 defined in paragraph (7)) in which he becomes so  
26 entitled to such insurance benefits, or

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1           “(ii) the first month during all of which he is  
2           under a disability and in which he becomes so entitled  
3           to such insurance benefits, but only if he was previ-  
4           ously entitled to insurance benefits under this subsec-  
5           tion on the basis of being under a disability and such  
6           first month occurs (i) in the period specified in para-  
7           graph (6) and (II) after the month in which his  
8           previous entitlement to such benefits on such basis  
9           terminated,

10          and ending with the month preceding the first month in which  
11          any of the following occurs: he remarries, dies, or becomes en-  
12          titled to an old-age insurance benefit equal to or exceeding  
13          82½ percent of the primary insurance amount of his deceased  
14          wife, or the third month following the month in which his dis-  
15          ability ceases (unless he attains age 62 on or before the last  
16          day of such third month).”

17          (3) Section 202(f)(1) of such Act is further amended  
18          by adding at the end thereof the following new sentence: “No  
19          payment under this subsection may be made to a widower who  
20          is entitled to benefits on the basis of being under a disability,  
21          but who would not meet the definition of disability in section  
22          223(d) except for paragraph (1)(B) thereof, for any month  
23          in which he engages in substantial gainful activity.”

24          (4) Section 202(f) of such Act is further amended by  
25          adding after paragraph (5) the following new paragraphs:

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1     “(6) The period referred to in paragraph (1)(B)(ii),  
2 in the case of any widower, is the period beginning with  
3 whichever of the following is the latest:

4             “(A) the month in which occurred the death of the  
5 fully insured individual referred to in paragraph (1)  
6 on whose wages and self-employment income her benefits  
7 are or would be based, or died, or

8             “(B) the month in which a previous entitlement  
9 to widower’s insurance benefits on the basis of such wages  
10 and self-employment income terminated because his disa-  
11 bility had ceased,

12 and ending with the month before the month in which he  
13 attains age 65, or, if earlier, with the close of the eighty-  
14 fourth month following the month with which such period  
15 began.

16     “(7) The waiting period referred to in paragraph (1),  
17 in the case of any widower, is the earliest period of six  
18 consecutive calendar months—

19             “(A) throughout which he has been under a disa-  
20 bility, and

21             “(B) which begins not earlier than with whichever  
22 of the following is the later: (i) the first day of the  
23 eighteenth month before the month in which his applica-  
24 tion is filed, or (ii) the first day of the sixth month  
25 before the month in which the period specified in para-  
26 graph (6) begins.

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1       “(8) A widower entitled to benefits under this subsection  
2 shall be deemed to be so entitled on the basis of being under  
3 a disability for any month in which he is under a disability  
4 (as defined in section 223(d)) which began before the expira-  
5 tion of the period specified in paragraph (6), but only  
6 if in the six calendar months preceding such month he was  
7 also under a disability (as so defined) unless he was pre-  
8 viously entitled to benefits under this subsection on the basis  
9 of being under a disability.”

10       (c)(1)(A) The third sentence of section 203(c) of such  
11 Act is amended by striking out “or any subsequent month”  
12 and inserting in lieu thereof “or any subsequent month; nor  
13 shall any deduction be made under this subsection from any  
14 widow’s insurance benefit for any month in which the widow  
15 or surviving divorced wife is entitled, or from any widower’s  
16 insurance benefit for any month in which the widower is  
17 entitled, to such benefit on the basis of being under a  
18 disability”.

19       (B) The third sentence of section 203(f)(1) of such  
20 Act is amended by striking out “or (D)” and inserting in  
21 lieu thereof the following: “(D) for which such individual  
22 is entitled to widow’s insurance benefits or widower’s insur-  
23 ance benefits on the basis of being under a disability, or (E)”.

24       (C) Section 203(f)(2) of such Act is amended by strik-  
25 ing out “and (D)” and inserting in lieu thereof “(D),  
26 and (E)”.

1       (D) Section 203(f)(4) of such Act is amended by  
2 striking out "(D)" and inserting in lieu thereof "(E)".

3       (2) Section 216(i)(1) of such Act is amended by in-  
4 serting "202(e), 202(f)," after "202(d),".

5       (3)(A) Section 222(a) of such Act is amended by in-  
6 serting "individuals who are entitled to widow's insurance  
7 benefits or widower's insurance benefits on the basis of being  
8 under a disability," after "determination of disability,".

9       (B) Section 222(b)(1) of such Act is amended by  
10 striking out "child's insurance benefits or if" and inserting in  
11 lieu thereof "child's insurance benefits, a widow or surviving  
12 divorced wife who has not attained age 62 and is entitled  
13 to widow's insurance benefits on the basis of being under a  
14 disability, a widower who has not attained age 62 and is  
15 entitled to widower's insurance benefits on the basis of being  
16 under a disability, or".

17       (4)(A) Section 222(c)(1) of such Act is amended  
18 by striking out "or 202(d)" and inserting in lieu thereof  
19 ", 202(d), 202(e), or 202(f)".

20       (B) The first sentence of section 222(c)(3) of such  
21 Act is amended to read as follows: "A period of trial work  
22 for any individual shall begin (i) in the case of an indi-  
23 vidual who is entitled to disability insurance benefits, with  
24 the month in which he becomes entitled to such benefits, (ii)  
25 in the case of a widow or surviving divorced wife who has



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1 *not attained age 62 and is entitled to widow's insurance*  
2 *benefits on the basis of being under a disability, with the*  
3 *month in which she becomes entitled to such benefits, (iii)*  
4 *in the case of a widower who has not attained age 62 and*  
5 *is entitled to widower's insurance benefits on the basis of*  
6 *being under a disability, with the month in which he becomes*  
7 *entitled to such benefits, or (iv) in the case of an individual*  
8 *who has attained age 18 and is entitled to benefits under*  
9 *section 202(d) (and is under a disability), with the month*  
10 *in which he becomes entitled to such benefits, or the month*  
11 *in which he attains age 18, whichever is later."*

12 *(5)(A) Section 222(d)(1) of such Act is amended by*  
13 *inserting "or" at the end of subparagraph (B), and by*  
14 *inserting after such subparagraph the following new sub-*  
15 *paragraphs:*

16 *"(C) entitled to widow's insurance benefits under*  
17 *section 202(e) on the basis of being under a disability*  
18 *prior to attaining age 62, or*

19 *"(D) entitled to widower's insurance benefits under*  
20 *section 202(f) on the basis of being under a disability*  
21 *prior to attaining age 62,".*

22 *(B) Section 222(d)(1) of such Act is further amended*  
23 *by striking out "who have attained age 18 and are under*  
24 *a disability," in the first sentence and inserting in lieu thereof*

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1 the following: "who have attained age 18 and are under a  
2 disability, the benefits under section 202(e) for widows and  
3 surviving divorced wives who have not attained age 62 and  
4 are under a disability, the benefits under section 202(f) for  
5 widowers who have not attained age 62 and are under a  
6 disability,".

7 (6)(A) The first sentence of section 225 of such Act is  
8 amended by inserting after "under section 202(d)," the fol-  
9 lowing: "or that a widow or surviving divorced wife who  
10 has not attained age 62 and is entitled to benefits under  
11 section 202(e) on the basis of being under a disability, or  
12 that a widower who has not attained age 62 and is entitled  
13 to benefits under section 202(f) on the basis of being under  
14 a disability,".

15 (B) The first sentence of section 225 of such Act is  
16 further amended by striking out "223 or 202(d)" and insert-  
17 ing in lieu thereof "202(d), 202(e), 202(f), or 223".

18 (d) The amendments made by this section shall apply  
19 with respect to monthly insurance benefits under title II of  
20 the Social Security Act for and after the second month fol-  
21 lowing the month in which this Act is enacted, but only on the  
22 basis of applications for such benefits filed in or after the  
23 month in which this Act is enacted.

24 **INSURED STATUS FOR YOUNGER DISABLED WORKERS**

25 SEC. 105 106. (a) Subparagraph (B) (ii) of section  
26 216 (i) (3) of the Social Security Act is amended by strik-

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1 ing out "and he is under a disability by reason of blindness  
2 (as defined in paragraph (1))".

3 (b) Subparagraph (B) (ii) of section 223 (c) (1) of  
4 such Act is amended by striking out "before he attains"  
5 and inserting in lieu thereof "before the quarter in which  
6 he attains", and by striking out "and he is under a disability  
7 by reason of blindness (as defined in section 216 (i) (1))".

8 (c) The amendment made by subsection (a) shall  
9 apply only with respect to applications for disability deter-  
10 minations filed under section 216 (i) of the Social Security  
11 Act in or after the month in which this Act is enacted. The  
12 amendments made by subsection (b) shall apply with  
13 respect to monthly benefits under title II of such Act for  
14 and after the second month following the month in which  
15 this Act is enacted, but only on the basis of applications for  
16 such benefits filed in or after the month in which this Act is  
17 enacted.

18 **BENEFITS IN CASE OF MEMBERS OF THE UNIFORMED**  
19 **SERVICES**

20 **SEC. 106 107.** Title II of the Social Security Act is  
21 amended by adding at the end thereof the following new  
22 section:

23 **"BENEFITS IN CASE OF MEMBERS OF THE UNIFORMED**  
24 **SERVICES**

25 **"SEC. 229. (a)** For purposes of determining entitle-  
26 ment to and the amount of any monthly benefit for any

1 month after December 1967, or entitlement to and the  
2 amount of any lump-sum death payment in case of a death  
3 after such month, payable under this title on the basis of  
4 the wages and self-employment income of any individual,  
5 and for purposes of section 216 (i) (3), such individual  
6 shall be deemed to have been paid, in each calendar quarter  
7 occurring after 1967 in which he was paid wages for serv-  
8 ice as a member of a uniformed service (as defined in sec-  
9 tion 210 (m)) which was included in the term 'employment'  
10 as defined in section 210 (a) as a result of the provisions  
11 of section 210 (l), wages (in addition to the wages actually  
12 paid to him for such service) of—

13           “(1) \$100 if the wages actually paid to him in  
14 such quarter for such services were \$100 or less,

15           “(2) \$200 if the wages actually paid to him in  
16 such quarter for such services were more than \$100 but  
17 not more than \$200, or

18           “(3) \$300 in any other case.

19           “(b) There are authorized to be appropriated to the  
20 Federal Old-Age and Survivors Insurance Trust Fund, the  
21 Federal Disability Insurance Trust Fund, and the Federal  
22 Hospital Insurance Trust Fund annually, as benefits under  
23 this title and part A of title XVIII are paid after December  
24 1967, such sums as the Secretary determines to be necessary  
25 to meet (1) the additional costs, resulting from subsection

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1 (a), of such benefits (including lump-sum death payments),  
 2 (2) the additional administrative expenses resulting there-  
 3 from, and (3) any loss in interest to such trust funds re-  
 4 sulting from the payment of such amounts. Such additional  
 5 costs shall be determined after any increases in such benefits  
 6 arising from the application of section 217 have been made."

7 LIBERALIZATION OF EARNINGS TEST

8 SEC. ~~107~~ 108. (a) (1) Paragraphs (1), (3), and (4)  
 9 (B) of section 203 (f) of the Social Security Act are each  
 10 amended by striking out "\$125" and inserting in lieu thereof  
 11 "\$140".

12 (2) Paragraph (1) (A) of section 203 (h) of such  
 13 Act is amended by striking out "\$125" and inserting in  
 14 lieu thereof "\$140".

15 (b) The amendments made by subsection (a) shall  
 16 apply with respect to taxable years ending after December  
 17 1967.

18 INCREASE OF EARNINGS COUNTED FOR BENEFIT AND TAX  
 19 PURPOSES

20 ~~SEC. 108. (a)(1)(A)~~ Section 200(a)(4) of the So-  
 21 cial Security Act is amended by inserting "and prior to  
 22 1968" after "1965".

23 ~~(B)~~ Section 200(a) of such Act is further amended by  
 24 adding at the end thereof the following new paragraph:

25 "~~(5)~~ That part of remuneration which, after remunera-

1 tion (other than remuneration referred to in the succeeding  
2 subsections of this section) equal to \$7,600 with respect to  
3 employment has been paid to an individual during any cal-  
4 endar year after 1967, is paid to such individual during  
5 such calendar year;”.

6 ~~(2)(A)~~ Section 211(b)(1)(D) of such Act is  
7 amended by inserting “and prior to 1968” after “1965”, and  
8 by striking out “; or” and inserting in lieu thereof “; and”.

9 ~~(B)~~ Section 211(b)(1) of such Act is further amended  
10 by adding at the end thereof the following new subpara-  
11 graph:

12 “(E) For any taxable year ending after 1967,  
13 (i) \$7,600, minus (ii) the amount of the wages  
14 paid to such individual during the taxable year; or”.

15 ~~(3)(A)~~ Section 213(a)(2)(ii) of such Act is  
16 amended by striking out “after 1965” and inserting in lieu  
17 thereof “after 1965 and before 1968, or \$7,600 in the case  
18 of a calendar year after 1967”.

19 ~~(B)~~ Section 213(a)(2)(iii) of such Act is amended  
20 by striking out “after 1965” and inserting in lieu thereof  
21 “after 1965 and before 1968, or \$7,600 in the case of a  
22 taxable year ending after 1967”.

23 ~~(4)~~ Section 215(c)(1) of such Act is amended by  
24 striking out “and the excess over \$6,600 in the case of any  
25 calendar year after 1965” and inserting in lieu thereof “the

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1 excess over \$6,600 in the case of any calendar year after  
2 1965 and before 1968, and the excess over \$7,600 in the  
3 case of any calendar year after 1967”.

4 ~~(b)(1)(A)~~ Section 1402(b)(1)(D) of the Internal  
5 Revenue Code of 1954 ~~(relating to definition of self-employ-~~  
6 ~~ment income)~~ is amended by inserting “and before 1968”  
7 after “1965”, and by striking out “; or” and inserting in lieu  
8 thereof “; and”.

9 ~~(B)~~ Section 1402(b)(1) of such Code is further  
10 amended by adding at the end thereof the following new  
11 subparagraph:

12 “(E) for any taxable year ending after 1967,  
13 (i) \$7,600, minus (ii) the amount of the wages  
14 paid to such individual during the taxable year; or”.

15 ~~(2)~~ Section 3121(a)(1) of such Code ~~(relating to~~  
16 ~~definition of wages)~~ is amended by striking out “\$6,600”  
17 each place it appears and inserting in lieu thereof “\$7,600”.

18 ~~(3)~~ The second sentence of section 3122 of such Code  
19 ~~(relating to Federal service)~~ is amended by striking out  
20 “\$6,600” and inserting in lieu thereof “\$7,600”.

21 ~~(4)~~ Section 3125 of such Code ~~(relating to returns~~  
22 ~~in the case of governmental employees in Guam, American~~  
23 ~~Samoa, and the District of Columbia)~~ is amended by striking  
24 out “\$6,600” each place it appears and inserting in lieu  
25 thereof “\$7,600”.

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1       ~~(5) Section 6413(c)(1) of such Code (relating to~~  
2 ~~special refunds of employment taxes) is amended—~~

3           ~~(A) by inserting “and prior to the calendar year~~  
4 ~~1968” after “the calendar year 1965”;~~

5           ~~(B) by inserting after “exceed \$6,600,” the fol-~~  
6 ~~lowing: “or (D) during any calendar year after the~~  
7 ~~calendar year 1967, the wages received by him during~~  
8 ~~such year exceed \$7,600,”; and~~

9           ~~(C) by inserting before the period at the end~~  
10 ~~thereof the following: “and before 1968, or which ex-~~  
11 ~~ceeds the tax with respect to the first \$7,600 of such~~  
12 ~~wages received in such calendar year after 1967”.~~

13       ~~(6) Section 6413(c)(2)(A) of such Code (relating~~  
14 ~~to refunds of employment taxes in the case of Federal em-~~  
15 ~~ployees) is amended by striking out “or \$6,600 for any~~  
16 ~~calendar year after 1965” and inserting in lieu thereof~~  
17 ~~“\$6,600 for the calendar year 1966 or 1967, or \$7,600 for~~  
18 ~~any calendar year after 1967”.~~

19       ~~(e) The amendments made by subsections (a)(1) and~~  
20 ~~(a)(3)(A), and the amendments made by subsection (b)~~  
21 ~~(except paragraph (1) thereof), shall apply only with re-~~  
22 ~~spect to remuneration paid after December 1967. The~~  
23 ~~amendments made by subsections (a)(2), (a)(3)(B),~~  
24 ~~and (b)(1) shall apply only with respect to taxable years~~  
25 ~~ending after 1967. The amendment made by subsection (a)~~



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1 ~~(4)~~ shall apply only with respect to calendar years after  
2 1967.

3 SEC. 109. (a)(1)(A) Section 209(a)(4) of the So-  
4 cial Security Act is amended by inserting "and prior to  
5 1968" after "1965".

6 (B) Section 209(a) of such Act is further amended by  
7 adding at the end thereof the following new paragraphs:

8 "(5) That part of remuneration which, after remunera-  
9 tion (other than remuneration referred to in the succeeding  
10 subsections of this section) equal to \$7,800 with respect to  
11 employment has been paid to an individual during any cal-  
12 endar year after 1967 and prior to 1971, is paid to such  
13 individual during any such calendar year;

14 "(6) That part of remuneration which, after remunera-  
15 tion (other than remuneration referred to in the succeeding  
16 subsections of this section) equal to \$9,000 with respect to  
17 employment has been paid to an individual during any cal-  
18 endar year after 1970 and prior to 1974, is paid to such  
19 individual during any such calendar year;

20 "(7) That part of remuneration which, after remunera-  
21 tion (other than remuneration referred to in the succeeding  
22 subsections of this section) equal to \$10,800 with respect  
23 to employment has been paid to an individual during any  
24 calendar year after 1973, is paid to such individual during  
25 such calendar year;".

1       (2)(A) Section 211(b)(1)(D) of such Act is amended  
2 by inserting "and prior to 1968" after "1965", by striking  
3 out "; or" and inserting in lieu thereof "; and".

4       (B) Section 211(b)(1) of such Act is further amended  
5 by adding at the end thereof the following new subpara-  
6 graphs:

7           “(E) for any taxable year ending after 1967 and  
8 prior to 1971, (i) \$7,800 minus (ii) the amount of the  
9 wages paid to such individual during the taxable year;  
10 and

11           “(F) for any taxable year ending after 1970 and  
12 prior to 1974, (i) \$9,000, minus (ii) the amount of the  
13 wages paid to such individual during the taxable year;  
14 and

15           “(G) for any taxable year ending after 1973, (i)  
16 \$10,800, minus (ii) the amount of the wages paid to  
17 such individual during the taxable year; or”.

18       (3)(A) Section 213(a)(2)(ii) of such Act is amended  
19 by striking out “after 1965” and inserting in lieu thereof  
20 “after 1965 and before 1968, or \$7,800 in the case of a  
21 calendar year after 1967 and before 1971, or \$9,000 in the  
22 case of a calendar year after 1970 and before 1974, or  
23 \$10,800 in the case of a calendar year after 1973”.

24       (B) Section 213(a)(2)(iii) of such Act is amended  
25 by striking out “after 1965” and inserting in lieu thereof

1 "after 1965 and prior to 1968, or \$7,800 in the case of a  
2 taxable year ending after 1967 and prior to 1971, or  
3 \$9,000 in the case of a taxable year ending after 1970  
4 and prior to 1974, or \$10,800 in the case of a taxable  
5 year ending after 1973".

6 (4) Section 215(c)(1) of such Act is amended by  
7 striking out "and the excess over \$6,600 in the case of any  
8 calendar year after 1965" and inserting in lieu thereof "the  
9 excess over \$6,600 in the case of any calendar year after  
10 1965 and before 1968, the excess over \$7,800 in the case  
11 of any calendar year after 1967 and before 1971, the  
12 excess over \$9,000 in the case of any calendar year after  
13 1970 and before 1974, and the excess over \$10,800 in the  
14 case of any calendar year after 1973".

15 (b)(1)(A) Section 1402(b)(1)(D) of the Internal  
16 Revenue Code of 1954 (relating to definition of self-employ-  
17 ment income) is amended by inserting "and before 1968"  
18 after "1965", and by striking out "; or" and inserting in  
19 lieu thereof "; and".

20 (B) Section 1402(b)(1) of such Code is further  
21 amended by adding at the end thereof the following new  
22 subparagraphs:

23 "(E) for any taxable year ending after 1967 and  
24 before 1971, (i) \$7,800, minus (ii) the amount of the

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1 wages paid to such individual during the taxable year;  
2 and

3 “(F) for any taxable year ending after 1970 and  
4 before 1974, (i) \$9,000, minus (ii) the amount of  
5 the wages paid to such individual during the taxable  
6 year; and

7 “(G) for any taxable year ending after 1973, (i)  
8 \$10,800 minus (ii) the amount of the wages paid to such  
9 individual during the taxable year; or”.

10 (2)(A) Section 3121(a)(1) of such Code (relating to  
11 definition of wages) is amended by striking out “\$6,600”,  
12 each place it appears and inserting in lieu thereof “\$7,-  
13 800”.

14 (B) Effective with remuneration paid after 1970, sec-  
15 tion 3121(a)(1) of such Code is amended by striking out  
16 “\$7,800” each place it appears and inserting in lieu thereof  
17 “\$9,000”.

18 (C) Effective with remuneration paid after 1973, sec-  
19 tion 3121(a)(1) of such Code is amended by striking out  
20 “\$9,000” each place it appears and inserting in lieu thereof  
21 “\$10,800”.

22 (3)(A) The second sentence of section 3122 of such  
23 Code (relating to Federal service) is amended by striking  
24 out “\$6,600” and inserting in lieu thereof “\$7,800”.

25 (B) Effective with remuneration paid after 1970, the

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1 second sentence of section 3122 of such Code is amended by  
2 striking out "\$7,800" and inserting in lieu thereof "\$9,000".

3 (C) Effective with remuneration paid after 1973, the  
4 second sentence of section 3122 of such Code is amended by  
5 striking out "\$9,000" and inserting in lieu thereof "\$10,-  
6 800".

7 (4)(A) Section 3125 of such Code (relating to returns  
8 in the case of governmental employees in Guam, American  
9 Samoa, and the District of Columbia) is amended by strik-  
10 ing out "\$6,600" where it appears in subsections (a), (b),  
11 and (c) and inserting in lieu thereof "\$7,800".

12 (B) Effective with remuneration paid after 1970, sec-  
13 tion 3125 of such Code is amended by striking out "\$9,000"  
14 where it appears in subsections (a), (b), and (c) and in-  
15 serting in lieu thereof "\$9,000".

16 (C) Effective with remuneration paid after 1973, sec-  
17 tion 3125 of such Code is amended by striking out "\$9,000"  
18 where it appears in subsections (a), (b), and (c) and in-  
19 serting in lieu thereof "\$10,800".

20 (5) Section 6413(c)(1) of such Code (relating to  
21 special refunds of employment taxes) is amended—

22 (A) by inserting "prior to the calendar year 1968"  
23 after "the calendar year 1965",

24 (B) by inserting after "exceed \$6,600," the fol-

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1. . . . lowing: "or (D) during any calendar year after the  
2. . . . calendar year 1967 and prior to the calendar year  
3. . . . 1971, the wages received by him during such year ex-  
4. . . . ceed \$7,800, or (E) during any calendar year after  
5. . . . the calendar year 1970 and prior to the calendar year  
6. . . . 1974, the wages received by him during such year ex-  
7. . . . ceed \$9,000, or (F) during any calendar year after  
8. . . . the calendar year 1973, the wages received by him  
9. . . . during such year exceed \$10,800," and  
10. . . . (C) by inserting before the period at the end thereof  
11. . . . the following: "and before 1968, or which exceeds the  
12. . . . tax with respect to the first \$7,800 of such wages received  
13. . . . in such calendar year after 1967 and before 1971, or  
14. . . . which exceeds the tax with respect to the first \$9,000  
15. . . . of such wages received in such calendar year after 1970  
16. . . . and before 1974, or which exceeds the tax with respect  
17. . . . to the first \$10,800 after 1973".  
18. . . . (6) Section 6413(c)(2)(A) of such Code (relating to  
19. . . . refunds of employment taxes in the case of Federal em-  
20. . . . ployees) is amended by striking out "or \$6,600 for any  
21. . . . calendar year after 1965" and inserting in lieu thereof  
22. . . . "\$6,000 for the calendar year 1966 or 1967, or \$7,800 for  
23. . . . the calendar year 1968, 1969, or 1970, or \$9,000 for the cal-  
24. . . . endar year 1971, 1972, or 1973, or \$10,800 for any calen-  
25. . . . dar year after 1973".

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## 1 CHANGES IN TAX SCHEDULES

2 SEC. 1401. (a) (1) Section 1401 (a) of the Internal  
3 Revenue Code of 1954 (relating to rate of tax on self-  
4 employment income for purposes of old-age, survivors, and  
5 disability insurance) is amended by striking out paragraphs  
6 (1), (2), (3), and (4) and inserting in lieu thereof the  
7 following:

8 " (1) in the case of any taxable year beginning after  
9 December 31, 1966, and before January 1, 1969, the  
10 tax shall be equal to 5.9 percent of the amount of the  
11 self-employment income for such taxable year;

12 " (2) in the case of any taxable year beginning after  
13 December 31, 1968, and before January 1, 1971, the  
14 tax shall be equal to 6.3 percent of the amount of the  
15 self-employment income for such taxable year;

16 " (3) in the case of any taxable year beginning after  
17 December 31, 1970, and before January 1, 1973, the  
18 tax shall be equal to 6.9 percent of the amount of the  
19 self-employment income for such taxable year; and

20 " (4) in the case of any taxable year beginning after  
21 December 31, 1972, the tax shall be equal to 7.0 percent  
22 of the amount of the self-employment income for such  
23 taxable year."

24 (2) Section 3101 (a) of such Code (relating to rate  
25 of tax on employees for purposes of old-age, survivors, and

1 disability insurance) is amended by striking out paragraphs  
2 (1), (2), (3), and (4) and inserting in lieu thereof the  
3 following:

4 " (1) with respect to wages received during the cal-  
5 endar years 1967 and 1968, the rate shall be 3.9 percent;

6 " (2) with respect to wages received during the  
7 calendar years 1969 and 1970, the rate shall be 4.2  
8 percent;

9 " (3) with respect to wages received during the  
10 calendar years 1971 and 1972, the rate shall be 4.6  
11 percent; and

12 " (4) with respect to wages received after Decem-  
13 ber 31, 1972, the rate shall be 5.0 percent."

14 (3). Section 3111 (a) of such Code (relating to rate  
15 of tax on employers for purposes of old-age, survivors, and  
16 disability insurance) is amended by striking out paragraphs  
17 (1), (2), (3), and (4) and inserting in lieu thereof the  
18 following:

19 " (1) with respect to wages paid during the cal-  
20 endar years 1967 and 1968, the rate shall be 3.9 per-  
21 cent;

22 " (2) with respect to wages paid during the cal-  
23 endar years 1969 and 1970, the rate shall be 4.2 per-  
24 cent;

25 " (3) with respect to wages paid during the cal-



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1       endar years 1971 and 1972, the rate shall be 4.6 per-  
2       cent; and

3               “(4) with respect to wages paid after December  
4       31, 1972, the rate shall be 5.0 percent.”

5       (b) (1) Section 1401 (b) of such Code (relating to  
6       rate of tax on self-employment income for purposes of hos-  
7       pital insurance) is amended by striking out paragraphs (1)  
8       through (6) and inserting in lieu thereof the following:

9               “(1) in the case of any taxable year beginning  
10       after December 31, 1966, and before January 1, 1969,  
11       the tax shall be equal to 0.50 percent of the amount of  
12       the self-employment income for such taxable year;

13              “(2) in the case of any taxable year beginning  
14       after December 31, 1968, and before January 1, 1973  
15       1971, the tax shall be equal to ~~0.60~~ 0.65 percent of the  
16       amount of the self-employment income for such taxable  
17       year;

18              “(3) in the case of any taxable year beginning  
19       after December 31, ~~1972~~ 1970, and before January 1,  
20       1976, the tax shall be equal to ~~0.65~~ 0.70 percent of the  
21       amount of the self-employment income for such taxable  
22       year;

23              “(4) in the case of any taxable year beginning  
24       after December 31, 1975, and before January 1, ~~1980~~  
25       1981, the tax shall be equal to ~~0.70~~ 0.75 percent of the

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1 amount of the self-employment income for such taxable  
2 year;

3 “(5) in the case of any taxable year beginning  
4 after December 31, ~~1979~~ 1980, and before January 1,  
5 1987, the tax shall be equal to ~~0.80~~ 0.85 percent of the  
6 amount of the self-employment income for such taxable  
7 year; and

8 “(6) in the case of any taxable year beginning  
9 after December 31, 1986, the tax shall be equal to ~~0.90~~  
10 0.95 percent of the amount of the self-employment in-  
11 come for such taxable year.”

12 (2) Section 3101 (b) of such Code (relating to rate of  
13 tax on employees for purposes of hospital insurance) is  
14 amended by striking out paragraphs (1) through (6) and  
15 inserting in lieu thereof the following:

16 “(1) with respect to wages received during the cal-  
17 endar years 1967 and 1968, the rate shall be 0.50 per-  
18 cent;

19 “(2) with respect to wages received during the cal-  
20 endar years ~~1969, 1970, 1971, and 1972~~, 1969 and  
21 1970, the rate shall be ~~0.60~~ 0.65 percent;

22 “(3) with respect to wages received during the cal-  
23 endar years 1971, 1972, 1973, 1974, and 1975, the rate  
24 shall be ~~0.65~~ 0.70 percent;

25 “(4) with respect to wages received during the cal-

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1       endar years 1976, 1977, 1978, and ~~1979~~ 1979, and  
2       1980, the rate shall be ~~0.70~~ 0.75 percent;

3       “ (5) with respect to wages received during the cal-  
4       endar years ~~1980~~, 1981, 1982, 1983, 1984, 1985, and  
5       1986, the rate shall be ~~0.80~~ 0.85 percent; and

6       “ (6) with respect to wages received after Decem-  
7       ber 31, 1986, the rate shall be ~~0.90~~ 0.95 percent.”

8       (3) Section 3111 (b) of such Code (relating to rate  
9       of tax on employers for purposes of hospital insurance) is  
10      amended by striking out paragraphs (1) through (6) and  
11      inserting in lieu thereof the following:

12       “ (1) with respect to wages paid during the cal-  
13      endar years 1967 and 1968, the rate shall be 0.50  
14      percent;

15       “ (2) with respect to wages paid during the cal-  
16      endar years ~~1969, 1970, 1971, and 1972~~, 1969 and  
17      1970, the rate shall be ~~0.60~~ 0.65 percent;

18       “ (3) with respect to wages paid during the cal-  
19      endar years 1971, 1972, 1973, 1974, and 1975, the rate  
20      shall be ~~0.65~~ 0.70 percent;

21       “ (4) with respect to wages paid during the cal-  
22      endar years 1976, 1977, 1978, and ~~1979~~, 1979, and  
23      1980, the rate shall be ~~0.70~~ 0.75 percent;

24       “ (5) with respect to wages paid during the cal-

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1.       endar years ~~1980~~, 1981, 1982, 1983, 1984, 1985, and  
2       1986, the rate shall be ~~0.80~~ 0.85 percent; and

3               “(6) with respect to wages paid after December  
4       31, 1986, the rate shall ~~0.90~~ 0.95 percent.”

5       (c) The amendments made by subsections (a) (1)  
6 and (b) (1) shall apply only with respect to taxable years  
7 beginning after December 31, 1967. The remaining amend-  
8 ments made by this section shall apply only with respect  
9 to remuneration paid after December 31, 1967.

10       **ALLOCATION TO DISABILITY INSURANCE TRUST FUND**

11       **SEC. ~~110~~ 111.** (a) Section 201 (b) (1) of the Social  
12 Security Act is amended—

13               (1) by inserting “(A)” after “(1)”;

14               (2) by striking out “1954, and” and inserting in  
15 lieu thereof “1954, (B)”;

16               (3) by inserting “and before January 1, 1968,”  
17 after “December 31, 1965,”; and

18               (4) by inserting after “so reported,” the following:  
19 “and (C) 0.95 of 1 per centum of the wages (as so de-  
20 fined) paid after December 31, 1967, and so reported.”.

21       (b) Section 201 (b) (2) of such Act is amended—

22               (1) by inserting “(A)” after “(2)”;

23               (2) by striking out “1966, and” and inserting in  
24 lieu thereof “1966, (B)”; and

25               (3) by inserting after “December 31, 1965,” the

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1 following: "and before January 1, 1968, and (C)  
2 0.7125 of 1 per centum of the amount of self-employ-  
3 ment income (as so defined) so reported for any taxable  
4 year beginning after December 31, 1967,".

5 *ELIMINATION OF PROVISIONS DENYING BENEFITS TO IN-*  
6 *DIVIDUALS BECAUSE OF MEMBERSHIP IN CERTAIN*  
7 *ORGANIZATIONS*

8 *SEC. 112. (a) Section 103(b) of the Social Security*  
9 *Amendments of 1965 is amended by striking out paragraph*  
10 *(1), by redesignating paragraphs (2) and (3) as (1) and*  
11 *(2), and by striking out "Paragraph (3)" in the second*  
12 *sentence and inserting in lieu thereof "Paragraph (2)";*

13 *(b) The amendment made by subsection (a) shall take*  
14 *effect July 30, 1965, as though it had been incorporated in*  
15 *the Social Security Amendments of 1965 as enacted on that*  
16 *date.*

17 **PART 2—COVERAGE UNDER THE OLD-AGE, SURVIVORS,**  
18 **AND DISABILITY INSURANCE PROGRAM**

19 **COVERAGE OF MINISTERS**

20 **SEC. 115. (a)** The last sentence of section 211 (c) of  
21 the Social Security Act is amended to read as follows: "  
22 "The provisions of paragraph (4) or (5) shall not apply  
23 to service performed by an individual unless an exemption  
24 under section 1402 (e) of the Internal Revenue Code of 1954  
25 is effective with respect to him."

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1 (b) (1) The last sentence of section 1402 (c) of the  
2 Internal Revenue Code of 1954 (relating to definition of  
3 trade or business) is amended to read as follows:

4 "The provisions of paragraph (4) or (5) shall not apply  
5 to service performed by an individual unless an exemption  
6 under subsection (e) is effective with respect to him."

7 (2) Section 1402 (e) of such Code (relating to min-  
8 isters, members of religious orders, and Christian Science  
9 practitioners) is amended to read as follows:

10 "(e) **MINISTERS, MEMBERS OF RELIGIOUS ORDERS,**  
11 **AND CHRISTIAN SCIENCE PRACTITIONERS.—**

12 "(1) **EXEMPTION.—**Any individual who is (A)  
13 a duly ordained, commissioned, or licensed minister of a  
14 church or a member of a religious order or (B) a Chris-  
15 tian Science practitioner, upon filing an application (in  
16 such form and manner, and with such official, as may be  
17 prescribed by regulations made under this chapter) to-  
18 gether with a statement that he is conscientiously op-  
19 posed to the acceptance (with respect to services  
20 performed by him as such minister, member, or prac-  
21 titioner) of any public insurance which makes pay-  
22 ments in the event of death, disability, old age, or  
23 retirement or makes payments toward the cost of, or  
24 provides services for, medical care (including the bene-  
25 fits of any insurance system established by the Social

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1 Security Act), shall receive an exemption from the tax  
2 imposed by this chapter with respect to services per-  
3 formed by him as such minister, member, or practi-  
4 tioner. Notwithstanding the preceding sentence,  
5 an exemption may not be granted to an individual  
6 under this subsection if he had filed an effective waiver  
7 certificate under this section as it was in effect before  
8 its amendment in 1967.

9 “(2) **TIME FOR FILING APPLICATION.**—Any indi-  
10 vidual who desires to file an application pursuant to  
11 paragraph (1) must file such application on or before  
12 whichever of the following dates is later: (A) the due  
13 date of the return (including any extension thereof) for  
14 the second taxable year for which he has net earnings  
15 from self-employment (computed without regard to  
16 subsections (c) (4) and (c) (5)) of \$400 or more, any  
17 part of which was derived from the performance of  
18 service described in subsection (c) (4) or (c) (5);  
19 or (B) the due date of the return (including any ex-  
20 tension thereof) for his second taxable year ending after  
21 1967.

22 “(3) **EFFECTIVE DATE OF EXEMPTION.**—An ex-  
23 emption received by an individual pursuant to this sub-  
24 section shall be effective for the first taxable year for  
25 which he has net earnings from self-employment (com-

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1       puted without regard to subsections (c) (4) and (c)  
2       (5) ) of \$400 or more, any part of which was derived  
3       from the performance of service described in subsection  
4       (c) (4) or (c) (5), and for all succeeding taxable years.  
5       An exemption received pursuant to this subsection shall  
6       be irrevocable.”

7       (c) The amendments made by subsections (a) and (b)  
8       shall apply only with respect to taxable years ending after  
9       1967.

## 10                   COVERAGE OF STATE AND LOCAL EMPLOYEES

11       SEC. 116. (a) Section 218 (d) (6) (D) of the Social  
12       Security Act is amended by inserting “(i)” after “(D)”,  
13       and by adding at the end thereof the following:

14       “(ii) Notwithstanding clause (i), the State may, pur-  
15       suant to subsection (c) (4) (B) and subject to the conditions  
16       of continuation or termination of coverage provided for in  
17       subsection (c) (7), modify its agreement under this section  
18       to include services performed by all individuals described in  
19       clause (i) other than those individuals to whose services the  
20       agreement already applies. Such individuals shall be deemed  
21       (on and after the effective date of the modification) to be  
22       in positions covered by the separate retirement system  
23       consisting of the positions of members of the division or part  
24       who desire coverage under the insurance system established  
25       under this title.”



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1 (b) (1) (A) Section 218 (c) (3) of such Act is amended  
2 by striking out subparagraph (A), and by redesignating  
3 subparagraphs (B) and (C) as subparagraphs (A) and  
4 (B), respectively.

5 (B) Paragraphs (4) and (7) of section 218 (c) of  
6 such Act, and paragraph (5) (B) of section 218 (d) of such  
7 Act, are each amended by striking out "paragraph (3) (C)"  
8 wherever it appears and inserting in lieu thereof "paragraph  
9 (3) (B)".

10 (C) Paragraph (4) (C) of section 218 (d) of such  
11 Act is amended by striking out "subsection (c) (3) (C)"  
12 and inserting in lieu thereof "subsection (c) (3) (B)".

13 (2) Section 218 (c) (6) of such Act is amended—

14 (A) by striking out "and" at the end of subpara-  
15 graph (C);

16 (B) by striking out the period at the end of sub-  
17 paragraph (D) and inserting in lieu thereof ", and";  
18 and

19 (C) by adding at the end thereof the following new  
20 subparagraph:

21 "(E) service performed by an individual as an  
22 employee serving on a temporary basis in case of fire,  
23 storm, snow, earthquake, flood, or other similar  
24 emergency."

25 (3) The amendments made by this subsection shall be

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1 effective with respect to services performed on or after  
2 January 1, 1968.

3 (c) Section 218 (c) of such Act is amended by adding  
4 at the end thereof the following new paragraph:

5 “(8) Notwithstanding any other provision of this sec-  
6 tion, the agreement with any State entered into under this  
7 section may at the option of the State be modified on or  
8 after January 1, 1968, to exclude service performed by elec-  
9 tion officials or election workers if the remuneration paid in a  
10 calendar quarter for such service is less than \$50. Any modi-  
11 fication of an agreement pursuant to this paragraph shall be  
12 effective with respect to services performed after an effective  
13 date, specified in such modification, which shall not be  
14 earlier than the last day of the calendar quarter in which the  
15 modification is mailed or delivered by other means to the  
16 Secretary.”

17 INCLUSION OF ILLINOIS AMONG STATES PERMITTED TO

18 DIVIDE THEIR RETIREMENT SYSTEMS

19 SEC. 117. Section 218 (d) (6) (C) of the Social Secu-  
20 rity Act is amended by inserting “Illinois,” after “Georgia.”

21 TAXATION OF CERTAIN EARNINGS OF RETIRED PARTNER

22 SEC. 118. (a) Section 1402(a) of the Internal Reve-  
23 nue Code of 1954 (relating to definition of net earnings  
24 from self-employment) is amended—

25 (1) by striking out “and” at the end of paragraph

26 (8);

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1           (2) by striking out the period at the end of para-  
2 graph (9) and inserting in lieu thereof “; and”; and

3           (3) by inserting after paragraph (9) the following  
4 new paragraph:

5           “(10) there shall be excluded amounts received by  
6 a partner pursuant to a written plan of the partnership,  
7 which meets such requirements as are prescribed by the  
8 Secretary of the Treasury or his delegate, and which  
9 provides for payments on account of retirement, on a  
10 periodic basis, to partners generally or to a class or  
11 classes of partners, such payments to continue at least  
12 until such partner’s death, if—

13           “(A) such partner rendered no services with  
14 respect to any trade or business carried on by such  
15 partnership (or its successors) during the taxable  
16 year of such partnership (or its successors), end-  
17 ing within or with his taxable year, in which such  
18 amounts were received, and

19           “(B) no obligation exists (as of the close of  
20 the partnership’s taxable year referred to in sub-  
21 paragraph (A)) from the other partners to such  
22 partner except with respect to retirement payments  
23 under such plan, and

24           “(C) such partner’s share, if any, of the capital  
25 of the partnership has been paid to him in full before

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1           the close of the partnership's taxable year referred  
2           to in subparagraph (A)."

3       (b) Section 211 (a) of the Social Security Act is  
4 amended—

5           (1) by striking out "and" at the end of paragraph  
6           (7);

7           (2) by striking out the period at the end of para-  
8           graph (8) and inserting in lieu thereof "; and"; and

9           (3) by inserting after paragraph (8) the following  
10          new paragraph:

11           “(9) There shall be excluded amounts received  
12          by a partner pursuant to a written plan of the partner-  
13          ship, which meets such requirements as are prescribed  
14          by the Secretary of the Treasury or his delegate, and  
15          which provides for payments on account of retirement,  
16          on a periodic basis, to partners generally or to a class  
17          or classes of partners, such payments to continue at least  
18          until such partner's death, if—

19           “(A) such partner rendered no services with  
20          respect to any trade or business carried on by such  
21          partnership (or its successors) during the taxable  
22          year of such partnership (or its successors), ending  
23          within or with his taxable year, in which such  
24          amounts were received, and

25           “(B) no obligation exists (as of the close of

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1           the partnership's taxable year referred to in sub-  
2           paragraph (A)) from the other partners to such  
3           partner except with respect to retirement payments  
4           under such plan, and

5           “(C) such partner's share, if any, of the cap-  
6           ital of the partnership has been paid to him in full  
7           before the close of the partnership's taxable year  
8           referred to in subparagraph (A).”

9           (c) The amendments made by this section shall apply  
10          only with respect to taxable years ending on or after De-  
11          cember 31, 1967.

12                           COVERAGE OF AGRICULTURAL LABOR

13          *SEC. 119. (a) Section 209(h)(2) of the Social Security*  
14          *Act is amended by striking out “\$150” and inserting in lieu*  
15          *thereof “\$50”, and by striking out “twenty” and inserting in*  
16          *lieu thereof “ten”.*

17          *(b) Section 213(a)(2)(iv) of such Act is amended by*  
18          *striking out “\$100” and inserting in lieu thereof “\$50”; by*  
19          *striking out “\$200” each time it appears and inserting in lieu*  
20          *thereof “\$100”; by striking out “\$300” each time it appears*  
21          *and inserting in lieu thereof “\$150”; and by striking out*  
22          *“\$400” each time it appears and inserting in lieu thereof*  
23          *“\$200”.*

24          *(c) Section 3121(a)(8)(B) of the Internal Revenue*  
25          *Code of 1954 (relating to the coverage of agricultural labor)*

1 *is amended by striking out "\$150" and inserting in lieu*  
2 *thereof "\$50", and by striking out "20" and inserting in lieu*  
3 *thereof "10".*

4 *(d) The amendments made by subsections (a) and (c)*  
5 *shall apply with respect to remuneration paid after Decem-*  
6 *ber 1967; the amendments made by subsection (b) shall be*  
7 *applicable (A) in the case of monthly benefits under title II*  
8 *of the Social Security Act for months after December 1967,*  
9 *on the basis of applications filed after such month, (B) in*  
10 *the case of lump-sum death payments under such title, with*  
11 *respect to deaths occurring after such month, and (C) in the*  
12 *case of applications under section 216(i) of such Act or under*  
13 *section 103 of the Social Security Amendments of 1965, with*  
14 *respect to applications filed after such month.*

15 **TRANSFER OF FEDERAL EMPLOYMENT CREDITS**

16 **SEC. 120.** (a) *Section 205 of the Social Security Act is*  
17 *amended by adding at the end thereof the following new*  
18 *subsection:*

19 *"Crediting of Pay or Salary Under Civil Service Retire-*  
20 *ment, Foreign Service Retirement, or Central Intelli-*  
21 *gence Agency Retirement*

22 *"(q)(1) Notwithstanding paragraphs (5) and (6) of*  
23 *section 210(a)—*

24 *"(A) the basic pay (as defined in section 8331(3)*  
25 *of title 5, United States Code) of an individual at-*

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1        *tributable to service (other than service described in sec-*  
2        *tion 8331(14) of title 5, United States Code) to which*  
3        *subchapter III (relating to civil service retirement) of*  
4        *chapter 83 of title 5, United States Code, applies and*  
5        *which is performed after June 30, 1966,*

6            *“(B) the basic salary (as determined by the Secre-*  
7        *tary of State) of an individual attributable to service*  
8        *to which title VIII of the Foreign Service Act of 1946*  
9        *applies and which is performed after June 30, 1966, or*

10           *“(C) the basic salary (as determined by the Direc-*  
11        *tor of Central Intelligence) of an individual attribut-*  
12        *able to service which the Central Intelligence Agency*  
13        *Retirement Act of 1964 for Certain Employees applies*  
14        *and which is performed after June 30, 1966,*

15        *shall constitute remuneration for employment under this title*  
16        *if, after December 31, 1967, such individual is separated*  
17        *from service to which such subchapter III, title VIII, or*  
18        *Act of 1964 applies and neither such individual nor any of*  
19        *his survivors is entitled, on the basis of such service of such*  
20        *individual, to an annuity (deferred or otherwise) under the*  
21        *retirement system established thereby or under any other*  
22        *retirement system established for employees of the United*  
23        *States or any instrumentality thereof or the District of*  
24        *Columbia. The preceding provisions of this paragraph shall*  
25        *not apply with respect to remuneration for (i) any period*

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1 of service that terminated before the second month follow-  
2 ing the month of enactment of the Social Security Amend-  
3 ments of 1967 or (ii) service performed outside of the United  
4 States by an individual who is not a citizen or national of  
5 the United States.

6       “(2) The Chairman of the Civil Service Commission,  
7 the Secretary of State, or the Director of Central Intelligence,  
8 as the case may be, shall, at the request of the Secretary of  
9 Health, Education, and Welfare, furnish him a record of  
10 such individual's service and his basic pay or basic salary,  
11 together with a certification as to whether such individual  
12 or any of his survivors are, or are not, entitled to an annuity  
13 on the basis of such service. Such record and certification  
14 shall be final and conclusive upon the Secretary of Health,  
15 Education, and Welfare. Pay or salary paid to any in-  
16 dividual in any calendar year and included in any such  
17 record shall, in the absence of evidence to the contrary, be  
18 presumed to have been paid in equal proportions with respect  
19 to all months in such year in which such individual per-  
20 formed service for such pay or salary, as the case may be.”

21       (b) Section 201 of such Act is amended by adding at the  
22 end thereof the following new subsection:

23       “(i) (1) Within the 6-month period after the close of  
24 the fiscal year ending June 30, 1968, and within the 6-month  
25 period after the close of each fiscal year thereafter, the Secre-



1 tary of the Treasury shall transfer to the Federal Old-Age  
2 and Survivors Insurance Trust Fund, the Federal Dis-  
3 ability Insurance Trust Fund, and the Federal Hospital  
4 Insurance Trust Fund—

5       “(A) from the Civil Service Retirement and Dis-  
6 ability Fund, an amount determined by the Secretary  
7 of Health, Education, and Welfare to be equal to the  
8 total of the proportionate costs, attributable to the basic  
9 pay for Federal service credited pursuant to section 205  
10 (q), of the benefits of all individuals paid at any time  
11 during such fiscal year out of each of such Trust Funds,  
12 and

13       “(B) from the Foreign Service Retirement and  
14 Disability Fund, an amount determined by the Secre-  
15 tary of Health, Education, and Welfare to be equal to  
16 the total of the proportionate costs, attributable to the  
17 basic salary for Federal service credited pursuant to  
18 section 205(q), of the benefits of all individuals paid  
19 at any time during such fiscal year out of each of such  
20 Trust Funds, and

21       “(C) from the Central Intelligence Agency Retire-  
22 ment and Disability Fund, an amount determined by  
23 the Secretary of Health, Education, and Welfare to be  
24 equal to the total of the proportionate costs, attributable  
25 to the basic salary for Federal service credited pursuant

1       to section 205(q), of the benefits of all individuals paid  
2       at any time such fiscal year out of each of such Trust  
3       Funds, and

4               “(D) the interest on the amount determined under  
5       subparagraphs (A), (B), and (C) from the date of  
6       payment of such benefits out of such Trust Funds to the  
7       date of such transfer; and the rate of such interest for  
8       each of such Trust Funds shall be the average of the  
9       rates of interest for the months of such fiscal year as  
10      determined under the fifth sentence of subsection (d) of  
11      this section.

12     In determining the amount to be transferred to each of such  
13     Trust Funds under subparagraphs (A), (B), and (C), the  
14     Secretary of Health, Education, and Welfare shall take into  
15     account adjustments required by overpayments or underpay-  
16     ments made with respect to prior years and benefits paid  
17     indirectly through the financial interchange provisions of sec-  
18     tion 5(k)(2) of the Railroad Retirement Act of 1937.

19           “(2) For purposes of paragraph (1), the proportionate  
20     costs of the benefits of an individual attributable to the basic  
21     pay or basic salary for Federal service which is credited pur-  
22     suant to section 205(q) and with respect to which a tax equiv-  
23     alent has been withheld by the Secretary of the Treasury  
24     from his lump-sum credit under subchapter III (relating to  
25     civil service retirement) of chapter 83 of title 5, United States

1 *Code, title VIII of the Foreign Service Act of 1946, or the*  
2 *Central Intelligence Agency Retirement Act of 1964 for Cer-*  
3 *tain Employees shall be the amount of benefits paid (either*  
4 *directly from the Trust Funds or indirectly through the finan-*  
5 *cial interchange provisions of section 5(k)(2) of the Rail-*  
6 *road Retirement Act of 1937) on the basis of the wages and*  
7 *self-employment income of such individual multiplied by the*  
8 *fraction—*

9       “(A) the numerator of which is the dollar amount of  
10       the basic pay or basic salary for Federal service which  
11       is credited pursuant to section 205(q), and

12       “(B) the denominator of which is the sum of (i) the  
13       amount determined under subparagraph (A), plus (ii)  
14       the dollar amount of such individual's wages and self-  
15       employment income (computed without regard to the basic  
16       pay or salary referred to in subparagraph (A)), plus  
17       (iii) the dollar amount of compensation of such indi-  
18       vidual under the Railroad Retirement Act of 1937 which  
19       would have been included as wages under this Act if ser-  
20       vice as an employee under the Railroad Retirement Act  
21       of 1937 after December 31, 1936, had been included in  
22       the term ‘employment’ as defined in this Act.

23 *The tax equivalent with respect to an individual means an*  
24 *amount equal to the taxes which would have been paid (but*  
25 *which have not been paid) under section 3101 of the Internal*

1 *Revenue Code of 1954 with respect to service after June 30,*  
2 *1966, of such individual who was subject to subchapter III*  
3 *(relating to civil service retirement) of chapter 83 of title 5,*  
4 *United States Code, title VIII of the Foreign Service Act*  
5 *of 1946, or the Central Intelligence Agency Retirement Act*  
6 *of 1964 for Certain Employees if such individual's basic pay*  
7 *or basic salary, as the case may be, for that service had at*  
8 *that time constituted remuneration for employment under this*  
9 *title.*

10 **COVERAGE STATUS OF FISHEMEN AND TRUCK LOADERS**  
11 **AND UNLOADERS**

12 *SEC. 121. (a)(1) Section 210(j) of the Social Secu-*  
13 *rity Act is amended by striking out the period at the end of*  
14 *paragraph (3) and inserting in lieu thereof: "; or", and by*  
15 *adding at the end thereof the following new paragraphs:*

16 *"(4) any individual who performs services for*  
17 *remuneration (whether on a share basis or any other*  
18 *basis) as an officer or member of the crew of a vessel*  
19 *while it is engaged in the catching, taking, harvesting,*  
20 *cultivating, or farming of any kind of fish, shellfish,*  
21 *crustacea, sponges, seaweeds, or other forms of aquatic*  
22 *animal or vegetable life (including services performed*  
23 *by any such individual as an ordinary incident to any*  
24 *such activity); except that an individual shall not be*  
25 *included in the term 'employee' under the provisions of*

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1        *this paragraph if, pursuant to the provisions of subsection*  
2        *tion (p), any officer or member of the crew of such*  
3        *vessel is deemed to be his employee; or*

4        *“(5) any individual who performs services for*  
5        *remuneration in the loading or unloading of the contents*  
6        *of a truck, truck or tractor trailer, or similar convey-*  
7        *ance.”*

8        *(2) Section 210 of such Act is further amended by add-*  
9        *ing at the end thereof the following new subsections:*

10        *“Treatment of Owners and Lessees of Vessels as Employers*

11        *“(p) An individual who is an employee under the pro-*  
12        *visions of subsection (j)(4) shall be deemed to be the em-*  
13        *ployee of the owner of the vessel on or in connection with*  
14        *which his services are performed, except that if—*

15        *“(1) such vessel has been chartered or leased and*  
16        *the owner has no interest of any kind in the fish, shell-*  
17        *fish, crustacea, sponges, seaweeds, or other forms of*  
18        *aquatic animal or vegetable life caught, taken, harvested,*  
19        *cultivated, or farmed by such vessel, or in the proceeds*  
20        *thereof, and*

21        *“(2) any charterer or lessee of such vessel has such*  
22        *an interest,*

23        *such an individual shall be deemed to be the employee of*  
24        *such charterer or lessee. If by reason of the preceding sen-*  
25        *tence an individual is deemed to be the employee of more*

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1 than one charterer or lessee, and one or more (but less than  
2 all) of such charterers or lessees are not officers or members  
3 of the crew of such vessel, such individual shall be deemed  
4 to be the employee of each of the charterers or lessees who  
5 is not an officer or member of the crew of such vessel.

6           *“Employers of Truck Loaders and Unloaders*

7           *“(q) An individual who is an employee under the pro-*  
8 *visions of subsection (j)(5) shall be deemed to be the em-*  
9 *ployee of the driver in charge of the truck or other convey-*  
10 *ance in connection with which his service is performed,*  
11 *except that if such driver is the employee of another person*  
12 *with respect to services he performs as the driver of such*  
13 *truck or other conveyance, such individual shall be deemed*  
14 *to be the employee of such other person. However, the preced-*  
15 *ing sentence shall not apply with respect to an individual*  
16 *if it can be shown by such driver or his employer that a*  
17 *person other than such driver or employer has acknowledged*  
18 *in writing on a form to be prescribed by the Secretary of*  
19 *the Treasury or his delegate that he has the responsibility*  
20 *for collecting and paying the taxes imposed by the Federal*  
21 *Insurance Contributions Act with respect to such loading or*  
22 *unloading services performed by such individual, in which*  
23 *event the person who has made such acknowledgment in*  
24 *writing shall be deemed to be the employer of such individual.”*

25           *(3) The amendments made by this subsection shall have*

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1 *the same effect as if included in the Social Security Act on*  
2 *and after January 1, 1951.*

3 *(b)(1) Section 3121(d) of the Internal Revenue Code*  
4 *of 1954 (definition of employee) is amended by striking out*  
5 *the period at the end of paragraph (3) and inserting in*  
6 *lieu thereof “; or” and by adding at the end thereof the*  
7 *following new paragraphs:*

8 *“(4) any individual who performs services for*  
9 *remuneration (whether on a share basis or any other*  
10 *basis) as an officer or member of the crew of a vessel*  
11 *while it is engaged in the catching, taking, harvesting,*  
12 *cultivating, or farming of any kind of fish, shellfish,*  
13 *crustacea, sponges, seaweeds, or other forms of aquatic*  
14 *animal or vegetable life (including services performed by*  
15 *any such individual as an ordinary incident to any such*  
16 *activity); except that an individual shall not be in-*  
17 *cluded in the term ‘employee’ under the provisions of this*  
18 *paragraph if, pursuant to the provisions of subsection*  
19 *(r), any officer or member of the crew of such vessel is*  
20 *deemed to be his employee; or*

21 *“(5) any individual who performs services for re-*  
22 *muneration in the loading or unloading of the contents*  
23 *of a truck, truck or tractor trailer, or similar convey-*  
24 *ance.”*

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1       (2) Section 3121 of such Code (definitions relating to  
2 Federal Insurance Contributions Act) is amended by adding  
3 at the end thereof the following new subsections:

4       “(r) TREATMENT OF OWNERS AND LESSEES OF VES-  
5 SELS AS EMPLOYERS.—For purposes of this chapter, an  
6 individual who is an employee under the provisions of sub-  
7 section (d)(4) shall be deemed to be the employee of the own-  
8 er of the vessel on or in connection with which his services  
9 are performed, except that if—

10       “(1) such vessel has been chartered or leased and  
11 the owner has no interest of any kind in the fish, shell-  
12 fish, crustacea, sponges, seaweeds, or other forms of  
13 aquatic animal or vegetable life caught, taken, harvested,  
14 cultivated, or farmed by such vessel, or in the proceeds  
15 thereof, and

16       “(2) any charterer or lessee of such vessel has such  
17 an interest,

18 such individual shall be deemed to be the employee of such  
19 charterer or lessee. If by reason of the preceding sentence an  
20 individual is deemed to be the employee of more than one  
21 charterer or lessee, and one or more (but less than all) of  
22 such charterers or lessees are not officers or members of the  
23 crew of such vessel, such individual shall be deemed to be  
24 the employee of each of the charterers or lessees who is not  
25 an officer or member of the crew of such vessel.

26       “(s) EMPLOYERS OF TRUCK LOADERS AND UNLOAD-



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1 *ERS.—For purposes of this chapter, an individual who is an*  
2 *employee under the provisions of subsection (d)(5) shall be*  
3 *deemed to be the employee of the driver in charge of the truck*  
4 *or other conveyance in connection with which his service is*  
5 *performed, except that if such driver is the employee of an*  
6 *other person with respect to services he performs as the driver*  
7 *of such truck or other conveyance, such individual shall be*  
8 *deemed to be the employee of such other person. However, the*  
9 *preceding sentence shall not apply with respect to an individ-*  
10 *ual if it can be shown by such driver or his employer that a*  
11 *person other than such driver or employer has acknowledged*  
12 *in writing on a form to be prescribed by the Secretary or his*  
13 *delegate that he has the responsibility for collecting and pay-*  
14 *ing the taxes imposed by this chapter with respect to such*  
15 *loading or unloading services performed by such individual,*  
16 *in which event the person who has made such acknowledg-*  
17 *ment in writing shall be deemed to be the employer of such*  
18 *individual.”*

19       (3) *The amendments made by this subsection shall apply*  
20 *with respect to remuneration paid after December 31, 1967,*  
21 *for services performed after such date.*

22       (c)(1) *Section 3401(c) of such Code (definition of*  
23 *employee for withholding tax purposes) is amended by strik-*  
24 *ing out “an officer of a corporation” in the final sentence and*  
25 *inserting in lieu thereof “the persons named in section 3121*  
26 *(d), except that paragraph (3) shall not apply”.*

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1       (2) *The amendment made by this subsection shall apply*  
2 *with respect to remuneration paid after December 31, 1967,*  
3 *for services performed after such date.*

4           **PART 3—HEALTH INSURANCE BENEFITS**

5   **METHOD OF PAYMENT TO PHYSICIANS UNDER SUPPLE-**  
6           **MENTARY MEDICAL INSURANCE PROGRAM**

7       **SEC. 125. (a) Section 1842 (b) (3) (B) of the Social**  
8 **Security Act is amended—**

9           (1) **by striking out “(i)”**; and

10          (2) **by striking out “and (ii)” and all that fol-**  
11 **lows and inserting in lieu thereof the following: “and**  
12 **such payment will be made—**

13               **“(i) on the basis of a receipted bill; or**

14               **“(ii) on the basis of an assignment under the**  
15 **terms of which the reasonable charge is the full**  
16 **charge for the service; or**

17               **“(iii) on the basis of an itemized bill (I) to**  
18 **the physician or other person providing the service,**  
19 **if such bill is submitted by him in such form and**  
20 **manner as the Secretary may prescribe and within**  
21 **such time as may be specified in regulations and the**  
22 **full charge is found not to exceed the reasonable**  
23 **charge for the service, or (II) to the individual**  
24 **receiving the service, if payment is not made in**  
25 **accordance with clause (I) (either because the**

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1 charge made is found to exceed the reasonable  
2 charge for the service, or because the physician or  
3 other person providing the service fails to submit  
4 the bill under clause (I) within the time specified  
5 or directs that payment be made to the individual  
6 receiving the service) and the bill is submitted in  
7 such form and manner as the Secretary may pre-  
8 scribe;

9 but only if the bill is submitted, or a written request for  
10 payment is made in such other form as may be per-  
11 mitted under regulations, no later than the close of the  
12 calendar year following the year in which such service  
13 is furnished (deeming any service furnished in the last  
14 8 months of any calendar year to have been furnished  
15 in the succeeding calendar year);”.

16 (b) The amendments made by subsection (a) shall  
17 apply with respect to payments made under part B of title  
18 XVIII of the Social Security Act on the basis of bills re-  
19 ceived after December 31, 1967.

20 **ELIMINATION OF REQUIREMENT OF PHYSICIAN CERTIFICA-**  
21 **TION IN CASE OF CERTAIN HOSPITAL SERVICES**

22 SEC. 126. (a) Section 1814 (a) of the Social Security  
23 Act (as amended by section 129 (c) (5) of this Act) is  
24 amended—

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1           (1) by striking out subparagraph (A) of para-  
2           graph (2);

3           (2) by redesignating subparagraphs (B), (C),  
4           (D), and (E) of paragraph (2) as subparagraphs  
5           (A), (B), (C), and (D), respectively;

6           (3) by redesignating paragraphs (3), (4), (5),  
7           and (6) as paragraphs (4), (5), (6), and (7), re-  
8           spectively;

9           (4) by inserting immediately after paragraph (2)  
10          the following new paragraph:

11          “(3) with respect to inpatient hospital services  
12          (other than inpatient psychiatric hospital services and  
13          inpatient tuberculosis hospital services) which are fur-  
14          nished over a period of time, a physician certifies that  
15          such services are required to be given on an inpatient  
16          basis for such individual’s medical treatment, or that  
17          inpatient diagnostic study is medically required and such  
18          services are necessary for such purpose, except that (A)  
19          such certification shall be furnished only in such cases,  
20          with such frequency, and accompanied by such sup-  
21          porting material, appropriate to the cases involved, as  
22          may be provided by regulations, and (B) the first such  
23          certification required in accordance with clause (A)  
24          shall be furnished no later than the 20th day of such  
25          period;” and

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1           (5) by striking out “(D), or (E)” in the last  
2 sentence and inserting in lieu thereof “or (D)”.

3           (b) Section 1835 (a) (2) (B) of such Act is amended  
4 by inserting after “medical and other health services,” the  
5 following: “except services described in subparagraphs (B)  
6 and (C) of section 1861 (s) (2),”.

7           (c) The amendments made by this section shall apply  
8 with respect to services furnished after the date of the enact-  
9 ment of this Act.

10           INCLUSION OF PODIATRISTS’ SERVICES UNDER SUP-  
11           PLEMENTARY MEDICAL INSURANCE PROGRAM

12           SEC. 127. (a) Section 1861 (r) of the Social Security  
13 Act is amended—

14           (1) by striking out “or (2)” and inserting in lieu  
15 thereof “(2)”; and

16           (2) by inserting before the period at the end thereof  
17 the following: “, or (3) except for the purposes of sec-  
18 tion 1814 (a), section 1835, and subsection (k) of this  
19 section, a doctor of podiatry or surgical chiropody, but  
20 (unless clause (1) of this subsection also applies to him)  
21 only with respect to functions which he is legally author-  
22 ized to perform as such by the State in which he per-  
23 forms them”.

24           (b) Section 1862 (a) of such Act is amended—

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1 (1) by striking out "or" at the end of paragraph  
2 (11);

3 (2) by striking out the period at the end of para-  
4 graph (12) and inserting in lieu thereof "; or"; and

5 (3) by adding after paragraph (12) the follow-  
6 ing new paragraph:

7 (13) where such expenses are for—

8 " (A) the treatment of flat foot conditions and  
9 the prescription of supportive devices therefor,

10 " (B) the treatment of subluxations of the foot,  
11 or

12 " (C) routine foot care (including the cutting  
13 or removal of corns, warts, or calluses; the trimming  
14 of nails, and other routine hygienic care)."

15 (c) The amendments made by subsections (a) and  
16 (b) shall apply with respect to services furnished after  
17 December 31, 1967.

#### 18 EXCLUSION OF CERTAIN SERVICES

19 SEC. 128. Section 1862 (a) (7) of the Social Security  
20 Act is amended by inserting after "changing eyeglasses," the  
21 following: "procedures performed (during the course of any  
22 eye examination) to determine the refractive state of the  
23 eyes,".

1 **TRANSFER OF ALL OUTPATIENT HOSPITAL SERVICES TO**  
2 **SUPPLEMENTARY MEDICAL INSURANCE PROGRAM**

3 **SEC. 129. (a) Section 1861 (s) (2) of the Social Secu-**  
4 **rity Act is amended—**

5 (1) by inserting “(A)” after “(2)”;

6 (2) by striking out “physicians’ bills” and all that  
7 follows and inserting in lieu thereof the following:  
8 “physicians’ bills;

9 “(B) hospital services (including drugs and bio-  
10 logicals which cannot, as determined in accordance with  
11 regulations, be self-administered) incident to physicians’  
12 services rendered to outpatients; and

13 “(C) diagnostic services which are—

14 “(i) furnished to an individual as an outpatient  
15 by a hospital or by others under arrangements with  
16 them made by a hospital, and

17 “(ii) ordinarily furnished by such hospital (or  
18 by others under such arrangements) to its out-  
19 patients for the purpose of diagnostic study;”.

20 (b) Section 1861 (s) of such Act is further amended  
21 by adding at the end thereof (after and below paragraph  
22 (11)) the following new sentence:

23 “There shall be excluded from the diagnostic services speci-

1 fied in paragraph (2) (C) any item or service (except  
2 services referred to in paragraph (1)) which—

3 “(12) would not be included under subsection (b)  
4 if it were furnished to an inpatient of a hospital; or

5 “(13) is furnished under arrangements referred to  
6 in such paragraph (2) (C) unless furnished in the hos-  
7 pital or in other facilities operated by or under the  
8 supervision of the hospital or its organized medical staff.”

9 (c) (1). Section 226 (b) (1) of such Act is amended  
10 by striking out “post-hospital home health services, and out-  
11 patient hospital diagnostic services” and inserting in lieu  
12 thereof “and post-hospital home health services”.

13 (2) Section 1812 (a) of such Act is amended—

14 (A) by adding “and” at the end of paragraph (2) ;

15 (B) by striking out “; and” at the end of para-  
16 graph (3) and inserting in lieu thereof a period; and

17 (C) by striking out paragraph (4).

18 (3) Section 1813 (a) of such Act is amended by strik-  
19 ing out paragraph (2), and by redesignating paragraphs  
20 (3) and (4) as paragraphs (2) and (3), respectively.

21 (4) (A) Section 1813 (b) (1) of such Act is amended  
22 by striking out “or diagnostic study”.

23 (B) The first sentence of section 1813 (b) (2) of such  
24 Act is amended by striking out “or diagnostic study”.

25 (5) (A) Section 1814 (a) (2) of such Act is amended—



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1 . . . . . (i) by adding "or" at the end of subparagraph  
2 (D);

3 . . . . . (ii) by striking out "or" at the end of subpara-  
4 graph (E); and

5 . . . . . (iii) by striking out subparagraph (F).

6 (B) The last sentence of section 1814 (a) of such Act  
7 is amended by striking out "(E), or (F)" and inserting  
8 in lieu thereof "or (E)".

9 . . . . . (6) Section 1814 (d) of such Act is amended by strik-  
10 ing out "or outpatient hospital diagnostic services".

11 (7) Section 1833 (b) of such Act is amended—

12 . . . . . (A) by striking out "(or regarded under clause  
13 (2) as incurred in such preceding year with respect to  
14 services furnished in such last three months)"; and

15 . . . . . (B) by striking out ", and (2)" and all that  
16 follows and inserting in lieu thereof a period.

17 . . . . . (8) Section 1833 (d) of such Act is amended by strik-  
18 ing out "other than subsection (a) (2) (A) thereof".

19 . . . . . (9) (A) Section 1835 (a) of such Act is amended by  
20 striking out "Payment" and inserting in lieu thereof "Ex-  
21 cept as provided in subsection (b), payment".

22 . . . . . (B) Section 1835 of such Act is further amended by  
23 redesignating subsection (b) as subsection (c); and by  
24 inserting after subsection (a) the following new subsection:

1.     “(b) Payment may also be made to any hospital for  
2 services described in subparagraph (C) of section 1861 (s)  
3 (2) furnished to an individual entitled to benefits under this  
4 part even though such hospital does not have an agreement  
5 in effect under this title if (A) such services were emergency  
6 services and (B) the Secretary would be required to make  
7 such payment if the hospital had such an agreement in  
8 effect and otherwise met the conditions of payment here-  
9 under. Such payments shall be made only in the amounts  
10 provided under section 1833 (a) (2) and then only if such  
11 hospital agrees to comply, with respect to the emergency  
12 services provided, with the provisions of section 1866 (a).”
- 13     (C) Section 1861 (e) of such Act is amended—
- 14         (i) by striking out “except for purposes of sec-  
15 tion 1814 (d),” and inserting in lieu thereof “except  
16 for purposes of sections 1814 (d) and 1835 (b),”; and
- 17         (ii) by striking out “(including determination of  
18 whether an individual received inpatient hospital serv-  
19 ices for purposes of such section)” and inserting in lieu  
20 thereof “and 1835 (b) (including determination of  
21 whether an individual received inpatient hospital serv-  
22 ices or diagnostic services for purposes of such sections)”.
- 23     (10) Section 1861 (p) of such Act is repealed.
- 24     (11) Section 1861 (y) (3) of such Act is amended by

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1 striking out "1813 (a) (4)" and inserting in lieu thereof  
2 "1813 (a) (3)".

3 (12) (A) Section 1866 (a) (2) (A) of such Act is  
4 amended—

5 (i) by striking out ", (a) (2), or (a) (4)" and  
6 inserting in lieu thereof "or (a) (3)"; and

7 (ii) by striking out "or, in the case of outpatient  
8 hospital diagnostic services, for which payment is made  
9 under part A".

10 (B) Section 1866 (a) (2) (C) of such Act is amended  
11 by striking out "1813 (a) (3)" and inserting in lieu thereof  
12 "1813 (a) (2)".

13 (13) Section 21 (a) of the Railroad Retirement Act  
14 of 1937 is amended by striking out "post-hospital home  
15 health services, and outpatient hospital diagnostic services"  
16 and inserting in lieu thereof "and post-hospital home health  
17 services".

18 (d) The amendments made by this section shall apply  
19 with respect to services furnished after December 31, 1967.

20 BILLING BY HOSPITAL FOR SERVICES FURNISHED TO

21 OUTPATIENTS

22 SEC. 130. (a) Section 1835 (a) of the Social Security  
23 Act (as amended by section 129 (c) (9) (A) of this Act)  
24 is further amended by striking out "Except as provided in

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1 subsection (b),” and inserting in lieu thereof “Except as  
2 provided in subsections (b) and (c)”.

3 (b) Section 1835 of such Act (as amended by section  
4 129 (c) (9) (B) of this Act) is amended by redesignating  
5 subsection (c) (as redesignated) as subsection (d), and by  
6 inserting after subsection (b) the following new subsection:  
7 “(c) Notwithstanding the provisions of this section and  
8 sections 1832, 1833, and 1866 (a) (1) (A), a hospital may,  
9 subject to such limitations as may be prescribed by regula-  
10 tions, collect from an individual the customary charges for  
11 services specified in subparagraphs (B) and (C) of sec-  
12 tion 1861 (s) (2) and furnished to him by such hospital,  
13 but only if such charges for such services do not exceed  
14 \$50, and such customary charges shall be regarded as ex-  
15 penses incurred by such individual with respect to which  
16 benefits are payable in accordance with section 1833 (a) (1).  
17 Payments under this title to hospitals which have elected  
18 to make collections from individuals in accordance with the  
19 preceding sentence shall be adjusted periodically to place  
20 the hospital in the same position it would have been had it  
21 instead been reimbursed in accordance with section 1833  
22 (a) (2).”

23 (c) The amendments made by this section shall apply  
24 with respect to services furnished after December 31, 1967.

1 PAYMENT OF REASONABLE CHARGES FOR RADIOLOGICAL  
2 OR PATHOLOGICAL SERVICES FURNISHED BY CERTAIN  
3 PHYSICIANS TO HOSPITAL INPATIENTS

4 SEC. 131. (a) Section 1833 (a) (1) of the Social Secu-  
5 rity Act is amended—

6 (1) by striking out “except that” and inserting  
7 in lieu thereof “except that (A)”, and

8 (2) by striking out “of subsection (b)” and in-  
9 serting in lieu thereof “of subsection (b), and (B) with  
10 respect to expenses incurred for radiological or patho-  
11 logical services for which payment may be made under  
12 this part, furnished to an inpatient of a hospital by a  
13 physician in the field of radiology or pathology, the  
14 amounts paid shall be equal to 100 percent of the rea-  
15 sonable charges for such services”.

16 (b) Section 1833 (b) of such Act (as amended by sec-  
17 tion 129 (c) (7) of this Act) is amended by inserting before  
18 the period at the end thereof the following: “, and (2) such  
19 total amount shall not include expenses incurred for radio-  
20 logical or pathological services furnished to such individual  
21 as an inpatient of a hospital by a physician in the field of  
22 radiology or pathology”.

23 (c) The amendments made by this section shall apply  
24 with respect to services furnished after December 31, 1967.

1           **PAYMENT FOR PURCHASE OF DURABLE MEDICAL**  
2   **EQUIPMENT**

3           SEC. 132. (a) Section 1861(s) (6) of the Social Se-  
4           curity Act is amended by striking out "rental of", and by  
5           inserting before the semicolon at the end thereof the follow-  
6           ing: ", whether furnished on a rental basis or purchased".

7           (b) Section 1833 of such Act is amended by adding  
8           at the end thereof the following new subsection:

9           “(f) In the case of the purchase of durable medical  
10           equipment included under section 1861(s) (6), by or on  
11           behalf of an individual, payment shall be made in such  
12           amounts as the Secretary determines to be equivalent to pay-  
13           ments that would have been made under this part had such  
14           equipment been rented and over such period of time as the  
15           Secretary finds such equipment would be used for such in-  
16           dividual’s medical treatment, except that with respect to  
17           purchases of inexpensive equipment (as determined by the  
18           Secretary) payment may be made in a lump sum if the  
19           Secretary finds that such method of payment is less costly  
20           or more practical than periodic payments.”

21           (c) The amendments made by this section shall apply  
22           only with respect to items purchased after December 31,  
23           1967.

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1 PAYMENT FOR PHYSICAL THERAPY SERVICES FURNISHED  
2 BY HOSPITAL TO OUTPATIENTS

3 SEC. 133. (a) Subparagraph (B) of section 1861 (s)  
4 (2) of the Social Security Act (as amended by section  
5 129 (a) (2) of this Act) is amended by striking out “; and”  
6 and inserting in lieu thereof “and physical therapy furnished  
7 to an outpatient, in a place of residence used as such out-  
8 patient’s home, by a hospital or by others under arrangements  
9 with them made by such hospital if such therapy is under  
10 the supervision of such hospital; and”.

11 (b) The amendment made by subsection (a) shall  
12 apply to services furnished after December 31, 1967.

13 PAYMENT FOR CERTAIN PORTABLE X-RAY SERVICES

14 SEC. 134. (a) Section 1861 (s) (3) of the Social Secu-  
15 rity Act is amended by striking out “diagnostic X-ray tests,”  
16 and inserting in lieu thereof the following: “diagnostic X-ray  
17 tests (including tests under the supervision of a physi-  
18 cian, furnished in a place of residence used as the patient’s  
19 home, if the performance of such tests meets such condi-  
20 tions relating to health and safety as the Secretary may find  
21 necessary),”.

22 (b) The amendment made by subsection (a) shall

1. apply with respect to services furnished after December 31,  
2 1967.

3 **BLOOD DEDUCTIBLES**

4 **SEC. 135.** (a) (1) Section 1813 (a) (2) of the Social  
5 Security Act (as redesignated by section 129 (c) (3) of this  
6 Act) is amended to read as follows:

7 " (2) The amount payable to any provider of services  
8 under this part for services furnished an individual during  
9 any spell of illness shall be further reduced by a deduction  
10 equal to the cost of the first three pints of whole blood (or  
11 equivalent quantities of packed red blood cells, as defined  
12 under regulations) furnished to him as part of such services  
13 during such spell of illness."

14 (b) Section 1866 (a) (2) (C) of such Act (as amended  
15 by section 129 (c) (12) (B) of this Act) is amended—

16 (1) by striking out "may also charge" and insert-  
17 ing in lieu thereof "may in accordance with its customary  
18 practice also appropriately charge";

19 (2) by inserting after "whole blood" the following:  
20 "(or equivalent quantities of packed red blood cells, as  
21 defined under regulations)";

22 (3) by inserting after "blood" where it appears  
23 in clauses (i), (ii), and (iii) the following: "(or  
24 equivalent quantities of packed red blood cells, as so  
25 defined)"; and



1           (4) by adding at the end thereof the following new  
2           sentence: "For purposes of clause (iii) of the preceding  
3           sentence, whole blood (or equivalent quantities of packed  
4           red blood cells, as so defined) furnished an individual  
5           shall be deemed replaced when the provider of services  
6           is given one pint of blood in addition to the number of  
7           pints of blood (or equivalent quantities of packed red  
8           blood cells, as so defined) furnished such individual with  
9           respect to which a deduction is imposed under section  
10          1813 (a) (2)."

11          (c) Section 1833 (b) of such Act (as amended by sec-  
12          tions 129 (c) (7) and 131 (b) of this Act) is amended by  
13          adding at the end thereof the following new sentence: "The  
14          total amount of the expenses incurred by an individual as de-  
15          termined under the preceding sentence shall, after the reduc-  
16          tion specified in such sentence, be further reduced by an  
17          amount equal to the expenses incurred for the first three pints  
18          of whole blood (or equivalent quantities of packed red blood  
19          cells, as defined under regulations) furnished to the indi-  
20          vidual during the calendar year, except that such deductible  
21          for such blood shall in accordance with regulations be ap-  
22          propriately reduced to the extent that there has been a  
23          replacement of such blood (or equivalent quantities of  
24          packed red blood cells, as so defined); and for such  
25          purposes blood (or equivalent quantities of packed red

1 blood cells, as so defined) furnished such individual shall be  
2 deemed replaced when the institution or other person fur-  
3 nishing such blood (or such equivalent quantities of packed  
4 red blood cells, as so defined) is given one pint of blood in  
5 addition to the number of pints of blood (or equivalent quan-  
6 tities of packed red blood cells, as so defined) furnished such  
7 individual with respect to which a deduction is made under  
8 this sentence."

9 (d) The amendments made by this section shall apply  
10 with respect to payment for blood (or packed red blood  
11 cells) furnished an individual after December 31, 1967.

12 ENROLLMENT UNDER SUPPLEMENTARY MEDICAL INSUR-  
13 ANCE PROGRAM BASED ON ALLEGED DATE OF ATTAIN-  
14 ING AGE 65

15 SEC. 136. (a) Section 1837 (d) of the Social Security  
16 Act is amended by adding at the end thereof the following  
17 new sentence: "Where the Secretary finds that an individual  
18 who has attained age 65 failed to enroll under this part dur-  
19 ing his initial enrollment period (based on a determination  
20 by the Secretary of the month in which such individual at-  
21 tained age 65), because such individual (relying on docu-  
22 mentary evidence) was mistaken as to his correct date of  
23 birth, the Secretary shall establish for such individual an ini-  
24 tial enrollment period based on his attaining age 65 at the  
25 time shown in such documentary evidence (with a coverage

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1 period determined under section 1838 as though he had  
2 attained such age at that time).”

3 (b) The amendment made by subsection (a) shall ap-  
4 ply to individuals enrolling under part B of title XVIII in  
5 months beginning after the date of the enactment of this Act.

6 **EXTENSION OF MAXIMUM DURATION OF BENEFITS FOR**  
7 **INPATIENT HOSPITAL SERVICES TO 120 DAYS**

8 **SEC. 137. (a) (1)** Section 1812 (a) (1) of the Social  
9 Security Act is amended by striking out “up to 90 days”  
10 and inserting in lieu thereof “up to 120 days”.

11 (2) Section 1812 (b) (1) of such Act is amended by  
12 striking out “for 90 days” and inserting in lieu thereof “for  
13 120 days”.

14 (b) The second sentence of section 1813 (a) (1) of  
15 such Act is amended to read as follows: “Such amount shall  
16 be further reduced by a coinsurance amount equal to—

17 “(A) one-fourth of the inpatient hospital deduc-  
18 tible for each day (before the 91st day) on which such  
19 individual is furnished such services during such spell  
20 of illness after such services have been furnished to him  
21 for 60 days during such spell; and

22 “(B) one-half of the inpatient hospital deductible  
23 for each day (before the 121st day) on which such in-  
24 dividual is furnished such services during such spell of

1 : illness after such services have been furnished to him for  
 2 : 90 days during such spell;  
 3 : except that the reduction under this sentence for any day  
 4 : shall not exceed the charges imposed for that day with re-  
 5 : spect to such individual for such services (except that, if  
 6 : the customary charges for such services are greater than  
 7 : the charges so imposed, such customary charges shall be  
 8 : considered to be the charges so imposed)."

9 : (c) The amendments made by subsections (a) and  
 10 : (b) shall apply with respect to services furnished after  
 11 : December 31, 1967.

12 : **LIMITATION ON SPECIAL REDUCTION IN ALLOWABLE DAYS**  
 13 : **OF INPATIENT HOSPITAL SERVICES**

14 : SEC. 138. (a) Section 1812 (c) of the Social Security  
 15 : Act is amended by striking out "in the 90-day period im-  
 16 : mediately before such first day shall be included in deter-  
 17 : mining the 90-day limit under subsection (b) (1) (but not  
 18 : in determining the 190-day limit under subsection (b)  
 19 : (3))" and inserting in lieu thereof "in the 120-day period  
 20 : immediately before such first day shall be included in  
 21 : determining the 120-day limit under subsection (b) (1) in-  
 22 : sofar as such limit applies to (1) inpatient psychiatric hos-  
 23 : pital services and inpatient tuberculosis hospital services, or  
 24 : (2) inpatient hospital services for an individual who is an  
 25 : inpatient primarily for the diagnosis or treatment of mental

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1 illness or tuberculosis (but shall not be included in determin-  
2 ing such 120-day limit insofar as it applies to other inpatient  
3 hospital services or in determining the 190-day limit under  
4 subsection (b) (3) )”.

5 (b) The amendment made by subsection (a) shall ap-  
6 ply with respect to payment for services furnished after  
7 December 31, 1967.

8 **TRANSITIONAL PROVISION ON ELIGIBILITY OF PRESENTLY**  
9 **UNINSURED INDIVIDUALS FOR HOSPITAL INSURANCE**  
10 **BENEFITS**

11 **SEC. 139.** Section 103 (a) (2) of the Social Security  
12 Amendments of 1965 is amended by striking out “1965”  
13 in clause (B) and inserting in lieu thereof “1966”.

14 **ADVISORY COUNCIL TO STUDY COVERAGE OF THE DIS-**  
15 **ABLED UNDER TITLE XVIII OF THE SOCIAL SECURITY ACT**

16 **SEC. 140. (a)** The Secretary of Health, Education, and  
17 Welfare shall appoint an Advisory Council to study the need  
18 for coverage of the disabled under the health insurance pro-  
19 gram of title XVIII of the Social Security Act.

20 (b) The Council shall be appointed by the Secretary  
21 during 1968 without regard to the provisions of title 5,  
22 United States Code, governing appointments in the competi-  
23 tive service and shall consist of 12 persons who shall, to  
24 the extent possible, represent organizations of employers and

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1 employees in equal numbers, and represent self-employed  
2 persons and the public.

3 (c) The Council is authorized to engage such technical  
4 assistance, including actuarial services, as may be required  
5 to carry out its functions, and the Secretary shall, in addition,  
6 make available to such Council such secretarial, clerical, and  
7 other assistance and such actuarial and other pertinent data  
8 prepared by the Department of Health, Education, and Wel-  
9 fare as it may require to carry out such functions.

10 (d) Members of the Council, while serving on the busi-  
11 ness of the Council (inclusive of travel time), shall receive  
12 compensation at rates fixed by the Secretary, but not exceed-  
13 ing \$100 per day and, while so serving away from their  
14 homes or regular places of business, they may be allowed  
15 travel expenses, including per diem in lieu of subsistence, as  
16 authorized by section 5703 of title 5, United States Code, for  
17 persons in the Government employed intermittently.

18 (e) The Council shall make findings on the unmet need  
19 of the disabled for health insurance, on the costs involved in  
20 providing the disabled with insurance protection to cover the  
21 cost of hospital and medical services, and on the ways of  
22 financing this insurance. The Council shall submit a report  
23 of its findings to the Secretary not later than January 1,  
24 1969, together with recommendations on how such protec-  
25 tion should be financed and, if such financing is to be accom-

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1 plished through the trust funds established under title XVIII  
2 of the Social Security Act, on the extent to which each of  
3 such trust funds should bear the cost of such financing. Such  
4 report shall thereupon be transmitted to the Congress and  
5 to the Boards of Trustees created by sections 1817(b) and  
6 1841(b) of the Social Security Act. After the date of trans-  
7 mitted to the Congress of the report, the Council shall cease  
8 to exist.

9 *HOSPITAL INSURANCE FOR THE DISABLED*

10 *SEC. 140. (a)(1) Section 226(a) of the Social Security*  
11 *Act is amended to read as follows:*

12 *“(a)(1) Every individual who—*

13 *“(A) has attained age 65, and*

14 *“(B) is entitled to monthly insurance benefits under*  
15 *section 202 or is a qualified railroad retirement*  
16 *beneficiary,*

17 *shall be entitled to hospital insurance benefits under part A*  
18 *of title XVIII for each month for which he meets the condi-*  
19 *tion specified in subparagraph (B), beginning with the first*  
20 *month after June 1966 for which he meets the conditions*  
21 *specified in subparagraphs (A) and (B).*

22 *“(2) Every individual who—*

23 *“(A) has not attained age 65, but*

24 *“(B)(i) is entitled to disability insurance benefits*  
25 *under section 223, or (ii) has attained the age of 18*

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1        *and is entitled to child's insurance benefits under section*  
2        *202(d) and is under a disability (as defined in section*  
3        *223(d)) which began before he attained age 18, or*  
4        *(iii) has not attained age 65 and is entitled to widow's*  
5        *insurance benefits on the basis of being under a dis-*  
6        *ability (as defined in section 223(d)) (or would be*  
7        *entitled to such benefits if section 202(e)(1)(E) did*  
8        *not operate), or (iv) has not attained age 65 and is*  
9        *entitled to widower's insurance benefits on the basis of*  
10       *being under a disability (as defined in section 223(d))*  
11       *(or would be entitled to such benefits if section 202(f)*  
12       *(1)(E) did not operate), or (v) is a qualified railroad*  
13       *retirement beneficiary,*  
14       *shall be entitled to hospital insurance benefits under part A*  
15       *of title XVIII for each month beginning with the later of*  
16       *(a) January 1968 or (b) the first month for which he*  
17       *satisfies the applicable conditions of subparagraph (B),*  
18       *and ending with the eleventh month after the first month*  
19       *in which he ceases to meet the applicable conditions of sub-*  
20       *paragraph (B) or, if earlier, with the month before the*  
21       *month in which he attains age 65."*  
22       *(2) Section 226(b)(1) of such Act is amended by*  
23       *striking out "occurred after June 30, 1966, or on or after*  
24       *the first day of the month in which he attains age 65, which-*  
25       *ever is later" in clause (B) and inserting in lieu thereof*



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1 "occurred (i) after June 30, 1966, or on or after the  
2 first day of the month in which he attains age 65, whichever  
3 is later, or (ii) if he was entitled to hospital insurance bene-  
4 fits pursuant to paragraph (2) of subsection (a), at a time  
5 when he was so entitled (but if there has been no inter-  
6 vening termination of such entitlement)".

7 (3) Section 226(b)(2) of such Act is amended by  
8 inserting "or 223" after section "202".

9 (b)(1) The heading of title XVIII of such Act is  
10 amended by striking out "FOR THE AGED" and insert-  
11 ing in lieu thereof "FOR THE AGED OR DISABLED".

12 (2) The heading of part A of title XVIII of such Act  
13 is amended by striking out "FOR THE AGED" and inserting  
14 in lieu thereof "FOR THE AGED OR DISABLED".

15 (3) Section 1811 of such Act is amended by striking out  
16 "and are entitled to retirement" and inserting in lieu thereof  
17 the following: "or disabled, and are entitled to retirement or  
18 disability".

19 (c) Section 1875(a) of such Act is amended by striking  
20 out "health care of the aged" and inserting in lieu thereof  
21 "health care of the aged and disabled".

22 (d)(1) Section 21(b) of the Railroad Retirement Act  
23 of 1937 is amended to read as follows:

24 "(b) Except as otherwise provided in this section, every  
25 individual who—

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1           “(1) has attained age 65, and—

2           “(A) is entitled to an annuity under this Act,

3           or

4           “(B) would be entitled to such an annuity had  
5           he ceased compensated service and, in the case of a  
6           spouse, had such spouse's husband or wife ceased  
7           compensated service, or

8           “(C) had been awarded a pension under sec-  
9           tion 6, or

10           “(D) bears a relationship to an employee which,  
11           by reason of section 3(e), has been, or would be,  
12           taken into account in calculating the amount of an  
13           annuity of such employee or his survivors, or

14           “(2) is under age 65, and is entitled to an annuity  
15           under paragraph 4 of 5 of section 2(a), is not in a  
16           ‘waiting period’ (as defined in section 223(c)(2) of the  
17           Social Security Act), and is in a ‘period of disability’  
18           (as this term is described in the last paragraph of  
19           section 3(e)),

20           shall be certified to the Secretary of Health, Education, and  
21           Welfare as a qualified railroad retirement beneficiary under  
22           section 226 of the Social Security Act. Individuals certified  
23           under paragraph (2) of this subsection shall be subject to  
24           the same conditions, restrictions, and other provisions as are  
25           disability beneficiaries under title II of the Social Security

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1 *Act in connection with their eligibility for hospital insurance*  
2 *benefits under part A of title XVIII of such Act."*

3 (2) *The heading of section 21 of such Act is amended*  
4 *to read as follows:*

5 "HOSPITAL INSURANCE BENEFITS FOR THE AGED AND  
6 THE DISABLED".

7 STUDY TO DETERMINE FEASIBILITY OF INCLUSION OF ONE-  
8 TAIN ADDITIONAL SERVICES UNDER PART B OF TITLE  
9 XVIII OF THE SOCIAL SECURITY ACT

10 SEC. 141. The Secretary shall make a study relating to  
11 the inclusion under the supplementary medical insurance  
12 program (part B of title XVIII of the Social Security Act)  
13 of services of additional types of licensed practitioners per-  
14 forming health services in independent practice. The Secre-  
15 tary shall make a report to the Congress prior to January  
16 1, 1969, of his finding with respect to the need for cover-  
17 ing, under the supplementary medical insurance program,  
18 any of the various types of services such practitioners per-  
19 form and the costs to such program of covering such addi-  
20 tional services, and shall make recommendations as to the  
21 priority and method for covering these services and the  
22 measures that should be adopted to protect the health and  
23 safety of the individuals to whom such services would be  
24 furnished.

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## 1 HEALTH INSURANCE PAYMENTS TO FEDERAL FACILITIES

2 SEC. 142. (a) Section 1814 of the Social Security Act  
3 is amended by striking out subsection (c) and by redesign-  
4 ating subsections (d), (e), and (f), and references thereto,  
5 as subsections (c), (d), and (e), respectively.

6 (b) Section 1835 of such Act is amended by striking out  
7 subsection (b) and by redesignating section 1835(a), and  
8 references thereto, as section 1835.

9 (c) The amendments made by subsections (a) and (b)  
10 shall apply with respect to services furnished after Decem-  
11 ber 31, 1967.

12 DEPRECIATION ALLOWANCE FOR PURPOSE OF DETER-  
13 MINING REASONABLE COST

14 SEC. 143. (a)(1) Section 1861(v) of the Social Secu-  
15 rity Act is amended by adding at the end thereof the follow-  
16 ing new paragraph:

17 “(5)(A) Notwithstanding any other provision of this  
18 title, the term ‘reasonable cost’ shall include amounts attrib-  
19 utable to depreciation of plant and equipment in the case of  
20 any provider of service, but only with respect to periods dur-  
21 ing which such provider of service furnishes, pursuant to such  
22 regulations as the Secretary may prescribe, satisfactory as-  
23 surance that such provider will—

24 “(i) set aside, and keep separate and apart from any  
25 other funds or assets, such amounts attributable to deprecia-

1 *tion of plant and equipment (including any interest on such*  
2 *amounts) as he may be paid to such provider under this*  
3 *title;*

4       “(ii) *furnish to the Secretary, at such time or times as*  
5 *he may request such timely information and reports, with*  
6 *respect to such amounts, as the Secretary finds necessary*  
7 *in performing his functions under this title;*

8       “(iii) *not utilize such amounts for improper capital;*  
9 *expenditures; and*

10       “(iv) *not utilize such amounts for noncapital expendi-*  
11 *tudes except under such conditions as may be approved, in*  
12 *accordance with regulations prescribed by the Secretary, by*  
13 *the State agency designated pursuant to section 1864(c).*

14       “(B) *A capital expenditure by a provider of service shall*  
15 *be deemed improper if the State agency, designated pursuant*  
16 *to section 1864(c) determines that such capital expenditure*  
17 *does not conform to the overall plan developed, in accordance*  
18 *with regulations prescribed by the Secretary, by such State*  
19 *agency for adequate health care facilities and such provider*  
20 *of service had notice of such overall plan.*

21       “(C) *Where a provider of service utilizes funds*  
22 *(whether or not such funds include the amounts referred*  
23 *to in subparagraph (A)), for a capital expenditure which,*  
24 *under the provisions of subparagraph (B), is determined to*

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1 *be improper, or such provider fails substantially to comply*  
2 *with clause (i), (ii), or (iv) of subparagraph (A), the*  
3 *Secretary may—*

4     “(i) *terminate the agreement with such provider of*  
5 *service entered into pursuant to section 1866, and for such*  
6 *purposes the provisions of subsection (b) of such section shall*  
7 *apply, or*

8     “(ii) *deduct from future payments under this title to*  
9 *such provider of services, for such periods of time as the*  
10 *Secretary finds necessary to effectuate the purposes of this*  
11 *paragraph, the amounts attributable to depreciation of such*  
12 *improper capital expenditure, and such portion (or any part*  
13 *thereof) of other cost of services to individuals covered by*  
14 *the insurance programs established by this title as the Secre-*  
15 *tary finds attributable to such improper capital expenditures.”*

16     “(D) *For purposes of this paragraph, a ‘capital expendi-*  
17 *ture’ means (except to the extent that the meaning of such*  
18 *term shall be modified pursuant to regulations of the Secre-*  
19 *tary) an expenditure which, under accepted accounting pro-*  
20 *cedures, is not properly chargeable as an expense of operation*  
21 *or maintenance except that it shall not include any such ex-*  
22 *penditure if it is not a substantial amount (as determined in*  
23 *accordance with regulations of the Secretary).”*

24     “(2) *The amendment made by this subsection shall be*  
25 *effective with respect to payments under title XVIII of the*

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1 *Social Security Act to provider of service for services pro-*  
2 *vided after June 30, 1969.*

3       **(b)** *The heading of section 1864 of such Act is amended*  
4 *by adding at the end thereof "AND TO PROVIDE PROGRAMS*  
5 *OF HEALTH-CARE FACILITY PLANNING".*

6       **(c)** *Section 1864 of such Act is further amended by add-*  
7 *ing at the end thereof the following new subsections:*

8       **"(c)(1)** *For purposes of administering the provision of*  
9 *section 1861(v)(5), the Secretary shall make an agreement*  
10 *with any State which is able and willing to do so under which*  
11 *he will be authorized to utilize the services of a State agency*  
12 *(designated by the State) which (A) provides for health-*  
13 *care facility and equipment planning in all political sub-*  
14 *divisions of the State to meet the needs in the most efficient*  
15 *and economical manner possible of residents of the States for*  
16 *adequate health-care, (B) coordinates its activities with other*  
17 *agencies engaged in health service planning and participate*  
18 *in interstate and regional health-care facility program, (C)*  
19 *assists the health-care facilities located within the State with*  
20 *their programs of planning for carrying on health, educa-*  
21 *tional and research activities, including related educational*  
22 *and research activities, (D) provides for the reconsideration*  
23 *of its determinations under section 1861(v)(5) upon the*  
24 *request of a provider of service who is dissatisfied with its*  
25 *determination under section 1861(v)(5)(B), and (E) if the*

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1 *agency designated by the State is other than an agency estab-*  
2 *lished pursuant to section 314(a)(2) of the Public Health*  
3 *Service Act, coordinated (or provides reasonable assurance*  
4 *that it will coordinate) its activities under section 1861(v)*  
5 *(5) with and in these activities is guided by the planning*  
6 *policies and procedures of, the agency established pursuant to*  
7 *such section 314(a)(2).*

8       “(2) *The Secretary shall pay from the Federal Hospital*  
9 *Insurance Trust Fund to any State with which he makes an*  
10 *agreement described in paragraph (1), in advance or by way*  
11 *of reimbursement, as may be provided in the agreement with*  
12 *it (and may make adjustments in such payments on account*  
13 *of overpayments or underpayments previously made) for*  
14 *the reasonable cost of performing the services for purposes of*  
15 *carrying out paragraph (5)(B) of section 1861(v).”*

16       (d) *Section 1902(a)(13) of the Social Security Act is*  
17 *amended by—*

18           (1) *designating clauses (A) and (B) as clauses*  
19 *(i) and (ii), respectively;*

20           (2) *inserting “(A)” after “services, and”; and*

21           (3) *by adding before the semicolon at the end thereof*  
22 *the following: “, and (B) effective July 1, 1969, provide*  
23 *that in determining the reasonable cost of inpatient*  
24 *hospital services provided under the plan, there shall be*  
25 *included an amount attributable to depreciation of plant*



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1     *and equipment but only, in the case of any institution*  
2     *furnishing such services, during such period as the State*  
3     *has satisfactory assurances, in accordance with standards*  
4     *prescribed by the Secretary, that such institution will*  
5     *comply with the requirements of subparagraph (A)*  
6     *and (B) of paragraph (5) of section 1861(v) with*  
7     *respect to such amount”.*

8     *(e) Effective with calendar quarters beginning after*  
9     *July 1, 1969, section 1903(a)(1) of such Act is amended*  
10    *by striking out “the cost thereof” and inserting in lieu thereof*  
11    *“the cost thereof, and expenditures for inpatient hospital*  
12    *services attributable to depreciation of plant and equipment*  
13    *of institutions furnishing such services but only if the require-*  
14    *ments of section 1902(a)(13)(B) are met”.*

15    **PART 4—MISCELLANEOUS AND TECHNICAL AMENDMENTS**

16           **ELIGIBILITY OF ADOPTED CHILD FOR MONTHLY**

17                   **BENEFITS**

18       **SEC. 150. (a)** The second sentence of section 216(e)  
19    of the Social Security Act is amended by striking out “before  
20    the end of two years after the day on which such individual  
21    died or the date of enactment of this Act” and inserting in  
22    lieu thereof “only if (A) proceedings for the adoption of  
23    the child had been instituted by such individual before his  
24    death, or (B) such child was adopted by such individual’s  
25    surviving spouse before the end of two years after (i) the

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1 day on which such individual died or ~~(ii)~~ the date of en-  
2 actment of the Social Security Amendments of 1958”.

3 ~~(b)~~ The amendment made by subsection ~~(a)~~ shall  
4 apply with respect to monthly benefits payable under title  
5 II of the Social Security Act for and after the second  
6 month following the month in which this Act is enacted,  
7 but only on the basis of an application filed in or after the  
8 month in which this Act is enacted.

## 9 ELIGIBILITY OF CERTAIN CHILDREN FOR MONTHLY

## 10 BENEFITS

11 *SEC. 150 (a) Section 216(e) of the Social Security*  
12 *Act is amended—*

13 *(1) by inserting “(1)” after “(e)”;* and

14 *(2) by striking out the first sentence and inserting*  
15 *in lieu thereof the following: “The term ‘child’ means—*

16 *“(A) the child or legally adopted child of an*  
17 *individual,*

18 *(B) a stepchild who has been such stepchild for*  
19 *not less than one year immediately preceding the day*  
20 *on which application for child’s insurance benefits*  
21 *is filed or (if the insured individual is deceased) the*  
22 *day on which such individual died,*

23 *“(C) in the case of a living individual, a per-*  
24 *son who is related by blood or adoption to such in-*  
25 *dividual or such individual’s spouse, and who was*

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1           *living in such individual's household and receiving*  
2           *at least one-half of his support (as determined in*  
3           *accordance with regulations prescribed by the Secre-*  
4           *tary) from such individual on, and for a continuous*  
5           *period of not less than 5 years immediately preced-*  
6           *ing, whichever of the following days*

7                   *“(i) the day on which such individual be-*  
8                   *came entitled to benefits under section 202(a)*  
9                   *or 223, or*

10                   *“(ii) if such individual had a period of*  
11                   *disability which continued until he became en-*  
12                   *titled to benefits under section 202(a) or 223,*  
13                   *the day on which such period of disability began,*  
14                   *but only if such continuous period of not less than 5*  
15                   *years began before such person attained age 18 and*  
16                   *continued, insofar as the requirement of living in*  
17                   *such individual's household is concerned, until ap-*  
18                   *plication for child's insurance benefits is filed, and*

19                   *“(D) in the case of a deceased individual, a*  
20                   *person who is related by blood or adoption to such*  
21                   *individual or such individual's spouse, and who*  
22                   *was living in such individual's household and re-*  
23                   *ceiving at least one-half of his support (as deter-*  
24                   *mined in accordance with regulations prescribed*

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1           *by the Secretary) from such individual on, and*  
2           *for a continuous period of not less than one year*  
3           *immediately preceding—*

4                     *“(i) the day such individual died, or*

5                     *“(ii) if such individual had a period of*  
6                     *disability which continued until he became en-*  
7                     *titled to benefits under section 202(a) or died,*  
8                     *whichever is later, the day on which such period*  
9                     *of disability began,*

10           *but only if such continuous period of not less than*  
11           *one year began before such person attained age 18*  
12           *and continued, insofar as the requirement of living*  
13           *in such individual's household is concerned, until*  
14           *such individual died.”*

15           *(b) Section 202(d) of such Act is amended by adding*  
16           *at the end thereof the following new paragraph:*

17           *“(10) A child who is a child of an individual under*  
18           *paragraph (1)(C) or (1)(D) of section 216(e) shall be*  
19           *deemed dependent on such individual at the time specified*  
20           *in paragraph (1)(C) of this section unless throughout the*  
21           *5-year or 1-year period required by such paragraph (1)*  
22           *(C) or (1)(D) of section 216(e) such child was receiving*  
23           *regular contributions toward his support from (A) his*  
24           *natural or adopting parent, or his stepparent, or (B) a*  
25           *public or private welfare organization which had placed*

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1 *such child in such individual's household under a foster-*  
2 *care program; except that the provisions of clause (A) shall*  
3 *not apply if such individual is the mother or father of such*  
4 *child."*

5 *(c) Section 216(e) of such Act is amended by striking*  
6 *out the semicolon and all that follows in the second sentence*  
7 *and inserting in lieu thereof a period, and by inserting after*  
8 *and below the second sentence the following new sentence:*  
9 *"The preceding sentence shall not apply if at the time of such*  
10 *individual's death such person was receiving regular con-*  
11 *tributions toward his support from—*

12 *"(C) someone other than such individual or his*  
13 *spouse, or*

14 *"(D) a public or private welfare organization which*  
15 *has placed such person in such individual's household*  
16 *under a foster-care program.*

17 *except that the provisions of subparagraph (C) shall not*  
18 *apply if such individual is the mother or father of such*  
19 *person."*

20 *(d) The amendments made by this section shall apply*  
21 *with respect to monthly benefits under title II of the Social*  
22 *Security Act for and after the second month following the*  
23 *month in which this Act is enacted, but only on the basis of*  
24 *an application filed in or after the month in which this Act*  
25 *is enacted.*

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1 *ELIGIBILITY OF ADOPTED CHILD FOR MONTHLY BENEFITS*

2       *SEC. 151. (a) Section 216(e) of the Social Security*  
3 *Act (as amended by section 150 of this Act) is amended by*  
4 *striking out the second sentence and inserting in lieu thereof*  
5 *the following:*

6       “(2) Except as may be provided in the succeeding sen-  
7 tence of this paragraph, for the purposes of paragraph  
8 (1)(A), a person shall be deemed, as of the date of death of  
9 an individual, to be the legally adopted child of such individ-  
10 ual if such person was at the time of such individual's death  
11 living in such individual's household and was legally adopted  
12 by such individual's surviving spouse after such individual's  
13 death, but only if—

14       “(A) proceedings for the adopting of the child had  
15 been instituted by such individual before his death, or

16       “(B) such child was adopted by such individual's  
17 surviving spouse before the end of two years after (i)  
18 the day on which such individual died or (ii) the date of  
19 the enactment of the Social Security Amendments of  
20 1958.”

21       (b) Section 216(e) of the Social Security Act (as  
22 amended by subsection (a) of this section and by section 150  
23 of this Act) is amended by striking out “For purposes of  
24 clause (2)” and inserting in lieu thereof the following:

25       “(3) For the purposes of paragraph (1)(B),”.

1       (c) *The amendments made by subsections (a) and (b)*  
2 *shall apply with respect to monthly benefits payable under title*  
3 *II of the Social Security Act for and after the second month*  
4 *following the month in which this Act is enacted, but only on*  
5 *the basis of an application filed in or after the month in which*  
6 *this Act is enacted.*

7       **CRITERIA FOR DETERMINING CHILD'S DEPENDENCY ON**

8                                   **MOTHER**

9       SEC. ~~151~~ 152. (a) Section 202 (d) (3) of the Social  
10 Security Act is amended—

11           (1) by inserting “or his mother or adopting moth-  
12       er” after “his father or adopting father” in the first  
13       sentence; and

14           (2) by striking out “, if such individual is the  
15       child’s father,” in the second sentence.

16       (b) Section 202 (d) (4) of such Act is amended by  
17       inserting “or stepmother” after “stepfather” each place it  
18       appears.

19       (c) Section 202 (d) of such Act is further amended by  
20       striking out paragraph (5), and by redesignating para-  
21       graphs (6) through (10) as paragraphs (5) through (9),  
22       respectively.

23       (d) (1) The paragraph of section 202 (d) of such Act  
24       redesignated as paragraph (9) by subsection (c) of this

1 section is amended by striking out "under paragraph (9)"  
2 and inserting in lieu thereof "under paragraph (8)".

3 (2) Paragraphs (2) and (3) of section 202(s) of  
4 such Act are each amended by striking out "(d) (6)," and  
5 inserting in lieu thereof "(d) (5)."

6 (3) Section (5) (1) (1) of the Railroad Retirement  
7 Act of 1937 is amended—

8 (A) by striking out "(3), (4), or (5)" in the  
9 third sentence and inserting in lieu thereof "(3) or  
10 (4)"; and

11 (B) by striking out "paragraph (8)" in the ninth  
12 sentence and inserting in lieu thereof "paragraph (7)".

13 (e) The amendments made by this section shall apply  
14 with respect to monthly benefits payable under title II of  
15 the Social Security Act (and annuities accruing under the  
16 Railroad Retirement Act of 1937) for and after the second  
17 month following the month in which this Act is enacted,  
18 but only on the basis of applications filed in or after the  
19 month in which this Act is enacted.

20 **UNDEBPAYMENTS**

21 **SEC. 152 153.** (a) Section 204 (d) of the Social Secu-  
22 rity Act is amended to read as follows:

23 "(d) Notwithstanding the provisions of subsection (a),  
24 if an individual dies before any payment due him under this  
25 title is completed, payment of the amount due (including  
26 the amount of any unnegotiated checks) shall be made—



1           “(1) to the surviving spouse of the deceased indi-  
2           vidual who was, for the month in which the deceased  
3           individual died, entitled to a monthly benefit on the basis  
4           of the same wages and self-employment income as was  
5           the deceased individual;

6           “(2) if there is no person who meets the require-  
7           ments of paragraph (1), or if the person who meets  
8           such requirements dies before the payment due him  
9           under this title is completed, to the child or children, if  
10          any, of the deceased individual who were, for the month  
11          in which the deceased individual died, entitled to monthly  
12          benefits on the basis of the same wages and self-em-  
13          ployment income as was the deceased individual (and,  
14          in case there is more than one such child, in equal parts  
15          to each such child) ;

16          “(3) if there is no person who meets the require-  
17          ments of paragraph (1) or (2), or if each person who  
18          meets such requirements dies before the payment due  
19          him under this title is completed, to the parent or parents,  
20          if any, of the deceased individual who were, for the  
21          month in which the deceased individual died, entitled  
22          to monthly benefits on the basis of the same wages and  
23          self-employment income as was the deceased individual  
24          (and, in case there is more than one such parent, in  
25          equal parts to each such parent) ;

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1           “(4) if there is no person who meets the require-  
2           ments of paragraph (1), (2), or (3), or if each person  
3           who meets such requirements dies before the payment  
4           due him under this title is completed, to the legal repre-  
5           sentative of the estate of the deceased individual;

6           “(5) if there is no person who meets the require-  
7           ments of paragraph (1), (2), (3), or (4), or if each  
8           person who meets such requirements dies before the pay-  
9           ment due him under this title is completed, to the person,  
10          if any, determined by the Secretary to be the surviving  
11          spouse of the deceased individual; or

12          “(6) if there is no person who meets the require-  
13          ments of paragraph (1), (2), (3), (4), or (5), or  
14          if each person who meets such requirements dies before  
15          the payment due him under this title is completed, to the  
16          person or persons, if any, determined by the Secretary  
17          to be the child or children of the deceased individual  
18          (and, in case there is more than one such child, in equal  
19          parts to each such child).”

20          (b) The heading of section 1870 of such Act is amended  
21          by adding at the end thereof “AND SETTLEMENT OF CLAIMS  
22          FOR BENEFITS ON BEHALF OF DECEASED INDIVIDUALS”.

23          (c) Section 1870 of such Act is amended by adding  
24          after subsection (d) the following new subsections:

25          “(e) If an individual who received medical and other

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1 health services for which payment may be made under sec-  
2 tion 1832 (a) (1) dies, and payment for such services was  
3 made (other than under this title) and the individual died  
4 before any payment due with respect to such services was  
5 completed, payment of the amount due (including the  
6 amount of any unnegotiated checks) shall be made—

7 “(1) if the payment for such services was made  
8 by a person other than the deceased individual, to the  
9 person or persons determined by the Secretary under  
10 regulations to have paid for such services; or

11 “(2) if the payment for such services was made  
12 by the deceased individual before his death, or if there  
13 is no person to whom payment can be made under para-  
14 graph (1) (or each such person dies before such pay-  
15 ment is completed) —

16 “(A) to the legal representative of the estate  
17 of such deceased individual, if any;

18 “(B) if there is no legal representative, to the  
19 person, if any, determined by the Secretary to be  
20 the surviving spouse of the deceased individual and  
21 to have been living in the same household with the  
22 deceased at the time of his death;

23 “(C) if there is no person who meets the re-  
24 quirements of subparagraph (A) or (B), or if each  
25 person who meets such requirements dies before the

1 payment due him under this title is completed, to  
2 the surviving spouse of the deceased individual who  
3 was, for the month in which the deceased individual  
4 died, entitled to a monthly benefit under title II on  
5 the basis of the same wages and self-employment  
6 income as was the deceased individual; or

7 “(D) if there is no person who meets the re-  
8 quirements of subparagraph (A), (B) or (C), or  
9 if each person who meets such requirements dies  
10 before the payment due him under this title is com-  
11 pleted, to the person or persons, if any, determined  
12 by the Secretary to be the child or children of such  
13 deceased individual (and in case there is more than  
14 one such child, in equal parts to each such child).

15 “(f) If an individual who received medical and other  
16 health services for which payment may be made under sec-  
17 tion 1832 (a) (1) dies, and—

18 “(1) no assignment of the right to payments was  
19 made by such individual before his death, and

20 “(2) payment for such services has not been made,  
21 payment for such services shall be made to the physician or  
22 other person who provided such services, but payment shall  
23 be made under this subsection only in such amount and sub-  
24 ject to such conditions as would have been applicable if the  
25 individual who received the services had not died, and only

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1 if the person or persons who provided the services agrees  
2 that the reasonable charge is the full charge for the services."

3 (d) Section 1842 (b) (3) (B) of such Act (as amended  
4 by section 128 (a) of this Act) is amended by striking out  
5 "and such payment will be made" and inserting in lieu  
6 thereof "and such payment will (except as otherwise pro-  
7 vided in section 1870 (f) ) be made".

8 **SIMPLIFICATION OF COMPUTATION OF PRIMARY INSUR-**  
9 **ANCE AMOUNT AND QUARTERS OF COVERAGE IN**  
10 **CASE OF 1937-1950 WAGES**

11 ~~SEC. 153~~ 154. (a) (1) Section 215 (d) (1) of the Social  
12 Security Act is amended to read as follows:

13 "Primary Insurance Benefit Under 1939 Act

14 "(d) (1) For purposes of column I of the table ap-  
15 pearing in subsection (a) of this section, an individual's  
16 primary insurance benefit shall be computed as follows:

17 "(A) The individual's average monthly wage shall  
18 be determined as provided in subsection (b) (but with-  
19 out regard to paragraph (4) thereof) of this section,  
20 except that for purposes of paragraph (2) (C) and (3)  
21 of such subsection, 1936 shall be used instead of 1950.

22 "(B) For purposes of subparagraphs (B) and (C)  
23 of subsection (b) (2), an individual whose total wages  
24 prior to 1951 (as defined in subparagraph (C) of this  
25 subsection) —

1           “(i) do not exceed \$27,000 shall be deemed to  
2           have been paid such wages in equal parts in nine  
3           calendar years after 1936 and prior to 1951;

4           “(ii) exceed \$27,000 and are less than  
5           \$42,000 shall be deemed to have been paid (I)  
6           \$3,000 in each of such number of calendar years  
7           after 1936 and prior to 1951 as is equal to the  
8           integer derived by dividing such total wages by  
9           \$3,000, and (II) the excess of such total wages  
10          over the product of \$3,000 times such integer, in  
11          an additional calendar year in such period; or

12          “(iii) are at least \$42,000 shall be deemed to  
13          have been paid \$3,000 in each of the fourteen  
14          calendar years after 1936 and prior to 1951.

15          “(C) For the purposes of subparagraph (B),  
16          ‘total wages prior to 1951’ with respect to an indi-  
17          vidual means the sum of (i) remuneration credited to  
18          such individual prior to 1951 on the records of the  
19          Secretary, (ii) wages deemed paid prior to 1951 to such  
20          individual under section 217, and (iii) compensation  
21          under the Railroad Retirement Act of 1937 prior to  
22          1951 creditable to him pursuant to this title.

23          “(D) The individual’s primary insurance benefit  
24          shall be 45.6 per centum of the first \$50 of his average  
25          monthly wage as computed under this subsection, plus

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1 11.4 per centum of the next \$200 of such average  
2 monthly wage.”

3 (2) Section 215(d) (2) of such Act is amended to  
4 read as follows:

5 “(2) The provisions of this subsection shall be appli-  
6 cable only in the case of an individual—

7 “(A) with respect to whom at least one of the  
8 quarters elapsing prior to 1951 is a quarter of coverage;

9 “(B) except as provided in paragraph (3), who  
10 attained age 22 after 1950 and with respect to whom  
11 less than six of the quarters elapsing after 1950 are  
12 quarters of coverage, or who attained such age before  
13 1951; and

14 “(C) (i) who becomes entitled to benefits under  
15 section 202 (a) or 223 after the date of the enactment  
16 of the Social Security Amendments of 1967, or

17 “(ii) who dies after such date without being en-  
18 titled to benefits under section 202 (a) or 223, or

19 “(iii) whose primary insurance amount is required  
20 to be recomputed under section 215 (f) (2).”

21 (3) Section 215 (d) (3) of such Act is amended to  
22 read as follows:

23 “(3) The provisions of this subsection as in effect prior  
24 to the enactment of the Social Security Amendments of  
25 1967 shall be applicable in the case of an individual—

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1           “(A) who attained age 21 after 1936 and prior  
2 to 1951, or

3           “(B) who had a period of disability which began  
4 prior to 1951, but only if the primary insurance amount  
5 resulting therefrom is higher than the primary insur-  
6 ance amount resulting from the application of this  
7 section (as amended by the Social Security Amend-  
8 ments of 1967) and section 220.”.

9           (4) So much of section 215 (f) (2) of such Act as  
10 precedes subparagraph (E) is amended to read as follows:

11           “(2) If an individual has wages or self-employment  
12 income for a year after 1965 for any part of which he is  
13 entitled to old-age insurance benefits, the Secretary shall, at  
14 such time or times and within such period as he may by  
15 regulations prescribe, recompute such individual's primary  
16 insurance amount with respect to each such year. Such  
17 recomputation shall be made as provided in subsection  
18 (a) (1) and (3) as though the year with respect to which  
19 such recomputation is made is the last year of the period  
20 specified in subsection (b) (2) (C). A recomputation under  
21 this paragraph with respect to any year shall be effective—”

22           (5) Subparagraphs (E) and (F) of such section  
23 215 (f) (2) are redesignated as subparagraphs (A) and  
24 (B), respectively.



1           (6) Section 215 (f) of such Act is further amended by  
2 adding at the end thereof the following new paragraph:

3           “(5) In the case of a man who became entitled to  
4 old-age insurance benefits and died before the month in  
5 which he attained age 65, the Secretary shall recompute  
6 his primary insurance amount as provided in subsection (a)  
7 as though he became entitled to old-age insurance benefits  
8 in the month in which he died; except that (i) his computa-  
9 tion base years referred to in subsection (b) (2) shall in-  
10 clude the year in which he died, and (ii) his elapsed years  
11 referred to in subsection (b) (3) shall not include the year  
12 in which he died or any year thereafter. Such recomputation  
13 of such primary insurance amount shall be effective for and  
14 after the month in which he died.”

15           (7) (A) The amendments made by paragraphs (4)  
16 and (5) shall apply with respect to recomputations made  
17 under section 215 (f) (2) of the Social Security Act after the  
18 date of the enactment of this Act.

19           (B) The amendment made by paragraph (6) shall  
20 apply with respect to individuals who die after the date of  
21 enactment of this Act.

22           (8) In any case in which—

23           (A) any person became entitled to a monthly  
24 benefit under section 202 or 223 of the Social Security

1 Act after the date of enactment of this Act and before  
2 the second month following the month in which this  
3 Act is enacted, and

4 (B) the primary insurance amount on which the  
5 amount of such benefit is based was determined by ap-  
6 plying section 215 (d) of the Social Security Act as  
7 amended by this Act,

8 such primary insurance amount shall, for purposes of section  
9 215 (c) of the Social Security Act, as amended by this Act,  
10 be deemed to have been computed on the basis of the Social  
11 Security Act in effect prior to the enactment of this Act.

12 (9) The amendment made by paragraphs (1) and (2)  
13 shall not apply with respect to monthly benefits for any  
14 month prior to January 1967.

15 (b) (1) Section 213 of the Social Security Act is  
16 amended by adding at the end thereof the following new  
17 subsection:

18 "Alternative Method for Determining Quarters of Coverage  
19 With Respect to Wages in the Period from 1937 to  
20 1950

21 "(c) For purposes of section 214 (a), an individual  
22 shall be deemed to have one quarter of coverage for each  
23 \$400 of his total wages prior to 1951 (as defined in section  
24 215 (d) (1) (C) ), except where—

25 "(1) such individual is not a fully insured individ-

1       ual on the basis of the number of quarters of coverage  
2       so derived plus the number of quarters of coverage  
3       derived from the wages and self-employment income  
4       credited to him for periods after 1950, or

5           “(2) such individual’s elapsed years (for purposes  
6       of section 214 (a) (1) ) are less than 7.”

7       (2) The amendment made by paragraph (1) shall  
8       apply only in the case of an individual who applies for bene-  
9       fits under section 202 (a) of the Social Security Act after  
10      the date of the enactment of this Act, or who dies after  
11      such date without being entitled to benefits under sec-  
12      tion 202 (a) or 223 of the Social Security Act.

13      (c) Section 303 (g) (1) of the Social Security Amend-  
14      ments of 1960 is amended—

15           (1) by striking out “section 302 of” and by strik-  
16      ing out “Amendments of 1965” and inserting in lieu  
17      thereof “Amendments of 1965 and 1967” in the first  
18      sentence; and

19           (2) by striking out “after 1965, or dies after 1965”  
20      and inserting in lieu thereof “after the date of the enact-  
21      ment of the Social Security Amendments of 1967, or dies  
22      after such date”, and by striking out “Amendments of  
23      1965” and inserting in lieu thereof “Amendments of  
24      1967”, in the second sentence.

1       **DEFINITIONS OF WIDOW, WIDOWER, AND STEPCHILD**

2       **SEC. ~~154~~ 155.** (a) Section 216 (c) of the Social Secu-  
3 rity Act is amended by striking out "not less than one year"  
4 in clause (5) and inserting in lieu thereof "not less than  
5 nine months".

6       (b) The first sentence of section 216 (e) of such Act  
7 is amended by striking out "the day on which such indi-  
8 vidual died" and inserting in lieu thereof "not less than  
9 nine months immediately preceding the day on which such  
10 individual died".

11       (c) Section 216 (g) of such Act is amended by striking  
12 out "not less than one year" in clause (5) and inserting  
13 in lieu thereof "not less than nine months".

14       (d) Section 216 of such Act is further amended by add-  
15 ing at the end thereof the following new subsection:

16       **"Waiver of Nine-Month Requirement for Widow, Stepchild,**  
17       **or Widower in Case of Accidental Death or in Case**  
18       **of Serviceman Dying in Line of Duty**

19       **"(k) The requirement in clause (5) of subsection (c)**  
20       **or clause (5) of subsection (g) that the surviving spouse of**  
21       **an individual have been married to such individual for a**  
22       **period of not less than nine months immediately prior to the**  
23       **day on which such individual died in order to qualify as such**  
24       **individual's widow or widower, and the requirement in sub-**  
25       **section (e) that the stepchild of a deceased indi-**

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1 vidual have been such stepchild for not less than nine months  
2 immediately preceding the day on which such individual died  
3 in order to qualify as such individual's child, shall be deemed  
4 to be satisfied, where such individual dies within the applica-  
5 ble nine-month period, if his death—

6 “(1) is accidental, or

7 “(2) occurs in line of duty while he is a member  
8 of a uniformed service serving on active duty (as  
9 defined in section 210(1)(2)),

10 and he would satisfy such requirement if a three-month  
11 period were substituted for the nine-month period; except  
12 that this subsection shall not apply if the Secretary deter-  
13 mines that at the time of the marriage involved the indi-  
14 vidual could not have reasonably been expected to live for  
15 nine months. For purposes of paragraph (1) of the preced-  
16 ing sentence, the death of an individual is accidental if he  
17 receives bodily injuries solely through violent, external,  
18 and accidental means and, as a direct result of the bodily  
19 injuries and independently of all other causes, loses his life  
20 not later than three months after the day on which he  
21 receives such bodily injuries.”

22 (e) The amendments made by this section shall apply  
23 with respect to monthly benefits under title II of the  
24 Social Security Act for and after the second month fol-  
25 lowing the month in which this Act is enacted, but only on

1 the basis of applications filed in or after the month in which  
2 this Act is enacted.

3 HUSBAND'S AND WIDOWER'S INSURANCE BENEFITS WITH-  
4 OUT REQUIREMENT OF WIFE'S CURRENTLY INSURED  
5 STATUS

6 SEC. 155 156. (a) (1) Section 202 (c) (1) of the Social  
7 Security Act is amended by striking out "a currently insured  
8 individual (as defined in section 214 (b) )" in the matter  
9 preceding subparagraph (A) and inserting in lieu thereof  
10 "an individual".

11 (2) Section 202 (c) (2) of such Act is amended by  
12 striking out "The requirement in paragraph (1) that the  
13 individual entitled to old-age or disability insurance benefits  
14 be a currently insured individual, and the provisions of sub-  
15 paragraph (C) of such paragraph," and inserting in lieu  
16 thereof "The provisions of subparagraph (C) of paragraph  
17 (1)".

18 (b) (1) Section 202 (f) (1) of such Act is amended—

19 (A) by striking out "and currently" in the matter  
20 preceding subparagraph (A), and

21 (B) by striking out ", and she was a currently  
22 insured individual," in subparagraph (D) (ii).

23 (2) Section 202 (f) (2) of such Act is amended by  
24 striking out "The requirement in paragraph (1) that the  
25 deceased fully insured individual also be a currently insured

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1 individual, and the provisions of subparagraph (D) of such  
2 paragraph," and inserting in lieu thereof "The provisions  
3 of subparagraph (D) of paragraph (1)".

4 (c) In the case of any husband who would not be en-  
5 titled to husband's insurance benefits under section 202 (c)  
6 of the Social Security Act or any widower who would not  
7 be entitled to widower's insurance benefits under section  
8 202 (f) of such Act except for the enactment of this sec-  
9 tion, the requirement in section 202 (c) (1) (C) or 202 (f)  
10 (1) (D) of such Act relating to the time within which  
11 proof of support must be filed shall not apply if such proof  
12 of support is filed within two years after the month follow-  
13 ing the month in which this Act is enacted.

14 (d) The amendments made by this section shall apply  
15 with respect to monthly benefits payable under title II  
16 of the Social Security Act for and after the second month  
17 following the month in which this Act is enacted, but only  
18 on the basis of applications filed in or after the month in  
19 which this Act is enacted.

20 **DEFINITION OF DISABILITY**

21 **SEC. 156 157.** (a) Section 223 (c) of the Social Secu-  
22 rity Act is amended—

23 (1) by inserting "of Insured Status and Waiting  
24 Period" after "Definitions" in the heading;

25 (2) by striking out paragraph (2); and

1           (3) by redesignating paragraph (3) as paragraph  
2           (2).

3           (b) Section 223 of such Act is further amended by add-  
4 ing at the end thereof the following new subsection:

5                           “Definition of Disability

6           “(d) (1) The term ‘disability’ means—

7                           “(A) inability to engage in any substantial gain-  
8 ful activity by reason of any medically determinable  
9 physical or mental impairment which can be expected  
10 to result in death or which has lasted or can be expected  
11 to last for a continuous period of not less than 12  
12 months; or

13                           “(B) in the case of an individual who has attained  
14 the age of 55 and is blind (within the meaning of ‘blind-  
15 ness’ as defined in section 216(i) (1)), inability by  
16 reason of such blindness to engage in substantial gainful  
17 activity requiring skills or abilities comparable to those  
18 of any gainful activity in which he has previously en-  
19 gaged with some regularity and over a substantial period  
20 of time.

21           “(2) For purposes of paragraph (1) (A)—

22                           “(A) an individual (except a widow, surviving  
23 divorced wife, or widower for purposes of section 202  
24 (e) or (f)) shall be determined to be under a disability  
25 only if his physical or mental impairment or impair-



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1       ments are of such severity that he is not only unable to  
2       do his previous work but cannot, considering his age,  
3       education, and work experience, engage in any other  
4       kind of substantial gainful work which exists in the na-  
5       tional economy, regardless of whether such work exists  
6       in the general area in which he lives, or whether a  
7       specific job vacancy exists for him, or whether he would  
8       be hired if he applied for work.

9               “(B) A widow, surviving divorced wife, or  
10       widower shall not be determined to be under a dis-  
11       ability (for purposes of section 202 (e) or (f)) unless  
12       his or her physical or mental impairment or impair-  
13       ments are of a level of severity which under regulations  
14       prescribed by the Secretary is deemed to be sufficient  
15       to preclude an individual from engaging in any *substan-*  
16       *tial* gainful activity.

17               “(3) For purposes of this subsection, a ‘physical or  
18       mental impairment’ is an impairment that results from ana-  
19       tomical, physiological, or psychological abnormalities which  
20       are demonstrable by medically acceptable clinical and lab-  
21       oratory diagnostic techniques.

22               “(4) The Secretary shall by regulations prescribe the  
23       criteria for determining when services performed or earnings  
24       derived from services demonstrate an individual’s ability to

1 engage in substantial gainful activity. Notwithstanding the  
2 provisions of paragraph (2), an individual whose services  
3 or earnings meet such criteria shall, except for purposes of  
4 section 222 (c), be found not to be disabled.

5 “(5) An individual shall not be considered to be under  
6 a disability unless he furnishes such medical and other evi-  
7 dence of the existence thereof as the Secretary may require.”

8 (c) (1) Section 202 (d) (1) (B) of such Act is amend-  
9 ed by striking out “section 223 (c)” and inserting in lieu  
10 thereof “section 223 (d)”.

11 (2) Paragraphs (1), (2), and (3) of section 202 (s)  
12 of such Act are each amended by striking out “section  
13 223 (c)” and inserting in lieu thereof “section 223 (d)”.

14 (3) Section 221 (a) of such Act is amended by striking  
15 out “or 223 (c)” and inserting in lieu thereof “or 223 (d)”.

16 (4) Section 221 (c) of such Act is amended by strik-  
17 ing out “or 223 (c)” and inserting in lieu thereof “or  
18 223 (d)”.

19 (5) Section 222 (c) (4) (B) of such Act is amended  
20 by striking out “section 223 (c) (2)” and inserting in lieu  
21 thereof “section 223 (d)”.

22 (6) Section 223 (a) (1) (D) of such Act is amended  
23 by striking out “subsection (c) (2)” and inserting in lieu  
24 thereof “subsection (d)”.

25 (7) The first sentence of section 223 (a) (1) of such

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1 Act is further amended by striking out "subsection (c) (3)"  
2 and inserting in lieu thereof "subsection (c) (2)".

3 (8) The last sentence of section 223 (a) (1) is amended  
4 by striking out "subsection (c) (2) except for subparagraph  
5 (B) thereof" and inserting in lieu thereof "subsection (d)  
6 except for paragraph (1) (B) thereof".

7 (9) Section 225 of such Act is amended by striking out  
8 "section 223 (c) (2)" and inserting in lieu thereof "section  
9 223 (d)".

10 (d) Section 216 (i) (1) of such Act is amended by  
11 striking out the third sentence and inserting in lieu thereof  
12 the following: "The provisions of paragraphs (2) (A), (3),  
13 (4), and (5) of section 223 (d) shall be applied for pur-  
14 poses of determining whether an individual is under a disa-  
15 bility within the meaning of the first sentence of this para-  
16 graph in the same manner as they are applied for purposes  
17 of paragraph (1) of such section."

18 (e) The amendments made by this section shall be  
19 effective with respect to applications for disability insurance  
20 benefits under section 223 of the Social Security Act, and for  
21 disability determinations under section 216 (i) of such Act,  
22 filed—

23 (1) in or after the month in which this Act is  
24 enacted, or

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1 (2) before the month in which this Act is enacted  
2 if the applicant has not died before such month and if—

3 (A) notice of the final decision of the Secretary  
4 of Health, Education, and Welfare has not been  
5 given to the applicant before such month; or

6 (B) the notice referred to in subparagraph

7 (A) has been so given before such month but a civil  
8 action with respect to such final decision is com-  
9 menced under section 205 (g) of the Social Security  
10 Act (whether before, in, or after such month) and  
11 the decision in such civil action has not become  
12 final before such month.

13 **DISABILITY BENEFITS AFFECTED BY RECEIPT OF WORK-**  
14 **MEN'S COMPENSATION**

15 **SEC. 157 158.** (a) (1) The last sentence of section 224  
16 (a) of the Social Security Act is amended by inserting after  
17 "his wages and self-employment income" where it first  
18 appears in clause (B) the following: "(computed without  
19 regard to the limitations specified in section 209 (a) and  
20 211 (b) (1))".

21 (2) Section 224 (a) of such Act is further amended by  
22 adding at the end thereof the following: "In any case where  
23 an individual's wages and self-employment income reported  
24 to the Secretary for a calendar year reach the limitations  
25 specified in sections 209 (a) and 211 (b) (1), the Secretary

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1 under regulations shall estimate the total of such wages and  
2 self-employment income for purposes of clause (B) of the  
3 preceding sentence on the basis of such information as may  
4 be available to him indicating the extent (if any) by which  
5 such wages and self-employment income exceed such limita-  
6 tions."

7 (b) (1) The amendments made by subsection (a) shall  
8 apply only with respect to monthly benefits under title II  
9 of the Social Security Act for months after the month in  
10 which this Act is enacted.

11 (2) For purposes of any redetermination which is made  
12 under section 224(f) of the Social Security Act in the  
13 case of benefits subject to reduction under section 224 of  
14 such Act, where such reduction as first computed was effec-  
15 tive with respect to benefits for the month in which this  
16 Act is enacted or a prior month, the amendments made by  
17 subsection (a) of this section shall also be deemed to have  
18 applied in the initial determination of the "average current  
19 earnings" of the individual whose wages and self-employ-  
20 ment income are involved.

21 **EXTENSION OF TIME FOR FILING REPORTS OF EARNINGS**

22 SEC. 518 159. (a) Section 203(h) (1) (A) of the  
23 Social Security Act is amended by adding at the end thereof  
24 the following new sentence: "The Secretary may grant a  
25 reasonable extension of time for making the report of earn-

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1 ings required in this paragraph if he finds that there is valid  
2 reason for a delay, but in no case may the period be extended  
3 more than three months.”

4 (b) Section 203 (h) (2) of such Act is amended by  
5 striking out “within the time prescribed therein” and in-  
6 serting in lieu thereof “within the time prescribed by or in  
7 accordance with such paragraph”.

8 **PENALTIES FOR FAILURE TO FILE TIMELY REPORTS**  
9 **OF EARNINGS AND OTHER EVENTS**

10 **SEC. 160.** (a) Section 203 (h) (2) (A) of the So-  
11 cial Security Act is amended by inserting before the semi-  
12 colon at the end thereof the following: “, except that if the  
13 deduction imposed under subsection (b) by reason of his  
14 earnings for such year is less than the amount of his benefit  
15 (or benefits) for the last month of such year for which he was  
16 entitled to a benefit under section 202, the additional deduc-  
17 tion shall be equal to the amount of the deduction imposed  
18 under subsection (b) but not less than \$10”.

19 (b) Section 203 (g) of such Act is amended by striking  
20 out all that follows “shall suffer” and inserting in lieu  
21 thereof the following: “deductions in addition to those  
22 imposed under subsection (c) as follows:

23 “(1) if such failure is the first one with respect to  
24 which an additional deduction is imposed by this sub-  
25 section, such additional deduction shall be equal to his

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1 benefit or benefits for the first month of the period for  
2 which there is a failure to report even though such  
3 failure is with respect to more than one month;

4 “(2) if such failure is the second one with respect  
5 to which an additional deduction is imposed by this  
6 subsection, such additional deduction shall be equal to  
7 two times his benefit or benefits for the first month of  
8 the period for which there is a failure to report even  
9 though such failure is with respect to more than two  
10 months; and

11 “(3) if such failure is the third or a subsequent one  
12 for which an additional deduction is imposed under this  
13 subsection, such additional deduction shall be equal to  
14 three times his benefit or benefits for the first month  
15 of the period for which there is a failure to report even  
16 though the failure to report is with respect to more than  
17 three months;

18 except that the number of additional deductions re-  
19 quired by this subsection shall not exceed the number of  
20 months in the period for which there is a failure to report.  
21 As used in this subsection, the term ‘period for which there  
22 is a failure to report’ with respect to any individual means  
23 the period for which such individual received and  
24 accepted insurance benefits under section 202 without mak-

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1 ing a timely report and for which deductions are required  
2 under subsection (c).”

3 (c) The amendments made by this section shall apply  
4 with respect to any deductions imposed on or after the date  
5 of the enactment of this Act under subsections (g) and (h)  
6 of section 203 of the Social Security Act on account of failure  
7 to make a report required thereby.

8 LIMITATION ON PAYMENT OF BENEFITS TO ALIENS OUTSIDE

9 THE UNITED STATES

10 SEC. 160 161. (a) (1) Section 202 (t) (1) of the Social  
11 Security Act is amended by adding at the end thereof (after  
12 and below subparagraph (B) ) the following new sentence:  
13 “For purposes of the preceding sentence, after an individual  
14 has been outside the United States for any period of thirty  
15 consecutive days he shall be treated as remaining outside the  
16 United States until he has been in the United States for a  
17 period of thirty consecutive days.”

18 (2) The amendment made by paragraph (1) shall  
19 apply only with respect to six-month periods (within the  
20 meaning of section 202 (t) (1) (A) of the Social Security  
21 Act) which begin after the date of the enactment of this Act.

22 ~~(b) (1) Section 202 (t) (4) of such Act is amended—~~

23 ~~(A) by striking out the period at the end of sub-~~  
24 ~~paragraph (E) and inserting in lieu thereof a semi-~~  
25 ~~colon; and~~



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1           ~~(B)~~ by adding at the end thereof ~~(after and below~~  
2           ~~subparagraph (F))~~ the following:

3           “~~except that subparagraphs (A) and (B) of this paragraph~~  
4           ~~shall not apply in the case of any individual who is a citizen~~  
5           ~~of a foreign country that has in effect a social insurance or~~  
6           ~~pension system which is of general application in such coun-~~  
7           ~~try and which satisfies subparagraph (A) but not sub-~~  
8           ~~paragraph (B) of paragraph (2), or who is a citizen of a~~  
9           ~~foreign country that has no social insurance or pension sys-~~  
10           ~~tem of general application if at any time within five years~~  
11           ~~prior to the month in which the Social Security Amendments~~  
12           ~~of 1967 are enacted (or the first month thereafter for which~~  
13           ~~his benefits are subject to suspension under paragraph (1))~~  
14           ~~payments to individuals residing in such country were with-~~  
15           ~~held by the Treasury Department under the first section~~  
16           ~~of the Act of October 9, 1949 (31 U.S.C. 123).”~~

17           ~~(2)~~ The amendment made by paragraph ~~(1)~~ shall  
18           ~~apply only with respect to monthly benefits under title II~~  
19           ~~of the Social Security Act for and after the sixth month~~  
20           ~~following the month in which this Act is enacted.~~

21           ~~(c)(1)~~ Section 202~~(t)~~ of such Act is further amended  
22           ~~by adding at the end thereof the following new paragraph:~~

23           ~~“(10) Notwithstanding any other provision of this~~  
24           ~~title, no monthly benefits shall be paid under this section or~~

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1 under section 222, for any month beginning on or after the  
2 date on which this paragraph is enacted, to an individual  
3 who is not a citizen or national of the United States and  
4 who resides during such month in a foreign country if pay-  
5 ments for such month to individuals residing in such country  
6 are withheld by the Treasury Department under the first  
7 section of the Act of October 9, 1940 (21 U.S.C. 122)."

8 ~~(2)~~ Section 202(t)(6) of such Act is amended by  
9 striking out "by reason of paragraph (1)" and inserting in  
10 lieu thereof "by reason of paragraph (1) or (10)".

11 ~~(3)~~ Whenever benefits which an individual who is not  
12 a citizen or national of the United States was entitled  
13 to receive under title II of the Social Security Act for  
14 months beginning prior to the date of the enactment of this  
15 Act have been withheld by the Treasury Department under  
16 the first section of the Act of October 9, 1940 (21 U.S.C.  
17 122), any such benefits, payable to such individual for  
18 months after the month in which the determination by the  
19 Treasury Department that the benefits should be so withheld  
20 was made, shall not be paid—

21 ~~(A)~~ to any person other than such individual, or,  
22 if such individual dies before such benefits can be paid,  
23 to any person other than an individual who was entitled  
24 for the month in which the deceased individual died  
25 ~~(with the application of section 202(j)(1) of the Social~~

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1 Security Act) to a monthly benefit under title II of  
2 such Act on the basis of the same wages and self-em-  
3 ployment income as such deceased individual, or

4 ~~(B)~~ in excess of the equivalent of the last twelve  
5 months' benefits that would have been payable to such  
6 individual.

7 *(b)(1) Section 202(t) of such Act is further amended*  
8 *by adding at the end thereof the following new paragraph:*

9 *"(10) Whenever payments to which an individual is*  
10 *entitled under title II of the Social Security Act have been*  
11 *withheld by the Secretary of the Treasury under the first*  
12 *section of the Act of October 9, 1940 (31 U.S.C. 123),*  
13 *and such individual dies while such payments are being*  
14 *withheld, such payments shall, after the Secretary of the*  
15 *Treasury has made a determination that such payments*  
16 *should no longer be withheld under such Act, be made only*  
17 *to a person who, for the first month with respect to which*  
18 *such determination is applicable, is (or upon filing appli-*  
19 *cation in such month would be) entitled to monthly benefits*  
20 *under title II on the basis of the wages and self-employment*  
21 *income with respect to which such deceased individual was*  
22 *entitled to such payment, except that the total amount of*  
23 *such payments which may be paid to such person (or per-*  
24 *sons so entitled) shall not be in excess of the equivalent of*

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1 *the last 12 months' benefits that would have been payable*  
2 *to such individual."*

3 (2) *The amendment made by this section shall be ap-*  
4 *plicable only with respect to benefits that become payable*  
5 *under title II of the Social Security Act for months after*  
6 *the month in which this Act is enacted.*

7 **RESIDUAL PAYMENTS TO CERTAIN CHILDREN**

8 **SEC. 161. (a)** **The last sentence of section 203(a) of**  
9 **the Social Security Act is amended to read as follows:**  
10 **"Whenever a reduction is made under this subsection in**  
11 **the total of monthly benefits to which individuals are entitled**  
12 **for any month on the basis of the wages and self-employment**  
13 **income of an insured individual, each such benefit other than**  
14 **the old-age or disability insurance benefit shall be propor-**  
15 **tionately decreased; except that if such total of benefits for**  
16 **such month includes any benefit or benefits under section**  
17 **202(d) which are payable solely by reason of section 216**  
18 **(b)(3), the reduction shall be first applied to reduce (pro-**  
19 **portionately where there is more than one benefit so pay-**  
20 **able) the benefits so payable (but not below zero)."**

21 **(b)** **The amendments made by subsection (a) of this**  
22 **section shall apply with respect to monthly benefits payable**  
23 **under title II of the Social Security Act for and after the**  
24 **second month after the month in which this Act is enacted.**

1 *SPECIAL SAVING PROVISION FOR CERTAIN CHILDREN*2 *SEC. 162. (a) Where—*

3 *(1) one or more persons were entitled (without the*  
4 *application of section 202(j)(1) of the Social Security*  
5 *Act) to monthly benefits under section 202 or 223 of*  
6 *such Act for August 1965 and for the effective month*  
7 *on the basis of the wages and self-employment income*  
8 *of an individual, and*

9 *(2) one or more persons (not included in paragraph*  
10 *(1)) became entitled to monthly benefits for September*  
11 *1965 under section 202(d) by reason of section 216*  
12 *(h)(3), on the basis of such wages and self-employment*  
13 *income and are so entitled for the effective month, and*

14 *(3) the total of benefits to which all persons are*  
15 *entitled under such section 202 or 223 on the basis of*  
16 *such wages and self-employment for the effective month*  
17 *are reduced by reason of section 203(a) of such Act,*  
18 *as amended by this Act (or would, but for the penulti-*  
19 *mate sentence of such section 203(a), be so reduced),*  
20 *then the amount of the benefit to which each such person*  
21 *referred to in paragraph (1) above is entitled for months*  
22 *after the effective month shall be increased, after the applica-*  
23 *tion of such section 203(a), to the amount it would have*

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1 *been if the person or persons referred to in paragraph (2)*  
2 *were not entitled to a benefit referred to in such paragraph.*

3 *(b) For purposes of subsection (a), the term "effec-*  
4 *tive month" means the month after the month in which this*  
5 *Act is enacted.*

6 **TRANSFER TO HEALTH INSURANCE BENEFITS ADVISORY**  
7 **COUNCIL OF NATIONAL MEDICAL REVIEW COMMITTEE**  
8 **FUNCTIONS; INCREASE IN COUNCIL'S MEMBERSHIP**

9 **SEC. 162 163.** (a) Section 1867 of the Social Security  
10 Act is amended to read as follows:

11 **"HEALTH INSURANCE BENEFITS ADVISORY COUNCIL**  
12 **"SEC. 1867. (a) There is hereby created a Health In-**  
13 **surance Benefits Advisory Council which shall consist of 19**  
14 **persons, not otherwise in the employ of the United States,**  
15 **appointed by the Secretary without regard to the provisions**  
16 **of title 5, United States Code, governing appointments in**  
17 **the competitive service. The Secretary shall from time to**  
18 **time appoint one of the members to serve as Chairman. The**  
19 **members shall include persons who are outstanding in fields**  
20 **related to hospital, medical, and other health activities, per-**  
21 **sons who are representative of organizations and associations**  
22 **of professional personnel in the field of medicine, and at least**  
23 **one person who is representative of the general public. Each**  
24 **member shall hold office for a term of 4 years, except that**  
25 **any member appointed to fill a vacancy occurring prior**

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1 to the expiration of the term for which his predecessor was  
2 appointed shall be appointed for the remainder of such term.  
3 A member shall not be eligible to serve continuously for more  
4 than 2 terms. The Secretary may, at the request of the Ad-  
5 visory Council or otherwise, appoint such special advisory  
6 professional or technical committees as may be useful in car-  
7 rying out this title. Members of the Advisory Council and  
8 members of any such advisory or technical committee, while  
9 attending meetings or conferences thereof or otherwise serv-  
10 ing on business of the Advisory Council or of such committee,  
11 shall be entitled to receive compensation at rates fixed by  
12 the Secretary, but not exceeding \$100 per day, including  
13 travel time, and while so serving away from their homes or  
14 regular places of business they may be allowed travel ex-  
15 penses, including per diem in lieu of subsistence, as author-  
16 ized by section 5703 of title 5, United States Code, for per-  
17 sons in the Government service employed intermittently. The  
18 Advisory Council shall meet as frequently as the Secretary  
19 deems necessary. Upon request of 5 or more members, it  
20 shall be the duty of the Secretary to call a meeting of the  
21 Advisory Council.

22 “(b) It shall be the function of the Advisory Council  
23 (1) to advise the Secretary on matters of general policy in  
24 the administration of this title and in the formulation of reg-  
25 ulations under this title, and (2) to study the utilization of

1 hospital and other medical care and services for which pay-  
2 ment may be made under this title with a view to recom-  
3 mending any changes which may seem desirable in the way  
4 in which such care and services are utilized or in the ad-  
5 ministration of the programs established by this title, or in  
6 the provisions of this title. The Advisory Council shall make  
7 an annual report to the Secretary on the performance of  
8 its functions, including any recommendations it may have  
9 with respect thereto, and such report shall be transmitted  
10 promptly by the Secretary to the Congress.

11       “(c) The Advisory Council is authorized to engage such  
12 technical assistance as may be required to carry out its func-  
13 tions, and the Secretary shall, in addition, make available to  
14 the Advisory Council such secretarial, clerical, and other  
15 assistance and such pertinent data obtained and prepared  
16 by the Department of Health, Education, and Welfare as  
17 the Advisory Council may require to carry out its functions.”

18       (b) The amendment made by subsection (a) shall not  
19 be construed as affecting the terms of office of the members  
20 of the Health Insurance Benefits Advisory Council in office  
21 on the date of the enactment of this Act or their successors.  
22 The terms of office of the three additional members of the  
23 Health Insurance Benefits Advisory Council first appointed  
24 pursuant to the increase in the membership of such Council  
25 provided by such amendment shall expire, as designated by



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1 the Secretary at the time of appointment, one at the end of  
2 the first year, one at the end of the second year, and one at  
3 the end of the third year after the date of appointment.

4 (c) Section 1868 of the Social Security Act is repealed.

5 **ADVISORY COUNCIL ON SOCIAL SECURITY**

6 **SEC. ~~163~~ 164.** (a) (1) Section 706 (a) of the Social  
7 Security Act is amended by striking out "During 1968 and  
8 every fifth year thereafter" and inserting in lieu thereof  
9 "During February 1969 and during February of every fourth  
10 year thereafter".

11 (2) The first sentence of section 706 (d) of such Act  
12 is amended by striking out "second".

13 (b) Section 706 (b) of such Act is amended by striking  
14 out "shall consist of the Commissioner of Social Security, as  
15 Chairman, and 12 other persons, appointed by the Secretary"  
16 and inserting in lieu thereof "shall consist of a Chairman and 12  
17 other persons, appointed by the Secretary".

18 **REIMBURSEMENT OF CIVIL SERVICE RETIREMENT ANNUI-**  
19 **TANTS FOR CERTAIN PREMIUM PAYMENTS UNDER**  
20 **SUPPLEMENTARY MEDICAL INSURANCE PROGRAM**

21 **SEC. ~~164~~ 165.** Section 1840 (e) (1) of the Social Secu-  
22 rity Act is amended by adding at the end thereof the follow-  
23 ing new sentence: "A plan described in section 8903 of title  
24 5, United States Code, may reimburse each annuitant en-  
25 rolled in such plan an amount equal to the premiums paid by

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1 him under this part if such reimbursement is paid entirely  
2 from funds of such plan which are derived from sources other  
3 than the contributions described in section 8906 of such  
4 title.”

5           **APPROPRIATIONS TO SUPPLEMENTARY MEDICAL**  
6                           **INSURANCE TRUST FUND**

7           **SEC. ~~165~~ 166. (a)** Section 1844 (a) of the Social Secu-  
8 rity Act is amended to read as follows:

9           “(a) There are authorized to be appropriated from time  
10 to time, out of any moneys in the Treasury not otherwise ap-  
11 propriated, to the Federal Supplementary Medical Insurance  
12 Trust Fund—

13           “(1) a Government contribution equal to the ag-  
14 gregate premiums payable under this part and deposited  
15 in the Trust Fund, and

16           “(2) such sums as the Secretary deems necessary  
17 to place the Trust Fund, at the end of any fiscal year  
18 occurring after June 30, 1967, in the same position in  
19 which it would have been at the end of such fiscal year  
20 if (A) a Government contribution representing the ex-  
21 cess of the premiums deposited in the Trust Fund during  
22 the fiscal year ending June 30, 1967, over the Govern-  
23 ment contribution actually appropriated to the Trust  
24 Fund during such fiscal year had been appropriated to  
25 it on June 30, 1967, and (B) the Government contri-

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1       bution for premiums deposited in the Trust Fund after  
2       June 30, 1967, had been appropriated to it when such  
3       premiums were deposited.”

4       (b) Section 1844 (b) of such Act is amended by strik-  
5       ing out “1967” and inserting in lieu thereof “1969”.

6               DISCLOSURE TO COURTS OF WHEREABOUTS OF  
7               CERTAIN INDIVIDUALS

8       SEC. ~~166~~ 167. (a) Section 1106 (c) (1) of the Social  
9       Security Act is amended by inserting “(A)” after “(c)  
10       (1)”, by redesignating subparagraphs (A) through (D) as  
11       clauses (i) through (iv), respectively, and by adding at the  
12       end thereof the following new subparagraph:

13       “(B) If a request for the most recent address of any  
14       individual so included is filed (in accordance with paragraph  
15       (2) of this subsection) by a court having jurisdiction to issue  
16       orders against individuals for the support and maintenance  
17       of their children, the Secretary shall furnish such address, or  
18       the address of the individual’s most recent employer, or both,  
19       for the court’s own use in issuing or determining whether to  
20       issue such an order against such individual (and for no other  
21       purpose), if the court certifies that the information is re-  
22       quested for such use.”

23       (b) (1) Section 1106 (c) (2) of such Act is amended  
24       by striking out “, and shall be accompanied” and all that  
25       follows and inserting in lieu thereof “(and, in the case of a

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1 request under paragraph (1) (A), shall be accompanied by  
2 a certified copy of the order referred to in clauses (i) and  
3 (iv) thereof.”

4 (2) Section 1106 (c) (3) of such Act is amended by  
5 striking out “authorized by subparagraph (D) thereof” and  
6 inserting in lieu thereof “authorized by subparagraph (A)  
7 (iv) or (B) thereof”.

8 **REPORTS OF BOARDS OF TRUSTEES TO CONGRESS**

9 **SEC. 167 168.** (a) Sections 201 (c) (2), 1817 (b) (2),  
10 and 1841 (b) (2) of the Social Security Act are each  
11 amended by striking out “March” and inserting in lieu  
12 thereof “April”.

13 (b) Section 201 (c) of such Act is amended by insert-  
14 ing immediately before the last sentence the following new  
15 sentence: “Such report shall also include an actuarial analy-  
16 sis of the benefit disbursements made from the Federal Old-  
17 Age and Survivors Insurance Trust Fund with respect to  
18 disabled beneficiaries.”

19 **GENERAL SAVINGS PROVISION**

20 **SEC. 168 169.** (a) Where—

21 (1) one or more persons were entitled (without  
22 the application of section 202 (j) (1) of the Social Se-  
23 curity Act) to monthly benefits under section 202 or  
24 223 of such Act for the effective month on the basis of  
25 the wages and self-employment income of an individual,  
26 and

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1           (2) one or more persons (not included in paragraph  
2           (1)) become entitled to monthly benefits under such  
3           section 202 for the first month after the effective month  
4           on the basis of such wages and self-employment by rea-  
5           son of the amendments made to such Act by sections  
6           ~~104, 150, 151, 154, and 155~~ of this Act, and ~~105, 150,~~  
7           ~~151, 152, 155, 156, and 170~~ of this Act, and

3           (3) the total of benefits to which all persons are  
9           entitled under such section 202 or 223 on the basis of  
10          such wages and self-employment for such first month  
11          are reduced by reason of section 203 (a) of such Act,  
12          as amended by this Act (or would, but for the penulti-  
13          mate sentence of such section 203 (a), be so reduced),  
14          then the amount of the benefit to which each such person  
15          referred to in paragraph (1) is entitled for months after  
16          the effective month shall be increased, after the application  
17          of such section 203 (a), to the amount it would have been  
18          if the person or persons referred to in paragraph (2) were  
19          not entitled to a benefit referred to in such paragraph.

20          (b) For purposes of subsection (a), the term "effective  
21          month" means the month after the month in which this  
22          Act is enacted.

23                                    PARENT'S INSURANCE BENEFITS

24          SEC. 170. (a) Paragraphs (1) and (2) of section 202  
25          (h) of the Social Security Act is amended to read as follows:

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1       “(1) Every parent (as defined in this subsection) of an  
2 individual entitled to old-age or disability insurance benefits,  
3 or of an individual who died a fully insured individual, if  
4 such parent—

5             “(A) has attained age 62,

6             “(B) was receiving at least one-half of his support,  
7 as determined in accordance with regulations prescribed  
8 by the Secretary from such deceased or insured indi-  
9 vidual—

10            “(i) if such individual is entitled to old-age or  
11 disability insurance benefits, at the time he became  
12 entitled to such benefits,

13            “(ii) if such individual has died, at the time  
14 of death, or

15            “(iii) if such individual had a period of dis-  
16 ability which continued until he became entitled to  
17 old-age or disability insurance benefits, or (if he has  
18 died) until the month of his death, at the beginning  
19 of such period of disability,

20 and has filed proof of such support within two years  
21 after the month in which such individual filed applica-  
22 tion with respect to such period of disability, became en-  
23 titled to such benefits, or died, whichever is applicable,

24            “(C) is not entitled to old-age insurance benefits  
25 (or, if such individual is living, to disability insurance  
26 benefits), or is entitled to such benefits each of which—

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1           “(i) if such individual is living, is based on a  
2           primary insurance amount which is less than 50  
3           percent of such individual's primary insurance  
4           amount, or

5           “(ii) if such individual is deceased, is less than  
6           82½ percent of such individual's primary insurance  
7           amount in a case where the amount of such parent's  
8           insurance benefit for the month is determinable under  
9           paragraph (2)(A), or is less than 75 percent of  
10          such primary insurance amount in any other case,

11          “(D) has not married since the time as of which it  
12          is determined, under subparagraph (B) of this para-  
13          graph, that such parent was receiving at least one-half  
14          of his support from such individual, and

15          “(E) has filed application for parent's insurance  
16          benefits, shall be entitled to a parent's insurance benefit  
17          for each month, beginning with the first month in which  
18          he becomes so entitled to such insurance benefits and end-  
19          ing with the month preceding the first month in which any  
20          of the following occurs—

21                 “(F) such parent dies or marries, or

22                 “(G) (i) if such individual is entitled to old-age or  
23                 disability insurance benefits, such parent becomes entitled  
24                 to an old-age or disability insurance benefit based on a  
25                 primary insurance amount which is equal to or exceeds

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1     *50 percent of the primary insurance amount of such in-*  
2     *dividual, or*

3             *“(ii) if such individual has died, such parent be-*  
4     *comes entitled to an old-age insurance benefit which is*  
5     *equal to or exceeds 82½ percent of such individual’s*  
6     *primary insurance amount in a case where the amount*  
7     *of the parent’s insurance benefit for the month is de-*  
8     *terminable under paragraph (2)(A), or is equal to or*  
9     *exceeds 75 percent of such primary insurance amount in*  
10    *any other case, or*

11            *“(E) such individual is living but is not entitled to dis-*  
12    *ability insurance benefits and is not entitled to old-age insur-*  
13    *ance benefits.*

14            *“(2)(A) Except as provided in subparagraphs (B)*  
15    *and (C), and in subsection (q), such parent’s insurance*  
16    *benefit for each month shall be equal to—*

17            *“(i) if the individual on the basis of whose wages*  
18    *and self-employment income the parent is entitled to such*  
19    *benefit has not died prior to the end of such month, one-*  
20    *half of the primary insurance amount of such individual*  
21    *for such month, or*

22            *“(ii) if such individual has died in or prior to such*  
23    *month, 82½ percent of the primary insurance amount of*  
24    *such individual.*

25            *“(B) For any month for which more than one parent*



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1 is entitled to parent's insurance benefits on the basis of the  
2 wages and self-employment income of an individual who  
3 died in or prior to such month, such benefit for each such  
4 parent for such month shall (except as provided in subpara-  
5 graph (C)) be equal to 75 per centum of the primary insur-  
6 ance amount of such individual.

7 “(C) In any case in which—

8 “(i) any parent is entitled to a parent's insurance  
9 benefit for a month on the basis of the wages and self-  
10 employment income of an individual who died in or  
11 prior to such month, and

12 “(ii) another parent of such individual is entitled  
13 to parent's insurance benefits for such month on the  
14 basis of such wages and self-employment income, and  
15 on the basis of an application filed after such month and  
16 after the month in which the application for the parent's  
17 insurance benefits referred to in clause (i) was filed,  
18 the amount of the parent's insurance benefit of the parent  
19 referred to in clause (i) for the month referred to in such  
20 clause shall be determined under subparagraph (A) instead  
21 of subparagraph (B) and the amount of the parent's insur-  
22 ance benefit of the parent referred to in clause (ii) for such  
23 month shall be equal to 150 per centum of the primary in-  
24 surance amount of such individual minus the amount (be-

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1 fore the application of section 203(a) of the benefit for such  
2 month of the parent referred to in clause (i)."

3 (b) Section 202(q) of such Act is amended—

4 (1) by inserting "PARENT'S," in the heading after  
5 "HUSBAND'S,";

6 (2) by inserting "parent's," in paragraph (1) after  
7 "husband's," and by striking out "or husband's" in  
8 such paragraph and inserting in lieu thereof ", hus-  
9 band's, or parent's";

10 (3) by inserting "parent's," after "husband's,"  
11 wherever it appears in paragraph (3), and by striking  
12 out "or husband's" wherever it appears in such para-  
13 graph and inserting in lieu thereof "; husband's, or  
14 parent's";

15 "(ii) another parent of such individual is entitled  
16 to a parent's insurance benefit for such month on the  
17 basis of such wages and self-employment income, and on  
18 the basis of an application filed after such month and  
19 after the month in which the application for the parent's  
20 insurance benefits referred to in clause (i) was filed,  
21 the amount of the parent's insurance benefit of the parent  
22 referred to in clause (i) for the month referred to in such  
23 clause shall be determined under subparagraph (A) instead  
24 of subparagraph (B) and the amount of the parent's insur-  
25 ance benefit of the parent referred to in clause (ii) for such

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1 month shall be equal to 150 per centum of the primary insur-  
2 ance amount of such individual minus the amount (before  
3 the application of section 203(a)) of the benefit for such  
4 month of the parent referred to in clause (i)."

5 (b) Section 202(q) of such Act is amended—

6 (1) by striking out "or Widow's" in the heading and  
7 inserting in lieu thereof "Widow's, or "Parent's";

8 (2) by striking out "or widow's" where it first ap-  
9 pears in paragraph (1) and inserting in lieu thereof  
10 "widow's, or parent's", and by striking out "or hus-  
11 band's" in such paragraph and inserting in lieu thereof  
12 ", husband's, or parent's";

13 (3) by striking out "or widow's" wherever it ap-  
14 pears in paragraph (3) and inserting in lieu thereof  
15 "widow's, or parent's", and by striking out "or hus-  
16 band's" wherever it appears in such paragraph and  
17 inserting in lieu thereof ", husband's, or parent's";

18 (4) by striking out "or widow's" wherever it ap-  
19 pears in paragraph (6) and inserting in lieu thereof  
20 "widow's, or parent's";

21 (5) by striking out "or widow's" in paragraph (7)  
22 and inserting in lieu thereof "widow's, or parent's";  
23 by inserting at the end of subparagraph (A) of such  
24 paragraph the following: "and, in the case of a par-

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1       ent's insurance benefit, any month in which no such  
2       benefit was payable as a result of the operation of sec-  
3       tion 203(a)," ; by striking out "or husband's" in sub-  
4       paragraph (C) of such paragraph and inserting in lieu  
5       thereof ", husband's, or parent's"; and by striking out  
6       "spouse" in subparagraph (C) of such paragraph and  
7       inserting in lieu thereof "individual";

8               (6) by striking out "or husband's" in paragraph  
9       (9) and inserting in lieu thereof "husband's, or par-  
10       ent's"; and

11              (7) by amending paragraph (10) (as added by  
12       section 103(a)(8) of this Act) to read as follows:

13       “(10) For purposes of this subsection—

14              “(A) the term ‘widow's insurance benefit’ means  
15       only a benefit payable under subsection (e) which is  
16       determined under subsection (e)(2)(A); and

17              “(B) the term ‘parent's insurance benefit’ means  
18       only a benefit payable under subsection (h) to a parent  
19       on the basis of the wages and self-employment income  
20       of an individual entitled to old-age or disability insur-  
21       ance benefits.”

22       (c) Section 202(r) of such Act is amended—

23              (1) by striking out “or Husband's” in the heading  
24       and inserting in lieu thereof “, Husband's, or “Parent's”;

25              (2) by striking out “is eligible for a wife's or hus-

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1     *band's insurance benefit for such first month*" in para-  
2     *graph (1) and inserting in lieu thereof "is eligible for*  
3     *a wife's or husband's insurance benefit or (in a case*  
4     *where the insured individual is living) a parent's in-*  
5     *surance benefit for such first month";*

6             *(3) by striking out "or husband's insurance bene-*  
7     *fits." in paragraph (1) and inserting in lieu thereof*  
8     *" , husband's, or parent's insurance benefits." ; and*

9             *(4) by striking out "or husband's" in paragraph*  
10     *(2) and inserting in lieu thereof " ; husband's, or*  
11     *parent's".*

12     *(d) The last sentence of section 203(a) of such Act is*  
13     *amended to read as follows: "Whenever a reduction is made*  
14     *under this subsection in the total of monthly benefits to which*  
15     *individuals are entitled for any month on the basis of the*  
16     *wages and self-employment income of an insured individual—*

17             *"(A) if such total of benefits for such month in-*  
18     *cludes any benefit or benefits under section 202(h),*  
19     *the reduction shall first be applied to reduce (but not*  
20     *below zero) such benefit (or proportionately such bene-*  
21     *fits) under section 202(h);*

22             *"(B) if no benefits under section 202(h) are in-*  
23     *cluded in such total or if such reduction exceeds the sum*  
24     *of the benefits under section 202(h) for such month,*  
25     *all of such reduction or such excess, as the case may*

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1        *be, shall be applied against the benefits (other than those*  
2        *under section 202(h)) included in such total of benefits*  
3        *for such month by proportionately decreasing each of*  
4        *them, except the old-age or disability insurance benefit."*

5        *(e) Section 203(d)(1) of such Act is amended by*  
6        *striking out "or child's" wherever it appears and inserting in*  
7        *lieu thereof "child's, or parent's" and by striking out "or*  
8        *child" and inserting in lieu thereof "child, or parent".*

9        *(f) Section 201(h) of such Act is amended by striking*  
10       *out "or (d)" and inserting in lieu thereof "(d), or (h)".*

11       *(g)(1) The amendments made by subsections (a), (b),*  
12       *(c), (e), and (f) of this section shall apply with respect to*  
13       *monthly insurance benefits under title II of the Social Secu-*  
14       *urity Act and for and after the second month following the*  
15       *month in which this Act is enacted, but only on the basis*  
16       *of applications filed in or after the month in which this Act*  
17       *is enacted.*

18       *(2) The amendment made by subsection (d) of this*  
19       *section shall apply only in the case of an individual whose*  
20       *first month of entitlement to benefits under section 202(h)*  
21       *of the Social Security Act is after the month following the*  
22       *month in which this Act is enacted.*

23       *(h) The requirement in section 202(h)(1)(B) of the*  
24       *Social Security Act that proof of support be filed within*  
25       *two years after a specified time in order to establish eligi-*

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1 *bility for parent's insurance benefits shall, insofar as such*  
2 *requirement applies to cases where applications under such*  
3 *subsection are filed by parents on the basis of the wages and*  
4 *self-employment income of an individual entitled to old-age or*  
5 *disability insurance benefits, be deemed to have been met if*  
6 *such proof of support is filed within two years after the*  
7 *date of the enactment of this Act.*

## 8 TITLE II PUBLIC WELFARE AMENDMENTS

## 9 PART 1—PUBLIC ASSISTANCE AMENDMENTS

10 PROGRAMS OF SERVICES FURNISHED TO FAMILIES WITH  
11 DEPENDENT CHILDREN

12 ~~SEC. 201 (a)(1)~~ Section 402(a) of the Social Secu-  
13 rity Act (as amended by section 202(a) of this Act) is  
14 amended by striking out "and" at the end of clause (13);  
15 by striking out ", and provide for coordination of such pro-  
16 grams" and all that follows in clause (14); by striking out  
17 the period at the end of clause (14) and inserting in lieu  
18 thereof a semicolon; and by adding after clause (14) the  
19 following new clauses: "~~(15)~~ provide—

20 "~~(A)~~ for the development of a program for each  
21 appropriate relative and dependent child receiving aid  
22 under the plan; and each appropriate individual (living  
23 in the same home as a relative and child receiving such  
24 aid) whose needs are taken into account in making the  
25 determination under clause (7), with the objective of—

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1           ~~“(i) assuring, to the maximum extent possible,~~  
2           ~~that such relative, child, and individual will enter~~  
3           ~~the labor force and accept employment so that they~~  
4           ~~will become self-sufficient, and~~

5           ~~“(ii) preventing or reducing the incidence of~~  
6           ~~illegitimate births, and otherwise strengthening fam-~~  
7           ~~ily life,~~

8           ~~“(B) for the implementation of such programs by~~  
9           ~~assuring that—~~

10           ~~“(i) the employment potential of such rela-~~  
11           ~~tives, children, and individuals is evaluated and they~~  
12           ~~are furnished such services as child-care services and~~  
13           ~~testing, counseling, basic education, vocational train-~~  
14           ~~ing, and special job development to assist them in~~  
15           ~~securing and retaining employment or in raising the~~  
16           ~~level of their skills to secure advancement in their~~  
17           ~~employment, and~~

18           ~~“(ii) in all appropriate cases family planning~~  
19           ~~services are offered to them;~~

20           *COMPREHENSIVE PROGRAM OF SERVICES FURNISHED OF*  
21           *FAMILIES WITH DEPENDENT CHILDREN*

22           *SEC. 201. (a) Section 402(a) of the Social Security*  
23           *Act is amended by striking out clauses (12) and (13) and*  
24           *inserting in lieu thereof the following: “(12) provide—*

25           ~~“(A) for the development of a comprehensive pro-~~



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1 *gram for each relative and dependent child receiving aid*  
2 *to families with dependent children under the plan with*  
3 *the objective of—*

4 *“(i) maintaining and strengthening family life*  
5 *and assisting such relative and child to attain or*  
6 *retain capability for self-support or care, and*

7 *“(ii) assuring, to the maximum extent possible,*  
8 *that each appropriate relative and child will enter*  
9 *the labor force and accept employment so that they*  
10 *will become self-sufficient, and*

11 *“(iii) preventing or reducing the incidence of*  
12 *illegitimate births,*

13 *“(B) for the implementation of such programs by—*

14 *“(i) evaluating the employment potential of*  
15 *such relatives and children and their needs for train-*  
16 *ing, education, rehabilitation, and medical services*  
17 *in order to secure and retain employment or to raise*  
18 *the level of their skills to secure advancement in their*  
19 *employment, and*

20 *“(ii) furnishing such individuals child-welfare*  
21 *services as defined in section 425, family services as*  
22 *defined in section 406(d), and such other services*  
23 *as the Secretary may prescribe to accomplish the*  
24 *objectives of such comprehensive program,*

25 *and in appropriate cases by providing aid to families*

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1 with dependent children in the form of payments of the  
2 types described in section 406 (b) (2),

3 “(C) for such review of each such program as may  
4 be necessary (as frequently as may be necessary, but at  
5 least once a year) to insure that it is being effectively  
6 implemented,

7 “(D) for furnishing the Secretary with such re-  
8 ports as he may specify showing the results of such pro-  
9 grams, and

10 “(E) to the extent that such programs are de-  
11 veloped and implemented by services furnished by the  
12 staff of the State agency or the local agency administer-  
13 ing the State plan in each of the political subdivisions of  
14 the State, for the establishment of a single organizational  
15 unit in such State or local agency, as the case may be,  
16 responsible for the furnishing of such services;

17 ~~(16)~~ (13) provide that where the State agency has reason  
18 to believe that the home in which a relative and child receiv-  
19 ing aid reside is unsuitable for the child because of the  
20 neglect, abuse, or exploitation of such child it shall bring such  
21 condition to the attention of the appropriate court or law  
22 enforcement agencies in the State, providing such data with  
23 respect to the situation it may have; ~~(17)~~ (14) provide—

24 “(A) for the development and implementation of  
25 a program under which the State agency will under-  
26 take—

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1 " (i) in the case of an illegitimate child receiv-  
2 ing aid to families with dependent children, to  
3 establish the paternity of such child and secure sup-  
4 port for him, and

5 " (ii) in the case of any child receiving such  
6 aid who has been deserted or abandoned by his par-  
7 ent, to secure support for such child from such par-  
8 ent (or from any other person legally liable for  
9 such support), utilizing any reciprocal arrangements  
10 adopted with other States to obtain or enforce court  
11 orders for support, and

12 " (B) for the establishment of a single organizational  
13 unit in the State agency or local agency administering  
14 the State plan in each political subdivision which will be  
15 responsible for the administration of the program re-  
16ferred to in clause (A);

17 ~~(18)~~ (15) provide for entering into cooperative arrange-  
18 ments with appropriate courts and law enforcement officials

19 (A) to assist the State agency in administering the pro-  
20 gram referred to in clause ~~(17)~~ (14) (A), including the en-

21 tering into of financial arrangements with such **R** courts and  
22 officials in order to assure optimum results under such pro-

23 gram, and (B) with respect to any other matters of common

24 concern to such courts or officials and the State agency or

25 local agency administering the State plan."

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1           (2) Section 402 (a) (13) of such Act (as redesignated  
2 by section 202 (a) of this Act) is amended by striking out  
3 “(if any)”.

4           (b) Section 402 of such Act is amended by adding at  
5 the end thereof the following new subsection:

6           “(c) The Secretary shall, on the basis of his review of  
7 the reports received from the States under clause ~~(15)~~ (12)  
8 of subsection (a), compile such data as he believes neces-  
9 sary and from time to time publish his findings as to the  
10 effectiveness of the programs developed and administered  
11 by the States under such clause. The Secretary shall an-  
12 nually report to the Congress (with the first such report  
13 being made on or before July 1, 1970) on the programs  
14 developed and administered by each State under such clause  
15 ~~(15)~~ (12).”

16           ~~(e)~~ Section 402(a)(3) of such Act is amended by  
17 striking out subparagraphs (A) and (B) and inserting in  
18 lieu thereof the following:

19                   “~~(A)~~ 75 per centum of so much of such ex-  
20 penditures as are for—

21                           “(i) services which are furnished pursuant  
22 to clause ~~(15)~~ of section 402(a) and which  
23 are provided to any relative or child who is  
24 receiving aid under the plan or to any other  
25 individual (living in the same home as such

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1           relative and child) whose needs are taken into  
2           account in making the determination under  
3           clause (7) of such section; or

4           “(ii) any of the services specified in or  
5           under subsection (c) and provided to any rel-  
6           ative or dependent child who is applying for  
7           or receiving aid under the plan; or any other in-  
8           dividual (living in the same home as such rel-  
9           ative and child) whose needs are taken into  
10          account in making the determination under  
11          clause (7) of section 402(a); or

12          “(iii) any of the services specified in clause  
13          (15) of section 402(a); or specified in or  
14          under subsection (c); which are provided to  
15          any child who is applying for aid under the  
16          plan or who, within such period or periods  
17          as the Secretary may prescribe, has been or  
18          is likely to become an applicant for or re-  
19          cipient of such aid; or to any relative with  
20          whom any such child is living; or to any other  
21          individual (living in the same home as such  
22          relative and child) whose needs are or would  
23          be taken into account in making the determi-  
24          nation under clause (7) of section 402(a); or

1           ~~“(iv) the training of personnel employed~~  
2           ~~or preparing for employment by the State~~  
3           ~~agency or by the local agency administering the~~  
4           ~~plan in the political subdivision; plus”.~~

5           (c) Section 403(a)(3) of such Act is amended by strik-  
6           ing out subparagraphs (A) and (B) and inserting in lieu  
7           thereof the following:

8           “(A) 75 per centum of so much of such ex-  
9           penditures as are for—

10           “(i) services which are furnished pursu-  
11           ant to clause (12) of section 402(a) and which  
12           are provided to any child or relative who is  
13           receiving aid to families with dependent chil-  
14           dren,

15           “(ii) any of the services described in clause  
16           (12) of section 402(a) which are provided to  
17           any child or relative who is applying for aid  
18           to families with dependent children or who,  
19           within such period or periods as the Secretary  
20           may prescribe, has been or is likely to become  
21           an applicant for or recipient of such aid, or

22           “(iii) the training of personnel employed or  
23           preparing for employment by the State agency  
24           or by the local agency administering the plan  
25           in the political subdivision; plus”.

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1 (d) Section 403 (a) (3) of such Act is further  
2 amended—

3 (1) by striking out “subparagraphs (A) and (B)”  
4 in the sentence following subparagraph (C) and insert-  
5 ing in lieu thereof “subparagraph (A)”;

6 (2) by inserting before the period at the end of the  
7 sentence following subparagraph (C) the following:  
8 “; and except that, to the extent specified by the Secre-  
9 tary, child-welfare services, family planning services,  
10 services, and family services may be provided from  
11 sources other than those referred to in subparagraphs  
12 (D) and (E)”;

13 (3) by striking out “subparagraphs (B) and (C)  
14 apply” in the last sentence and inserting in lieu thereof  
15 “subparagraph (C) applies”.

16 ~~(e)~~ (1) Section 403 (e) of such Act is amended to read  
17 as follows:

18 “~~(e)~~ For purposes of paragraphs ~~(2)~~ (A) (ii) and ~~(2)~~  
19 (A) (iii) of subsection (a), the services referred to in such  
20 paragraphs as specified in or under this subsection include—

21 “~~(1)~~ child-welfare services as defined in section  
22 425,

23 “~~(2)~~ family services as defined in section 406 (d),  
24 and

25 “~~(3)~~ other services to maintain and strengthen

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1 family life for children, and to help relatives with whom  
2 children are living and other individuals (living in the  
3 same home as a relative and child) whose needs are or  
4 would be taken into account in making the determination  
5 under clause (7) of section 402(a) to attain or retain  
6 capability for self-support or self-care, which are specified  
7 by the Secretary.

8 but only with respect to a State whose State plan approved  
9 under section 402 provides that when such services are fur-  
10 nished by the staff of the State agency or local agency  
11 administering such plan, the organizational unit referred to  
12 in section 402(a)(15)(E) will be responsible for furnish-  
13 ing such services."

14 (e)(1) Section 403(c) of such Act is repealed.

15 (2) Section 403(a)(3) of such Act is amended by  
16 striking out "whose State plan approved under section 402  
17 meets the requirements of subsection (c)(1)", and by strik-  
18 ing out "; and" at the end and inserting in lieu thereof a  
19 period.

20 (3) Section 403(a)(4) of such Act is repealed.

21 (4) Section 408(d) of such Act is amended by striking  
22 out "and (4)".

23 (f) Section 406 of such Act is amended by adding at  
24 the end thereof the following new subsection:

25 "(d) The term 'family services' means services to a



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1 family or any member thereof for the purpose of preserving,  
2 rehabilitating, reuniting, or strengthening the family, and  
3 such other services as will assist members of a family to at-  
4 tain or retain capability for the maximum self-support and  
5 personal independence."

6 ~~(g)(1)~~ The amendments made by subsection ~~(a)~~ of  
7 this section shall be effective October 1, 1967; except that  
8 a State shall not be deemed to have failed to comply with  
9 such amendments prior to July 1, 1960, because its plan  
10 approved under section 402 of the Social Security Act has  
11 not been modified to comply with such amendments.

12 ~~(2)~~ The amendments made by subsections ~~(c)~~, ~~(d)~~,  
13 and ~~(e)~~ of this section shall apply in the case of any State  
14 with respect to services and training furnished on or after  
15 the date as of which the modification of the State plan  
16 to comply with the amendments made by subsection ~~(a)~~  
17 is approved.

18 ~~(h)~~ Notwithstanding subparagraph ~~(A)~~ of section  
19 402~~(a)(2)~~ of the Social Security Act (as amended by  
20 subsection ~~(e)~~ of this section), the rate specified in such  
21 subparagraph in the case of any State shall be 85 per centum  
22 ~~(rather than 75 per centum)~~ with respect to expenditures,  
23 for services furnished pursuant to clause ~~(15)~~ of section  
24 402~~(a)~~ of such Act, made on or after October 1, 1967, and  
25 prior to July 1, 1960.

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1       (f) Section 406 of such Act is amended by adding at  
2 the end thereof the following new subsection:

3       “(d) The term ‘family services’ means services to a  
4 family or any member thereof for the purpose of preserving,  
5 rehabilitating, reuniting, or strengthening the family, in-  
6 cluding family planning services, and such other services  
7 as will assist members of a family to attain or retain capabil-  
8 ity for the maximum self-support and personal independ-  
9 ence.”

10       (g)(1) The amendments made by subsections (a), (b),  
11 (d), (e), and (f) of this section shall be effective April 1,  
12 1968.

13       (2) The amendment made by subsection (c) shall apply  
14 with respect to services furnished after March 31, 1968.

15       **EARNINGS EXEMPTION FOR RECIPIENTS OF AID TO**  
16       **FAMILIES WITH DEPENDENT CHILDREN**

17       **SEC. 202.** ~~(a)~~ Clauses ~~(8)~~ through ~~(13)~~ of section  
18 402 ~~(a)~~ of the Social Security Act are redesignated as  
19 clauses ~~(9)~~ through ~~(14)~~, respectively.

20       **EARNINGS EXEMPTION OF PUBLIC ASSISTANCE RECIPIENTS**

21       **SEC. 202.** (a)(1) Clauses (8) through (15) of section  
22 402(a) of the Social Security Act are redesignated as clauses  
23 (9) through (16), respectively.

24       ~~(b)~~ (2) Effective July 1, 1969, section 402 (a) of such  
25 Act is amended by striking out clause (7) and inserting in

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1 lieu thereof the following: “(7) except as may be otherwise  
2 provided in clause (8), provide that the State agency shall,  
3 in determining need, take into consideration any other in-  
4 come and resources of any child or relative claiming aid to  
5 families with dependent children, or of any other individual  
6 (living in the same home as such child and relative) whose  
7 needs the State determines should be considered in determin-  
8 ing the need of the child or relative claiming such aid, as well  
9 as any expenses reasonably attributable to the earning of any  
10 such income; (8) provide that, in making the determination  
11 under clause (7), the State agency—

12 “(A) shall with respect to any month disregard—

13 “(i) all of the earned income of each depend-  
14 ent child receiving aid to families with dependent  
15 children for any month in which such child (I) is  
16 under age 16, or (II) if age 16 or over but under  
17 age 21, is (as determined by the State in accord-  
18 ance with standards prescribed by the Secretary)  
19 a full-time student attending a school, college, or  
20 university, or a course of vocational or technical  
21 training designed to fit him for gainful employment,  
22 and

23 “(ii) in the case of earned income of a depend-  
24 ent child not included under clause (i), a relative

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1 . . . receiving such aid, and any other individual (living  
2 . . . in the same home as such relative and child) whose  
3 . . . needs are taken into account in making such  
4 . . . determination, the first ~~\$30~~ \$50 of the total of such  
5 . . . earned income for such month plus ~~one-third~~ *one-*  
6 . . . *half* of the remainder of such income for such month;  
7 . . . and

8 . . . “(B) (i) may, subject to the limitations prescribed  
9 . . . by the Secretary, permit all or any portion of the earned  
10 . . . or other income to be set aside for future identifiable  
11 . . . needs of a dependent child, and (ii) may, before dis-  
12 . . . regarding the amounts referred to in subparagraph (A)  
13 . . . and clause (i) of this subparagraph, disregard not more  
14 . . . than \$5 per month of any income;

15 . . . except that, with respect to any month, the State agency  
16 . . . shall not disregard any earned income (other than income  
17 . . . referred to in subparagraph (B) ) of—

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

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

24 . . . “(ii) refused without good cause, within such  
25 . . . period preceding such month as may be prescribed

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1 by the Secretary, to accept employment in which  
2 he is able to engage which is offered through the  
3 public employment offices of the State, or is other-  
4 wise offered by an employer if the offer of such em-  
5 ployer is determined by the State or local agency  
6 administering the State plan, after notification by  
7 him, to be a bona fide offer of employment; or

8 “(D) any of such persons specified in clause (ii)  
9 of subparagraph (A) if with respect to such month the  
10 income of the persons so specified (within the meaning  
11 of clause (7)) was in excess of their need as deter-  
12 mined by the State agency pursuant to clause (7)  
13 (without regard to clause (8)), unless, for any one of  
14 the four months preceding such month, the needs of such  
15 persons were met by the furnishing of aid under the  
16 plan;”.

17 ~~(e)~~ (3) A State whose plan under section 402 of the  
18 Social Security Act has been approved by the Secretary shall  
19 not be deemed to have failed to comply substantially with the  
20 requirements of section 402 (a) (7) of such Act (as in effect  
21 prior to July 1, 1969) for any period beginning after Sep-  
22 tember 30, 1967, and ending prior to July 1, 1969, if for  
23 such period the State agency disregards earned income of the  
24 individuals involved in accordance with the requirements

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1 specified in section 402(a) (7) and (8) of such Act as  
2 amended by this section.

3       **(b)(1)** *Effective July 1, 1969, clauses (i) and (ii) of*  
4 *section 2(a)(10)(A) of such Act are amended to read*  
5 *as follows: “(i) the State agency shall with respect to any*  
6 *month disregard the first \$50 of the total of the earned income*  
7 *of such individual for such month plus one-half of the re-*  
8 *mainder of such income for such month and (ii) the State*  
9 *may, before disregarding the amount referred to in clause*  
10 *(i), disregard no more than \$5 per month of any income;”*

11       **(b)(2)** *A State whose plan under section 2 of the Social*  
12 *Security Act has been approved by the Secretary shall not*  
13 *be deemed to have failed to comply substantially with the*  
14 *requirements of section 2(a)(10)(A) of such Act (as in*  
15 *effect prior to July 1, 1969) for any period beginning*  
16 *after September 30, 1967 and ending prior to July 1,*  
17 *1969 if for such period the State agency disregards earned*  
18 *income of the individual involved in accordance with the*  
19 *requirements specified in clause (i) of section 2(a)(10)*  
20 *(A) of such Act as amended by this section.*

21       **(c)(1)** *Effective July 1, 1969, clauses (A) and (B)*  
22 *of section 1402(a)(8) of such Act are amended to read as*  
23 *follows: “(A) the State agency shall with respect to any*  
24 *month disregard the first \$50 of the total of the earned*  
25 *income of such individual for such months plus one-half*

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1 of the remainder of such income for such month, and (B)  
2 the State may, before disregarding the amount referred to  
3 in clause (A), disregard no more than \$5 per month of any  
4 income, and”.

5 (2) A State whose plan under section 1402 of the  
6 Social Security Act has been approved by the Secretary  
7 shall not be deemed to have failed to comply substantially  
8 with the requirements of section 1402(a)(8) of such Act  
9 (as in effect prior to July 1, 1969) for any period beginning  
10 after September 30, 1967, and ending prior to July 1,  
11 1969, if for such period the State agency disregards earned  
12 income of the individual involved in accordance with the  
13 requirements specified in clause (A) of section 1402(a)(8)  
14 of such Act as amended by this section.

15 (d)(1) Clause (i) of section 1602(a)(14)(B) is  
16 amended to read as follows: “(i) the State agency shall  
17 with respect to any month disregard the first \$50 of the  
18 total of the earned income of such individual for such month  
19 plus one-half of the remainder of such income for such  
20 month, and”.

21 (2) Subparagraph (C) of section 1602(a)(14) is  
22 amended to read as follows: “if such individual has attained  
23 age 65 and is neither blind nor permanently disabled, the  
24 State agency shall with respect to any month disregard the  
25 first \$50 of the total of the earned income of such individual

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1 *for such month plus one-half of the remainder of such income*  
2 *for such month, and”.*

3       (3) *A State whose plan under section 1602 of the Social*  
4 *Security Act has been approved by the Secretary shall not*  
5 *be deemed to have to comply substantially with the require-*  
6 *ments of section 1602(a)(14) of such Act (as in effect prior*  
7 *to July 1, 1969) for any period beginning after September*  
8 *30, 1967, and ending prior to July 1, 1969, if for such*  
9 *period the State agency disregards earned income of the*  
10 *individual involved in accordance with the requirements*  
11 *specified in clause (i) of section 1602(a)(14)(B) or sub-*  
12 *paragraph (C) of section 1602(a)(14) as amended by*  
13 *this section.*

14       ~~(d) In determining the need of individuals claiming aid~~  
15 ~~to families with dependent children (and individuals whose~~  
16 ~~needs are taken into account in making such determination)~~  
17 ~~under a State plan approved under section 402 of the Social~~  
18 ~~Security Act which provides for the determination of such~~  
19 ~~need under the provisions of section 402(a) (7) and (8) of~~  
20 ~~such Act as amended by this section, the State shall apply~~  
21 ~~such provisions notwithstanding any provision of law (other~~  
22 ~~than such Act) requiring the State to disregard earned in-~~  
23 ~~come of such individuals in determining need under such State~~  
24 ~~plan.~~

25       (e) *In determining the need of individuals claiming aid*



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1 *or assistance under a State plan approved under titles I,*  
2 *XIV, or XVI or part A of title IV of the Social Security*  
3 *Act which provides for the determination of such need under*  
4 *the provisions of such titles or such part as amended by this*  
5 *section, the State shall apply such provisions notwithstanding*  
6 *any provisions of law (other than such Act) requiring the*  
7 *State to disregard earned income of such individuals in deter-*  
8 *mining need under such State plans.*

9 **DEPENDENT CHILDREN OF UNEMPLOYED FATHERS**

10 **SEC. 203. (a)** Section 407 of the Social Security Act is  
11 amended to read as follows:

12 **"DEPENDENT CHILDREN OF UNEMPLOYED FATHERS**

13 **"SEC. 407. (a)** The term 'dependent child' shall, not-  
14 withstanding section 406 (a), include a needy child who  
15 meets the requirements of section 406 (a) (2), who has been  
16 deprived of parental support or care by reason of the unem-  
17 ployment (as determined in accordance with standards pre-  
18 scribed by the Secretary) of his father, and who is living  
19 with any of the relatives specified in section 406 (a) (1)  
20 in a place of residence maintained by one or more of such  
21 relatives as his (or their) own home.

22 **"(b)** The provisions of subsection (a) shall be applicable  
23 to a State if the State's plan approved under section 402—

24 **"(1)** requires the payment of aid to families with

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1 dependent children with respect to a dependent child as  
2 defined in subsection (a) when—

3 “(A) such child’s father has not been employed  
4 (as determined in accordance with standards pre-  
5 scribed by the Secretary) for at least 30 days prior  
6 to the receipt of such aid,

7 “(B) such father has not without good cause,  
8 within such period (of not less than 30 days) as  
9 may be prescribed by the Secretary, refused a bona  
10 fide offer of employment or training for employ-  
11 ment, and *employment*; and

12 ~~“(C)(i) such father has 6 or more quarters of~~  
13 ~~work (as defined in subsection (d)(1)) in any 12-~~  
14 ~~calendar-quarter period ending within one year~~  
15 ~~prior to the application for such aid or (ii) he re-~~  
16 ~~ceived unemployment compensation under an unem-~~  
17 ~~ployment compensation law of a State or of the~~  
18 ~~United States, or he was qualified (within the mean-~~  
19 ~~ing of subsection (d)(2)) for unemployment com-~~  
20 ~~penensation under the unemployment compensation~~  
21 ~~law of the State, within one year prior to the appli-~~  
22 ~~cation for such aid; and~~

23 “(2) provides—

24 ~~“(A)(i) for the establishment of a work and~~  
25 ~~training program in accordance with section 400,~~

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1           and ~~(ii)~~ for such assurances as will satisfy the Sec-  
2           retary that fathers of dependent children as defined  
3           in subsection (a) are assigned as participants to  
4           projects under such ~~program~~ *a work and training*  
5           *program (established and maintained under section*  
6           *409 or 410)* within 30 days after receipt of aid  
7           with respect to such children;

8           “(B) that the services of the public em-  
9           ployment offices in the State shall be utilized in  
10          order to assist fathers of dependent children as de-  
11          fined in subsection (a) to secure employment or  
12          occupational training, including appropriate provi-  
13          sion for registration and periodic reregistration of  
14          such fathers and for maximum utilization of the  
15          job placement services and other services and facili-  
16          ties of such offices;

17          “(C) for entering into cooperative arrange-  
18          ments with the State agency responsible for admin-  
19          istering or supervising the administration of voca-  
20          tional education in the State, designed to assure  
21          maximum utilization of available public vocational  
22          education services and facilities in the State in order  
23          to encourage the retraining of individuals capable  
24          of being retrained; and

1           “(D) for the denial of aid to families with de-  
2           pendent children to any child or relative specified  
3           in subsection (a) if, and for as long as, such child’s  
4           father—

5                   “(i) is not currently registered with the  
6                   public employment offices in the State,

7                   “(ii) refuses without good cause to under-  
8                   take, or continue to undertake, work or training  
9                   in the program referred to in subparagraph  
10                  (A),

11                  “(iii) refuses without good cause to accept  
12                  employment in which he is able to engage  
13                  which is offered through the public employment  
14                  offices of the State, or is otherwise offered by an  
15                  employer if the offer of such employer is de-  
16                  termined by the State or local agency adminis-  
17                  tering the State plan, after notification by him,  
18                  to be a bona fide offer of employment,

19                  “(iv) refuses without good cause to un-  
20                  dergo the retraining referred to in subpara-  
21                  graph (C), or

22                  ~~“(v) receives unemployment compensa-~~  
23                  ~~tion under an unemployment compensation law~~  
24                  ~~of a State or of the United States.~~

25                  ~~“(e) Notwithstanding any other provision of this sec-~~

1 tion, expenditures pursuant to this section shall be excluded  
2 from aid to families with dependent children—

3 “(1) where such expenditures are made with re-  
4 spect to any dependent child as defined in subsection  
5 (a)—

6 “(A) for any part of the 30-day period re-  
7 ferred to in subparagraph (A) of subsection (b)(1);  
8 or

9 “(B) for any period prior to the time when  
10 the father satisfies subparagraph (B) and (C) of  
11 subsection (b)(1); and

12 “(2) if, and for as long as, no action is taken under  
13 the program specified in subparagraph (A) of sub-  
14 section (b)(2) (after the 30-day period referred to  
15 therein) to assign such child's father to a project under  
16 such program, unless the State agency or local agency  
17 administering the plan determines, in accordance with  
18 standards prescribed by the Secretary, that any such as-  
19 signment would be detrimental to the health of such  
20 father or that no such project is available.

21 “(d) For purposes of this section—

22 “(1) the term ‘quarter of work’ with respect to any  
23 individual means a calendar quarter in which such indi-  
24 vidual received earned income of not less than \$50 (or  
25 which is a ‘quarter of coverage’ as defined in section

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1       ~~213(a)(2)~~; or in which such individual participated  
2       in a community work and training program under section  
3       ~~400~~ or any other work and training program subject to  
4       the limitations in section ~~400~~;

5       “~~(2)~~ the term ‘calendar quarter’ means a period of  
6       3 consecutive calendar months ending on March 31,  
7       June 30, September 30, or December 31; and

8       “~~(3)~~ an individual shall be deemed qualified for un-  
9       employment compensation under the State’s unemploy-  
10      ment compensation law if—

11       “~~(A)~~ he would have been eligible to receive  
12      such unemployment compensation upon filing appli-  
13      cation; or

14       “~~(B)~~ he performed work not covered under  
15      such law and such work, if it had been covered,  
16      would ~~(together with any covered work he per-~~  
17      formed) have made him eligible to receive such  
18      unemployment compensation upon filing applica-  
19      tion.”

20       ~~(b)~~ In the case of an application for aid to families with  
21      dependent children under a State plan approved under sec-  
22      tion ~~402~~ of such Act with respect to a dependent child as  
23      defined in section ~~407(a)~~ of such Act ~~(as amended by this~~  
24      section) within 6 months after the effective date of the modi-  
25      fication of such State plan which provides for payments in

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1 accordance with section 407 of such Act as so amended, the  
2 father of such child shall be deemed to meet the requirements  
3 of subparagraph (C) of section 407(b)(1) of such Act (as  
4 so amended) if at any time after April 1961 and prior to  
5 the date of application such father met the requirements of  
6 such subparagraph (C). For purposes of the preceding sen-  
7 tence, an individual receiving aid to families with dependent  
8 children (under section 407 of the Social Security Act as  
9 in effect before the enactment of this Act) for the last  
10 month ending before the effective date of the modification  
11 referred to in such sentence shall be deemed to have filed  
12 application for such aid under such section 407 (as amended  
13 by this section) on the day after such effective date.

14       “(c) Notwithstanding any other provisions of this sec-  
15 tion—

16               “(1) a State plan may, at the option of the State,  
17       provide for denial of all (or any part) of the aid under  
18       the plan with respect to a dependent child as defined in  
19       subsection (a) to which any child or relative might  
20       otherwise be entitled for any month if the father of such  
21       child receives unemployment compensation under an  
22       unemployment compensation law of a State or of the  
23       United States for any week any part of which is in-  
24       cluded in such month, and

25               “(2) expenditures pursuant to this section shall

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1       *be excluded from aid to families with dependent children*  
2       *(A) where such expenditures are made under the plan*  
3       *with respect to any dependent child as defined in sub-*  
4       *section (a), (i) for any part of the 30-day period*  
5       *referred to in subparagraph (A) of subsection (b)(1),*  
6       *or (ii) for any period prior to the time when the father*  
7       *satisfies subparagraph (B) of such subsection, and (B)*  
8       *if, and for as long as, no action is taken (after the*  
9       *30-day period referred to in subparagraph (A) of sub-*  
10       *section (b)(2) under the program therein specified to*  
11       *assign such child's father to a project under such pro-*  
12       *gram, unless the State agency or local agency admin-*  
13       *istering the plan determines, in accordance with stand-*  
14       *ards prescribed by the Secretary, that any such assign-*  
15       *ment would be detrimental to the health of such father*  
16       *or that no such project is available."*

17       ~~(e)~~ (b) The amendment made by subsection (a) shall  
18       be effective October 1, 1967; except that ~~(1)~~ no State which  
19       had in operation a program of aid with respect to children of  
20       unemployed parents under section 407 of the Social Security  
21       Act (as in effect prior to such amendment) in the calendar  
22       quarter commencing July 1, 1967, shall be required to in-  
23       clude any additional child or family under its State plan  
24       approved under section 402 of such Act, by reason of the  
25       enactment of such amendment, prior to July 1, 1969; and  
26       ~~(2)~~ no such State shall be required to deny aid under such



1 State plan to any individual, because the plan does not estab-  
2 lish a community work and training program in accordance  
3 with section 400 of such Act, prior to July 1, 1969.

4 **COMMUNITY WORK AND TRAINING PROGRAMS**

5 **SEC. 204. (a)** Section 400 of the Social Security Act  
6 is amended to read as follows:

7 **"COMMUNITY WORK AND TRAINING PROGRAMS**

8 **"SEC. 400.** For the purpose of assisting the States in en-  
9 couraging, through community work and training programs  
10 of a constructive nature, the conservation of work skills and  
11 the development of new skills in appropriate cases for chil-  
12 dren and relatives receiving aid to families with dependent  
13 children, and other individuals (living in the same home as  
14 a relative and child receiving such aid) whose needs are  
15 taken into account in making the determination under sec-  
16 tion 402(a)(7), under conditions which are designed to  
17 assure protection of the health and welfare of such persons;  
18 expenditures (other than for medical or any other type of  
19 remedial care) for any month with respect to a dependent  
20 child under a State plan approved under section 402 shall  
21 be included in the term 'aid to families with dependent  
22 children' (as defined in section 406(b)) where such ex-  
23 penditures are made in the form of payments for work per-  
24 formed in such month by such child, relative, or other indi-  
25 vidual if—

1           ~~“(1) such child, relative, or other individual has~~  
2           ~~attained age 16,~~

3           ~~“(2) such work is performed under a work and~~  
4           ~~training program administered or supervised by the State~~  
5           ~~agency and maintained and operated by that agency or~~  
6           ~~another public or nonprofit agency for the purpose of~~  
7           ~~preparing individuals for, or restoring them to, employa-~~  
8           ~~bility,~~

9           ~~“(3) there is State financial participation in such~~  
10          ~~expenditures,~~

11          ~~“(4) the State plan includes provisions which, in~~  
12          ~~the judgment of the Secretary, provide reasonable assur-~~  
13          ~~ance that—~~

14                 ~~“(A) such work and training program con-~~  
15                 ~~forms to standards prescribed by the Secretary;~~

16                 ~~“(B) such program is in effect in those political~~  
17                 ~~subdivisions of the State in which there is a sig-~~  
18                 ~~nificant number (determined in accordance with~~  
19                 ~~standards prescribed by the Secretary) of individuals~~  
20                 ~~who have attained age 16 and are receiving aid~~  
21                 ~~to families with dependent children;~~

22                 ~~“(C) (i) the vocational needs and potential of~~  
23                 ~~each appropriate child and each relative (applying~~  
24                 ~~for or receiving aid to families with dependent chil-~~  
25                 ~~dren); and of each other appropriate individual (liv-~~

1           ing in the same home as a relative and child receiving  
2           such aid) whose needs are (or would but for section  
3           402(a)(20)(B) be) taken into account in making  
4           the determination under section 402(a)(7), are  
5           evaluated, and (ii) the program is made available to  
6           any such child, relative, or other individual who is  
7           determined to have the capability for employment;

8           “(D) appropriate standards for health, safety,  
9           and other conditions applicable to the performance  
10          of such work are established and maintained (except  
11          that if State law establishes standards for health  
12          and safety which are applicable to the performance  
13          of such work in the State, the requirements of this  
14          subparagraph shall be deemed to be satisfied);

15          “(E) payments for such work are at rates not  
16          less than the minimum rate (if any) provided by  
17          or under applicable Federal or State law for the  
18          same type of work and not less than the rates pre-  
19          vailing for similar work in the community (except  
20          that in the case of work by individuals who under  
21          such law are considered learners or handicapped  
22          persons, payments may be at any special minimum  
23          rates established for them by or under such law);

24          “(F) such work is performed on projects which

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1           serve a useful public purpose and do not result in  
2           displacement of regular workers, with provision in  
3           appropriate cases for the performance of such work  
4           ~~(pursuant to agreement entered into by the State~~  
5           ~~or local agency administering the State plan)~~ for  
6           Federal, State, or local agencies or for private em-  
7           ployers, organizations, agencies, or institutions;

8           ~~“(G) in determining the needs of any such~~  
9           ~~child, relative, or other individual, any additional~~  
10          ~~expenses reasonably attributable to such work will~~  
11          ~~be considered;~~

12          ~~“(H) any such child, relative, or other indi-~~  
13          ~~vidual shall have reasonable opportunities to seek~~  
14          ~~regular employment and to secure any appropriate~~  
15          ~~training or retraining which may be available; and~~

16          ~~“(I) any such child, relative, or other individ-~~  
17          ~~ual will, with respect to the work so performed, be~~  
18          ~~covered under the State workmen’s compensation~~  
19          ~~law or be provided comparable protection; and~~

20          ~~“(5) the State plan includes—~~

21          ~~“(A) provision for entering into cooperative~~  
22          ~~arrangements with the public employment offices in~~  
23          ~~the State for the utilization of such offices to assist~~  
24          ~~any such child, relative, or other individual perform-~~  
25          ~~ing such work under such program to secure employ-~~

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1           ment or occupational training, including appropriate  
2           provision for registration and periodic reregistration  
3           of such individuals and for maximum utilization of  
4           the job placement, vocational evaluation, testing,  
5           counseling, and other services and facilities of such  
6           offices;

7           “(B) provision that the services and facilities  
8           under title II of the Manpower Development and  
9           Training Act of 1962, and the services and facili-  
10          ties under any other Federal and State programs  
11          for manpower training, retraining, and work ex-  
12          perience, shall, to the extent available, be utilized  
13          for the training, retraining, and work experience of  
14          the persons accepted for participation under such  
15          work and training program;

16          “(C) provision for entering into cooperative  
17          arrangements with the Federal and State agencies  
18          responsible for administering or supervising the ad-  
19          ministration of vocational education and adult  
20          education in the State, designed to assure maximum  
21          utilization of available public vocational or adult  
22          education services and facilities in the State in order  
23          to encourage the training or retraining of any such  
24          child, relative, or other individual performing work

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1           under such program and otherwise assist them in  
2           preparing for regular employment;

3           ~~“(D) provision for assuring appropriate ar-~~  
4           ~~rangements for the care and protection of children~~  
5           ~~during the absence from the home of any such rela-~~  
6           ~~tive performing work or receiving training under~~  
7           ~~such program; and~~

8           ~~“(E) provision that there will be no adjust-~~  
9           ~~ment or recovery by the State or any political sub-~~  
10          ~~division thereof on account of any payments which~~  
11          ~~are correctly made for such work.”~~

12          (b) Section 402(a) of such Act (as amended by  
13          sections 201(a) and 202(a) of this Act) is amended by in-  
14          serting before the period at the end thereof the following  
15          new clauses: “; (10) include provisions to assure that all  
16          appropriate children and relatives receiving aid to families  
17          with dependent children, and all other appropriate individuals  
18          (living in the same home as a relative and child receiving  
19          such aid) whose needs are taken into account in making the  
20          determination under clause (7); register and periodically  
21          reregister with the public employment offices of the State;  
22          (20) provide that (A) if and for as long as any such appro-  
23          priate child or relative refuses without good cause to no  
24          register or reregister, or refuses without good cause to accept  
25          employment in which he is able to engage and which is

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1 offered through the public employment offices of the State  
2 or is otherwise offered by an employer (and the offer of  
3 such employer is determined by the State or local agency  
4 administering the State plan, after notification by him, to  
5 be a bona fide offer of employment); or refuses without  
6 good cause to participate in a work and training program  
7 under section 409 or undergo any other training for employ-  
8 ment, then—

9       “(i) if the relative makes such refusal, such rela-  
10       tive’s needs shall not be taken into account in making  
11       the determination under clause (7); and aid for any  
12       dependent child in the family in any form other than  
13       payments of the type described in section 406(b)(2)  
14       (which may be made in such a case without regard  
15       to clauses (A) through (E) thereof) or section 408  
16       will be denied;

17       “(ii) aid with respect to a dependent child will  
18       be denied if a child who is the only child receiving aid  
19       in the family makes such refusal; and

20       “(iii) if there is more than one child receiving aid  
21       in the family, aid for any such child will be denied if that  
22       child makes such refusal;

23       and (B) if and for as long as any such other appropriate  
24       individual makes such a refusal, such individual’s needs  
25       shall not be taken into account in making the determina-

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1 tion under clause (7); ~~(21)~~ effective July 1, 1960, provide  
2 for ~~(A)~~ a work and training program meeting the require-  
3 ments of section 400 for appropriate individuals who have  
4 attained age 16 and are receiving aid to families with depend-  
5 ent children, and for other appropriate individuals living  
6 in the same home whose needs are taken into account  
7 in making the determination under clause (7), with the  
8 objective that a maximum number of such individuals will  
9 be benefited through the conservation of their work skills  
10 and the development of new skills, and ~~(B)~~ expenditures  
11 in the form of payments described in such section 400”.

12 ~~(e)~~ Section 403(a)(3) of such Act (as amended by  
13 section 201(e) of this Act) is amended by inserting after  
14 subparagraph ~~(A)~~ the following new subparagraph:

15 “~~(B)~~ 75 per centum of so much of such ex-  
16 penditures as are for—

17 “(i) training, supervision, materials, and  
18 such other items as are authorized by the Secre-  
19 tary, in connection with a work and training  
20 program described in section 400, and

21 “(ii) other services ~~(not included in clause~~  
22 ~~(i))~~, specified by the Secretary, which are  
23 related to the purposes of such a program and  
24 are provided to individuals who are participants  
25 in such a program; plus”.





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1 necessary to assure that individuals receiving or applying for  
2 aid to families with dependent children under a plan ap-  
3 proved under part A of title IV of this Act ~~(1)~~ are regis-  
4 tered and periodically reregistered at such offices, ~~(2)~~ are  
5 receiving testing and counseling services and such other  
6 services as such offices make available to individuals to assist  
7 them in securing and retaining employment, and ~~(3)~~ are,  
8 in appropriate cases, referred to employers who have re-  
9 quested such offices to furnish applicants for job placement.  
10 The State agency administering or supervising the adminis-  
11 tration of the plan of any State approved under section  
12 402 of this Act shall pay the Secretary of Labor (as  
13 expenses subject to section 402(a)(3)(B) of this Act)  
14 for any costs incurred in providing the services described  
15 in clause ~~(2)~~ of the preceding sentence with respect to in-  
16 dividuals who are receiving or applying for aid (or whose  
17 needs are taken into account) under such plan."

18 ~~(2)~~ Section 402(a) of such Act (as amended by the  
19 preceding provisions of this Act) is amended by inserting  
20 before the period at the end thereof the following new clause:  
21 " ; ~~(22)~~ provide for payment to the Secretary of Labor  
22 for any costs incurred in providing the services described in  
23 clause ~~(2)~~ of the first sentence of section 304 with respect  
24 to individuals who are receiving or applying for aid (or  
25 whose needs are taken into account) under the plan".

## 201

1       (g) The amendments made by subsections (a), (c),  
2 and (f) (2) shall be effective on July 1, 1969, or, if earlier  
3 (in the case of any State), on the date as of which the mod-  
4 ification of the State plan to comply with such amendments  
5 is approved. Except as otherwise specifically indicated  
6 therein, the amendment made by subsection (b) shall be  
7 effective April 1, 1968.

8       FEDERAL ASSISTANCE IN MEETING THE COSTS OF  
9                               COMMUNITY WORK AND TRAINING

10       SEC. 204. (a) Section 402(a) of the Social Security  
11 Act is amended by inserting before the period at the end  
12 thereof after clause (16) (redesignated by section 202(a)  
13 of this Act) the following:”; (17) effective July 1, 1968  
14 provide (A) for entering into agreements with the Secretary  
15 of Labor, or such delegate as he may designate, for the  
16 referral of all appropriate individuals who have attained  
17 age 16 and are receiving aid to families with dependent  
18 children to a work and training program established and  
19 maintained by the Secretary of Labor or his delegate under  
20 section 410 in the geographical area in which such individ-  
21 uals live for purposes of preparing such individuals for, or  
22 restoring them to, employability, (B) that such aid will not  
23 be denied by reason of such referral, or by reason of the  
24 refusal of such individual to perform any such work if he  
25 has good cause for such refusal, and (C) that any addi-

## 202

1 *tional expenses attributable to participation in such program*  
2 *will be considered in determining the needs of such individ-*  
3 *uals, and (18), effective July 1, 1968, provide for—*

4       “(A) *the establishment of a work and training pro-*  
5 *gram (which conforms to standards prescribed by the*  
6 *Secretary) for appropriate individuals who have at-*  
7 *tained age 16 and are receiving aid to families with*  
8 *dependent children with the objective that a maximum*  
9 *number of such individuals will be benefited through the*  
10 *conservation of their work skills and the development*  
11 *of new skills,*

12       “(B) *such a program to be in effect in those political*  
13 *subdivisions of the State in which there is a significant*  
14 *number (determined in accordance with standards pre-*  
15 *scribed by the Secretary) of individuals who have at-*  
16 *tained age 16 and are receiving aid to families with*  
17 *dependent children;*

18       “(C) *expenditures described in section 409(a) in*  
19 *the form of payments to such individuals, and*

20       “(D) *meeting the requirements of such section*  
21 *409(a);*

22 *but only if the Secretary of Labor or his delegate does not*  
23 *maintain and operate any work and training program as*  
24 *authorized under section 410 in the State, and has certified*  
25 *that it is not practicable for him to maintain and operate*  
26 *such a program anywhere in the State”.*

## 208

1       (b) Section 402(a)(8) of such Act is amended by  
2 adding after subparagraph (B) the following new subpara-  
3 graph:

4           “(C) effective July 1, 1968, shall disregard any  
5 training incentive of not more than \$20 a week paid  
6 under a program of work and training maintained and  
7 operated either by the State agency as authorized under  
8 section 409 or by the Secretary of Labor or his delegate  
9 as authorized under section 410;”.

10       (c) (1) Effective with respect to expenditures made after  
11 September 30, 1967, section 409 of such Act is amended  
12 by—

13           (A) adding at the end of the heading of such sec-  
14 tion the following: “by the State Agency”;

15           (B) striking out in so much of the matter in sub-  
16 section (a) as precedes paragraph (1) “the relatives  
17 with whom such child is living” and inserting in lieu  
18 thereof “such individuals”, and striking out in such  
19 material “18” and inserting in lieu thereof “16”;

20           (C) striking out in paragraphs (1), (3), and (4)  
21 “relative” and “relatives” and inserting in lieu thereof  
22 “individual” and “individuals”, respectively; and

23           (D) deleting paragraph (2) of subsection (a) and  
24 inserting in lieu thereof the following new paragraph:

25           “(2) provision that the services of the public employ-

## 204

1        *ment offices in the State shall, to the extent reasonably*  
2        *available, be utilized in order to assist such individuals*  
3        *performing work under such program to secure employ-*  
4        *ment or occupational training, including appropriate*  
5        *provision for registration and periodic reregistration of*  
6        *such individuals and for maximum utilization of the job*  
7        *placement services and other services and facilities of*  
8        *such offices;"*.

9        *(2) Effective July 1, 1968, striking out "(which need*  
10       *not be in effect in all political subdivisions of the State)"*.

11       *(d)(1) Section 409(b) of such Act is amended by strik-*  
12       *ing out "In the case of any State" and inserting in lieu*  
13       *thereof "Except as may be provided in subsection (c), in*  
14       *the case of any State"*.

15       *(2) Effective October 1, 1967, section 409 of such Act*  
16       *is amended by adding the following new subsection:*

17       *"(c)(1) From the sums appropriated pursuant to sub-*  
18       *section (g)(1) of this section the Secretary of the Treasury*  
19       *shall for each quarter after September 30, 1967 pay each*  
20       *State, which has a plan for aid and services to needy*  
21       *families with children which has been approved under sec-*  
22       *tion 402, for its expenditures under the plan (in such*  
23       *amount as is specified in paragraph (2)), found necessary*  
24       *by the Secretary of Health, Education, and Welfare, for*  
25       *the proper and efficient administration of such plan, which*

1 are for (1) training, supervision, materials, and such other  
2 items as are authorized by the Secretary in connection with  
3 work or training on a project which is undertaken pursuant  
4 to subsection (a) and which the Secretary finds complies  
5 with such standards and limitations as he may prescribe  
6 to assure that such work and training are for the purpose  
7 of preparing for, or restoring to, employability individuals  
8 who have attained age 16 and are receiving aid to families  
9 with dependent children, (2) other services specified by the  
10 Secretary which are related to the purposes of this section  
11 and are provided for such individuals, or (3) incentive  
12 payments to any such individuals of not more than \$20 per  
13 week, as authorized by the State. The State may, in accord-  
14 ance with such standards as the Secretary may prescribe,  
15 enter into contracts with employers, organizations, agencies,  
16 or institutions to furnish the services and items specified  
17 in the preceding sentence in order to carry out the pur-  
18 poses of this section.

19       “(2) The amount referred to in paragraph (1) shall  
20 not exceed 90 percent of the expenditures for the items and  
21 services referred to in such paragraph unless the Secretary  
22 determines that payments in excess thereof are required to  
23 give full effect to the purposes of this section. Non-Federal  
24 contributions may be in cash or kind, fairly evaluated, in-  
25 cluding but not limited to plant, equipment, and services.”

## 206

1       (e) Effective July 1, 1968, section 409 of such Act is  
2 amended by adding at the end thereof (after subsection (c),  
3 added to such section by subsection (d)(2) of this section of  
4 this Act) the following new subsection:

5       “(d) Notwithstanding the previous provisions of this  
6 section, expenditures pursuant to subsection (a) shall be  
7 excluded from aid to families with dependent children with  
8 respect to individuals living in geographical areas (1) in  
9 which the Secretary of Labor maintains and operates a  
10 work and training program, as authorized under section 410,  
11 or (2) where the Secretary of Labor has not found it im-  
12 practicable for him to maintain and operate such a program.  
13 The provisions of this subsection shall not apply with respect  
14 to any geographical area with respect to which the Secretary  
15 of Labor has agreed that the State agency may establish a  
16 work and training program meeting the requirements of  
17 subsection (a).”

18       (f) Section 409 of such Act is further amended by add-  
19 ing after subsection (d) (added to such section by subsection  
20 (e) of this section of this Act) the following new subsection:

21       “(e)(1) In order to stimulate the adoption of programs  
22 designed to help unemployed parents and related members of  
23 the same household, the Secretary is authorized to make  
24 grants beginning with the fiscal year ending June 30, 1968,  
25 to public agencies, organizations, and institutions for experi-



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1 *mental or pilot projects relating to community work and*  
2 *training which may assist in better carrying out the purposes*  
3 *of this section and section 410 and, to the extent he deems*  
4 *it appropriate, the Secretary may require the recipient of*  
5 *any grant to contribute money, facilities, or services for*  
6 *carrying out such experimental or pilot projects.*

7       “(2) *Payments of grants under this subsection may be*  
8 *made in advance or by way of reimbursement, and in such*  
9 *installments as the Secretary may determine; and shall be*  
10 *made on such conditions as the Secretary finds necessary to*  
11 *carry out the purposes of the grants and shall include the*  
12 *condition that in the case of a grant to any State agency,*  
13 *which has a plan approved under this title such agency must*  
14 *comply with the requirements of section 402(a)(15) with*  
15 *respect to individuals provided assistance under such experi-*  
16 *mental or pilot projects.”*

17       “(g) *Section 409 of such Act is further amended by*  
18 *adding at the end thereof after subsection (e) (added to such*  
19 *section by subsection (f) of this section of this Act) the fol-*  
20 *lowing subsection:*

21       “(f) *Notwithstanding any other provision in section*  
22 *402(a) (but only with respect to periods prior to July 1,*  
23 *1969) a State plan may, at the option of the State, provide*  
24 *for meeting (in conjunction with other income and resources)*

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1 all the need, as determined in accordance with standards  
2 applicable under the plan for determining need, of indi-  
3 viduals participating in a work and training program main-  
4 tained and operated either by the State agency as authorized  
5 under section 409 or by the Secretary of Labor or his dele-  
6 gate as authorized under section 410."

7 (h) Section 409 of such Act is further amended by add-  
8 ing at the end thereof after subsection (f) (added to such  
9 section by subsection (g) of this section of this Act) the fol-  
10 lowing subsection:

11 "(g)(1) There are hereby authorized to be appropriated  
12 such sums as may be necessary to carry out the purposes  
13 of subsection (c)(1) and (e)(1) of this section and of section  
14 410.

15 "(2) The Secretary of Health, Education, and Welfare,  
16 shall transfer to the Secretary of Labor from time to time  
17 sufficient amounts, out of monies appropriated pursuant to  
18 paragraph (1) of this subsection, to enable him to carry  
19 out the purposes of section 410."

20 (i) Part A of title IV of such Act is further amended  
21 by adding at the end thereof a new section to read as follows:

22 "COMMUNITY WORK AND TRAINING PROGRAMS BY THE  
23 SECRETARY OF LABOR

24 "SEC. 410. (a) The Secretary of Labor shall provide  
25 work and training programs for the purpose of preparing

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1 for, or restoring to, employability individuals who are re-  
2 ferred pursuant to section 402(a)(15) and section 409(e).

3       “(b) Such programs may include services required to  
4 determine vocational potential and needs, such as testing and  
5 counseling, basic education, communications and employment  
6 skills, work experience, vocational training, job development,  
7 job placement and follow-up required to assist participants in  
8 securing and retaining employment and securing possibilities  
9 for advancement.

10       “(c) For the purposes of carrying out programs under  
11 this section, the Secretary of Labor may make grants to, or  
12 enter into agreements with, public or private agencies or  
13 organizations if he determines the program meets the require-  
14 ments of this section. Assistance under this section shall not  
15 include reimbursement of the individual for his time spent  
16 in work or training but may include the cost of training, su-  
17 pervision, materials, administration, and such other items  
18 as are authorized by the Secretary of Labor. Federal assist-  
19 ance under this section shall not exceed 90 per centum of such  
20 costs unless the Secretary of Labor determines that payments  
21 in excess thereof are required to give full effect to the purposes  
22 of this section. Non-Federal contributions may be in cash or  
23 in kind, fairly evaluated, including but not limited to plant,  
24 equipment, and services.

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1       “(d) The Secretary of Labor shall not assist any pro-  
2 gram authorized under this section unless he determines, in  
3 accordance with such regulations as he may prescribe, that it  
4 meets all the requirements of this section, including the re-  
5 quirements that—

6           “(1) appropriate standards for health, safety, and  
7 other conditions applicable to the performance of such  
8 work by individuals are established and maintained;

9           “(2) the program will not result in the displace-  
10 ment of employed workers or impair existing contracts for  
11 services;

12           “(3) the conditions of employment are appropriate  
13 and reasonable in the light of such factors as the type of  
14 work, geographical region, and proficiency of the par-  
15 ticipant;

16           “(4) the rates of pay for the time spent in work,  
17 when measured against the aid or assistance received by  
18 the participant in the program and the incentive pay-  
19 ments paid to him under subsection (e), are not less than  
20 the minimum rate provided by law for the same type of  
21 work and are not less than the rates prevailing on similar  
22 work in the community; and

23           “(5) any such individual will, with respect to the  
24 work so performed, be provided appropriate workmen's  
25 compensation.

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1       “(e) The Secretary of Labor is authorized to pay to  
2 any participant in a program under this section an incentive  
3 payment of not more than \$20 per week and additional ex-  
4 penses attributable to training under such program.

5       “(f) The Secretary of Labor may issue such rules and  
6 regulations as he finds necessary to carry out the purposes of  
7 this section, provided that in developing policies for programs  
8 under this section the Secretary of Labor shall consult with  
9 the Secretary of Health, Education, and Welfare.”

## 10 FEDERAL PARTICIPATION IN PAYMENTS FOR FOSTER CARE

## 11 OF CERTAIN DEPENDENT CHILDREN

12       SEC. 205. (a) Section 402 (a) of the Social Security  
13 Act (as amended by the preceding provisions of this Act)  
14 is amended by inserting before the period at the end thereof  
15 the following new clause: “; and ~~(23)~~ (19) effective July 1,  
16 1969, provide for aid to families with dependent children in  
17 the form of foster care in accordance with section 408”.

18       (b) Section 403 (a) (1) (B) of such Act is amended  
19 by striking out “as exceeds” and all that follows and insert-  
20 ing in lieu thereof the following: “as exceeds (i) the product  
21 of \$32 multiplied by the total number of recipients of aid to  
22 families with dependent children (other than such aid in the  
23 form of foster care) for such month, plus (ii) the product  
24 of \$100 multiplied by the total number of recipients

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1 of aid to families with dependent children in the form of  
2 foster care for such month; and”.

3 (c) Section 408 (a) of such Act is amended by  
4 inserting “(A)” after “and (4) who”, and by inserting  
5 before the semicolon at the end thereof the following: “, or  
6 (B) (i) would have received such aid in or for such month if  
7 application had been made therefor, or (ii) in the case of a  
8 child who had been living with a relative specified in section  
9 406 (a) within 6 months prior to the month in which such  
10 proceedings were initiated, would have received such aid in  
11 or for such month if in such month he had been living with  
12 (and removed from the home of) such a relative and appli-  
13 cation had been made therefor”.

14 (d) Sections 135 (e) and 155 (b) of the Public Wel-  
15 fare Amendments of 1962 are each amended by striking out  
16 “, and ending with the close of June 30, 1968”.

17 (e) The amendments made by subsections (b) and (c)  
18 shall apply only with respect to foster care provided after  
19 September 1967.

20 **EMERGENCY ASSISTANCE FOR CERTAIN NEEDY FAMILIES**

21 **WITH DEPENDENT CHILDREN**

22 **SEC. 206.** (a) Section 403 (a) of the Social Security  
23 Act (as amended by section 201 (e) of this Act) is amended  
24 by striking out the period at the end of paragraph (3) and  
25 inserting in lieu thereof “; and”, and by inserting after  
26 paragraph (3) the following new paragraph:

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1           “(4) in the case of any State, an amount equal to  
2 the sum of—

3           “(A) 50 75 per centum of the total amount  
4 expended under the State plan during such quarter  
5 as emergency assistance to needy families with chil-  
6 dren in the form of payments or care specified in  
7 paragraph (1) of section 406 (e), and

8           “(B) 75 per centum of the total amount ex-  
9 pended under the State plan during such quarter as  
10 emergency assistance to needy families with chil-  
11 dren in the form of services specified in paragraph  
12 (2) of section 406 (e).”

13           (b) Section 406 of such Act (as amended by section  
14 201 (f) of this Act) is amended by adding at the end thereof  
15 the following new subsection:

16           “(e) The term ‘emergency assistance to needy families  
17 with children’ means any of the following, furnished for a  
18 period not in excess of ~~30~~ 120 days in any 12-month period,  
19 in the case of a needy child under the age of 21 who is (or,  
20 within such period as may be specified by the Secretary, has  
21 been) living with any of the relatives specified in subsection  
22 (a) (1) in a place of residence maintained by one or more of  
23 such relatives as his or their own home, but only where such  
24 child is without available resources and the payments, care,  
25 or services involved are necessary to avoid destitution of such

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1 child or to provide suitable living arrangements in a home  
2 for such child—

3 “(1) money payments, payments in kind, or such  
4 other payments as the State agency may specify with re-  
5 spect to, or medical care or any other type of remedial  
6 care recognized under State law on behalf of, such child  
7 or any other member of the household in which he is  
8 living, and

9 “(2) such services as may be specified by the Sec-  
10 retary;

11 but only with respect to a State whose State plan approved  
12 under section 402 includes provision for such assistance.”

13 . PROTECTIVE PAYMENTS AND VENDOR PAYMENTS WITH  
14 . . . . . RESPECT TO DEPENDENT CHILDREN

15 SEC. 207. (a) (1) Section 406 (b) (2) of the Social  
16 Security Act is amended by striking out all that follows  
17 “(2)” and precedes “but only”, and inserting in lieu thereof  
18 the following: “payments with respect to any dependent  
19 child (including payments to meet the needs of the relative,  
20 and the relative’s spouse, with whom such child is living,  
21 and the needs of any other individual living in the same  
22 home if such needs are taken into account in making the  
23 determination under section 402 (a) (7) ) which do not meet  
24 the preceding requirements of this subsection, but which  
25 would meet such requirements except that such payments are



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1 made to another individual who (as determined in accord-  
2 ance with standards prescribed by the Secretary) is inter-  
3 ested in or concerned with the welfare of such child or rela-  
4 tive, or are made on behalf of such child or relative directly  
5 to a person furnishing food, living accommodations, or other  
6 goods, services, or items to or for such child, relative, or  
7 other individual.”.

8 (2) Section 406 (b) (2) of such Act is further amended  
9 by striking out clause (B), and redesignating clauses (C)  
10 through (F) as clauses (B) through (E), respectively.

11 ~~(3) Section 406 (B) of such Act is further amended by~~  
12 ~~adding at the end thereof (after and below clause (E) (as~~  
13 ~~redesignated by paragraph (2) of this subsection)) the~~  
14 ~~following: “except that payments made under this clause~~  
15 ~~(2) shall be included in aid to families with dependent chil-~~  
16 ~~dren without regard to clauses (A) through (E) in the case~~  
17 ~~of a refusal described in section 402 (a) (20);”.~~

18 ~~(b) Section 403 (a) of such Act (as amended by the~~  
19 ~~preceding provisions of this Act) is amended by striking out~~  
20 ~~the sentence immediately following paragraph (4).~~

21 *(b) Section 403 (a) of such Act (as amended by the*  
22 *preceding provisions of this Act) is amended by striking out*  
23 *“5” in the sentence immediately following paragraph (4)*  
24 *and inserting in lieu thereof “10”.*

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1 (c) Section 202 (e) of the Public Welfare Amendments  
2 of 1962 is amended by striking out “, and ending with the  
3 close of June 30, 1968”.

4 **LIMITATION ON NUMBER OF CHILDREN WITH RESPECT TO**  
5 **WHOM FEDERAL PAYMENTS MAY BE MADE**

6 **SEC. 208. (a)** Section 402(a) of the Social Security  
7 Act is amended by striking out “shall pay” in the matter  
8 preceding paragraph (1) and inserting in lieu thereof the  
9 following: “shall (subject to subsection (d)) pay”.

10 (b) Section 402 of such Act is further amended by  
11 adding at the end thereof the following new subsection:

12 “(d) Notwithstanding any other provision of this Act,  
13 the number of dependent children who have been deprived  
14 of parental support or care by reason of the continued  
15 absence from the home of a parent with respect to whom pay-  
16 ments under this section may be made to a State for any  
17 calendar quarter after 1967 shall not exceed the number  
18 which bears the same ratio to the total population of such  
19 State under the age of 21 on the first day of the year in  
20 which such quarter falls as the number of such dependent  
21 children with respect to whom payments under this section  
22 were made to such State for the calendar quarter beginning  
23 January 1, 1967, bore to the total population of such State  
24 under the age of 21 on that date.”

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1 FEDERAL PAYMENTS FOR REPAIRS TO HOME OWNED BY  
2 RECIPIENT OF AID OR ASSISTANCE

3 SEC. 200 208. (a) Title XI of the Social Security Act  
4 is amended by adding at the end thereof the following new  
5 section:

6 "FEDERAL PARTICIPATION IN PAYMENTS FOR REPAIRS TO  
7 HOME OWNED BY RECIPIENT OF AID OR ASSISTANCE

8 "SEC. 1119. In the case of an expenditure for repairing  
9 the home owned by an individual who is receiving aid or  
10 assistance, other than medical assistance to the aged, under  
11 a State plan approved under title I, X, XIV, or XVI, or  
12 part A of title IV, if—

13 "(1) the State agency or local agency adminis-  
14 tering the plan approved under such title has made a  
15 finding (prior to making such expenditure) that (A)  
16 such home is so defective that continued occupancy is  
17 unwarranted, (B) unless repairs are made to such  
18 home, rental quarters will be necessary for such indi-  
19 vidual, and (C) the cost of rental quarters to take care  
20 of the needs of such individual (including his spouse  
21 living with him in such home and any other person  
22 whose needs were taken into account in determining  
23 the need of such individual) would exceed (over such  
24 time as the Secretary may specify) the cost of repairs

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1 needed to make such home habitable together with  
2 other costs attributable to continued occupancy of such  
3 home, and

4 “(2) no such expenditures were made for repair-  
5 ing such home pursuant to any prior finding under this  
6 section,

7 the amount paid to any such State for any quarter under  
8 section 3 (a), 403(a), 1003 (a), 1403 (a), or 1603 (a) shall  
9 be increased by 50 per centum of such expenditures, except  
10 that the excess above \$500 expended with respect to any one  
11 home shall not be included in determining such expenditures.”

12 (b) The amendment made by subsection (a) shall  
13 apply with respect to expenditures made after September  
14 30, 1967.

15 *REQUIREMENT FOR MEETING FULL NEED*

16 *SEC. 209. (a) Section 2(a)(10) of the Social Security*  
17 *Act is amended by striking out “and” at the end of subpara-*  
18 *graph (B) and (C) and by adding after subparagraph (C)*  
19 *the following new subparagraph:*

20 “(D) provide (i), effective July 1, 1969, for meet-  
21 ing (in conjunction with other income that is not dis-  
22 regarded under the plan and other resources) all the  
23 need, as determined in accordance with the standards  
24 applicable under the plan for determining need, of eli-  
25 gible individuals (and such standards shall be no lower

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1     *than the standards for determining need in effect on*  
2     *January 1, 1967), and (ii), effective July 1, 1968, for*  
3     *an annual review of such standards and (to the extent*  
4     *prescribed by the Secretary) for up-dating such stand-*  
5     *ards to take into account changes in living costs;”*

6     *(b)(1) Section 402(a) of such Act is amended by re-*  
7     *designating clauses (9) through (17) (as redesignated and*  
8     *added by preceding sections of this Act) as clauses (10)*  
9     *through (18).*

10     *(2) Section 402(a) of such Act is further amended by*  
11     *adding after clause (8) (as added by section 202(a) of this*  
12     *Act) the following new clause:*

13     *“(9) provide (A), effective July 1, 1969, for meeting (in*  
14     *conjunction with other income that is not disregarded, or set*  
15     *aside for future needs, under the plan and other resources)*  
16     *all the need, as determined in accordance with standards*  
17     *applicable under the plan for determining need, of individ-*  
18     *uals eligible to receive aid to families with dependent chil-*  
19     *dren (and such standards shall be no lower than the stand-*  
20     *ards for determining need in effect on January 1, 1967),*  
21     *and (B), effective July 1, 1968, for an annual review of such*  
22     *standards and (to the extent prescribed by the Secretary) for*  
23     *up-dating such standards to take into account changes in liv-*  
24     *ing costs;”.*

25     *.. (c) Section 1002(a) of such Act is amended by striking*

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1 out "and" at the end of clause (12) and by inserting before  
2 the period at the end thereof after clause (13) the following:  
3 "; and (14) provide (A), effective July 1, 1969, for meet-  
4 ing (in conjunction with other income that is not disregarded  
5 under the plan and other resources) all the need, as deter-  
6 mined in accordance with standards applicable under the  
7 plan for determining need, of eligible individuals (and such  
8 standards shall be no lower than the standards for deter-  
9 mining need in effect on January 1, 1967); and (B), effec-  
10 tive July 1, 1968, for an annual review of such standards  
11 and (to the extent prescribed by the Secretary) for up-dating  
12 such standards to take into account changes in living costs".

13 (d) Section 1402(a) of such Act is amended by striking  
14 out "and" at the end of clause (11) and by inserting before  
15 the period at the end thereof after clause (12) the following:  
16 "; and (13) provide (A), effective July 1, 1969, for  
17 meeting (in conjunction with other income that is not dis-  
18 regarded under the plan and other resources) all the need,  
19 as determined in accordance with standards applicable under  
20 the plan for determining need, of eligible individuals (and  
21 such standards shall be no lower than the standards for  
22 determining need in effect on January 1, 1967), and (B),  
23 effective July 1, 1968, for an annual review of such stand-  
24 ards and (to the extent prescribed by the Secretary) for  
25 up-dating such standards to take into account changes in  
26 living costs".

## 221

1     (e) Section 1602(a) of such Act is amended by striking  
2     out "and" at the end of paragraph (16), the period at  
3     the end of paragraph (17) and inserting "; and" in lieu  
4     thereof, and by adding after such paragraph (17) the  
5     following new paragraph:

6             “(18) provide (A), effective July 1, 1969, for  
7     meeting (in conjunction with other income that is not  
8     disregarded under the plan and other resources) all the  
9     need, as determined in accordance with standards ap-  
10    plicable under the plan for determining need, of eligible  
11    individuals (and such standards shall be no lower than  
12    the standards for determining need in effect on January  
13    1, 1967) and (B), effective July 1, 1968, for an annual  
14    review of such standards and (to the extent prescribed  
15    by the Secretary) for up-dating such standards to take  
16    into account increases in living costs.”

17             INCOME IN DETERMINING ELIGIBILITY

18     SEC. 210. (a) Section 2(a)(10)(A) of the Social Se-  
19     curity Act is amended by deleting "and" at the end of clause  
20     (i) and inserting in lieu thereof a comma, and by inserting  
21     before the semicolon at the end thereof the following: ", and  
22     (iii) effective July 1, 1969, the State agency shall not con-  
23     sider such individual's (or his family's) income (that is not  
24     disregarded under the plan) a basis for finding that he is not  
25     in need, if such income is less than 66 $\frac{2}{3}$  percent of the amount

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1 of income established for individuals (or their families)  
2 under subsection (f)(1) of section 1903 in determining  
3 whether payments pursuant to such section may be made for  
4 expenditures for medical assistance with respect to such in-  
5 dividuals (or families) and for such purposes the provisions  
6 of subsection (f)(3) of such section shall apply”.

7 (b) Section 402(a)(8) of such Act is amended by add-  
8 ing after subparagraph (C) the following subparagraph:

9 “(D) effective July 1, 1969, the State agency shall  
10 not consider such individual's (or his family's) income  
11 (that is not disregarded, or set aside for future need,  
12 under the plan) a basis for finding that he (or the  
13 family) is not in need, if such income is less than 66 $\frac{2}{3}$   
14 percent of the amount of income established for individ-  
15 uals (or their families) under subsection (f)(1) of sec-  
16 tion 1903 in determining whether payment pursuant to  
17 such section may be made for expenditures for medical  
18 assistance with respect to such individuals (or families)  
19 and for such purposes the provisions of subsection  
20 (f)(3) of such section shall apply”.

21 (c) Section 1002(a)(8) of such Act is amended—

22 (1) by striking out “and” at the end of clause (B)  
23 thereof; and

24 (2) by inserting before the semicolon at the end  
25 thereof the following: “, and (D) effective July 1, 1969,  
26 the State agency shall not consider such individual's



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1     *(or his family's) income (that is not disregarded) un-*  
2     *der the plan a basis for finding that he is not in need*  
3     *is less than 66 $\frac{2}{3}$  percent of the amount of income estab-*  
4     *lished for individuals (or their families) under subsec-*  
5     *tion (f)(1) of section 1903 in determining whether*  
6     *payments pursuant to such section may be made for*  
7     *expenditures for medical assistance with respect to such*  
8     *individuals (or families) and for such purposes the pro-*  
9     *visions of subsection (f)(3) of such section shall apply".*

10    *(d) Section 1402(a)(8) of such Act is amended—*

11         *(1) by striking out "and" at the end of clause (B)*  
12         *thereof; and*

13         *(2) by inserting before the semicolon at the end*  
14         *thereof the following: ", and (D) effective July 1, 1969,*  
15         *the State agency shall not consider such individual's (or*  
16         *his family's) income (that is not disregarded under*  
17         *the plan) a basis for finding that he is not in need if*  
18         *such income is less than 66 $\frac{2}{3}$  percent of the amount of*  
19         *income established for individuals (or their families)*  
20         *under subsection (f)(1) of section 1903 in determining*  
21         *whether payments pursuant to such section may be made*  
22         *for expenditures for medical assistance with respect to*  
23         *such individuals (or families) and for such purposes*  
24         *the provisions of subsection (f)(3) of such section shall*  
25         *apply".*

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1     (c) Section 1602(a)(14) of such Act is amended—  
2         (1) by striking out "and" at the end of subpara-  
3         graph (C);

4         (2) by striking out the semicolon at the end of  
5         subparagraph (d) and inserting in lieu thereof ", and";  
6         and

7         (3) by adding after subparagraph (D) the fol-  
8         lowing new subparagraph:

9             “(E) effective July 1, 1969, the State agency shall  
10            not consider such individual's (or his family's) income  
11            (that is not disregarded under the plan) a basis for  
12            finding that he is not in need if such income is less than  
13            66 $\frac{2}{3}$  percent of the amount of income established for in-  
14            dividuals (or their families) under subsection (f)(1)  
15            of section 1903 in determining whether payments pur-  
16            suant to such section may be made for expenditures for  
17            medical assistance with respect to such individuals (or  
18            families) and for such purposes the provisions of sub-  
19            section (f)(3) of such section shall apply”.

20     **ADDITIONAL FEDERAL PAYMENTS TO MEET NON-FEDERAL**  
21     **SHARE OF CASH ASSISTANCE EXPENDITURES**

22     **SEC. 211.** Title XI of the Social Security Act is  
23     amended by adding after section 1119 (added by section 209  
24     of this Act) the following new section:

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1        “**ADDITIONAL FEDERAL PAYMENTS TO MEET NON-**  
2        **FEDERAL SHARE OF CASH ASSISTANCE EXPENDITURES**

3        “*SEC. 1120. (a)(1) The Secretary shall, in the case of*  
4        *any State, determine the expenditures in the form of money*  
5        *payments made, during the period beginning July 1, 1969,*  
6        *and ending with the close of June 30, 1971, under the plans*  
7        *of such State approved under title I, X, XIV, or XVI, or*  
8        *part A of title IV which are necessitated by compliance with*  
9        *the new requirements under such title imposed by amend-*  
10       *ments included under part 1 of title II of the Social Secu-*  
11       *rity Amendments of 1967.*

12        “(2) *The Secretary is authorized to pay to any State*  
13        *a part of so much of the expenditures determined pursuant*  
14        *to paragraph (1) hereof as are in excess of such payments*  
15        *as he may make with respect to such expenditures under other*  
16        *provision of law.*

17        “(b) *In determining whether or not to make payments*  
18        *under subsection (a) to any State, and the amount thereof,*  
19        *the Secretary shall consider such factors as he deems relevant,*  
20        *including such as the following:*

21                “(1) *the relative fiscal ability of the State;*

22                “(2) *the fiscal effort being made by the State for*  
23        *welfare and related programs;*

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1           “(3) the effect of increases in social security benefits  
2           on the needs for assistance expenditures; and

3           “(4) the amount of the additional funds required  
4           from non-Federal sources in order to comply with such  
5           new requirements and the relation thereof to prior ex-  
6           penditures from such sources under the plans.

7           “(c) There are authorized to be appropriated for pay-  
8           ments under this section \$60,000,000 each for the fiscal year  
9           ending June 30, 1970, and the succeeding fiscal year.”

10       **TEMPORARY ASSISTANCE FOR MIGRATORY WORKERS**

11       *SEC. 212. Title XI of the Social Security Act is further*  
12 *amended by adding after section 1120 (added by section 210*  
13 *of this Act) the following new section:*

14       **“TEMPORARY ASSISTANCE FOR MIGRATORY WORKERS**

15       *“SEC. 1121. (a) The Secretary is authorized to make*  
16 *grants to any State agency designated or established pursuant*  
17 *to a State plan approved under title I, X, XIV, XVI, XIX,*  
18 *or part A of title IV, or to any local agency participating in*  
19 *the administration of such a plan, for pilot or demonstration*  
20 *projects for the provision of temporary assistance to indi-*  
21 *viduals who, as determined in accordance with regulations of*  
22 *the Secretary, are migratory workers, and to the members of*  
23 *their families who are with them.*

24       *“(b) An individual shall be eligible for assistance under*  
25 *a project under this section only if he is not eligible for aid*

1 or assistance under a State plan approved under title I, X,  
2 XIV, XVI, XIX, or part A of title IV.

3 “(c) Temporary assistance under this section to any in-  
4 dividual in a State shall include such payments, goods, and  
5 services, and only such amounts thereof, as would be provided  
6 ~~in~~ that State under a State plan of such State approved under  
7 title I, X, XIV, XVI, XIX, or part A of title IV and only  
8 for such period of time, not in excess of 60 days, as may be  
9 provided in regulations of the Secretary.

10 “(d) There are authorized to be appropriated for carry-  
11 ing out this section for any fiscal year ending after June 30,  
12 1967, such sums as may be necessary.”

13 **AMENDMENT MAKING PERMANENT PROVISION FOR ASSIST-**  
14 **ANCE FOR UNITED STATES CITIZENS RETURNED FROM**  
15 **FOREIGN COUNTRIES**

16 **SEC. 213.** Section 1113(d) of the Social Security Act  
17 is repealed.

18 **PART 2—MEDICAL ASSISTANCE AMENDMENTS**

19 **~~LIMITATION ON FEDERAL PARTICIPATION IN MEDICAL~~**  
20 **~~ASSISTANCE~~**

21 **SEC. 220. (a)** Section 1903 of the Social Security Act is  
22 amended by adding at the end thereof the following new  
23 subsection:

24 “(f)(1)(A) Payment under the preceding provisions  
25 of this section shall not be made with respect to any amount

1 expended as medical assistance in a calendar quarter, in any  
2 State, for any member of a family the annual income of  
3 which exceeds the applicable income limitation determined  
4 under this paragraph.

5       ~~“(B) (i)~~ Except as provided in subparagraph ~~(C)~~ and  
6 in clause ~~(ii)~~ of this subparagraph, the applicable income  
7 limitation with respect to any family is the amount deter-  
8 mined, in accordance with standards prescribed by the Sec-  
9 retary, to be equivalent to 133½ percent of the highest  
10 amount which would ordinarily be paid to a family of the  
11 same size without any income or resources, in the form of  
12 money payments, under the plan of the State approved under  
13 section 402 of this Act.

14       ~~“(ii)~~ If the Secretary finds that the operation of a uni-  
15 form maximum limits payments to families of more than  
16 one size, he may adjust the amount otherwise determined  
17 under clause ~~(i)~~ to take account of families of different sizes.

18       ~~“(C)~~ If 133½ percent of the average per capita income  
19 of the State is lower, by any percentage, than the amount  
20 that would be determined under subparagraph ~~(B)~~ in the  
21 case of a family consisting of four individuals—

22       ~~“(i)~~ the applicable income limitation for such a  
23 family shall be 133½ percent of such average per capita  
24 income, and

25       ~~“(ii)~~ the applicable income limitation as otherwise

1 determined under subparagraph (B) for a family of any  
2 other size shall be reduced by the same percentage:

3 “(D) The total amount of any applicable income limita-  
4 tion determined under subparagraph (B) or (C) shall, if it  
5 is not a multiple of \$100 or such other amount as the Secre-  
6 tary may prescribe, be rounded by the next higher multiple  
7 of \$100 or such other amount, as the case may be.

8 “(2) In computing a family's income for purposes of  
9 paragraph (1), there shall be excluded any costs (whether  
10 in the form of insurance premiums or otherwise) incurred  
11 by such family for medical care or for any other type of  
12 remedial care recognized under State law.

13 “(3) For purposes of paragraph (1)(B), in the case  
14 of a family consisting of only one individual, the highest  
15 amount which would ordinarily be paid to such family  
16 under the State's plan approved under section 402 of this Act  
17 shall be the amount determined by the State agency (on the  
18 basis of reasonable relationship to the amounts payable un-  
19 der such plan to families consisting of two or more persons)  
20 to be the amount of the aid which would ordinarily be pay-  
21 able under such plan to a family (without any income or  
22 resources) consisting of one person if such plan (without  
23 regard to section 408) provided for aid to such a family.

24 “(4) For purposes of paragraph (1)(C), the per  
25 capita income of each State shall be promulgated by the Sec-

1 rotary between July 1 and August 31 of each year, on the  
2 basis of the most recent calendar year for which satisfactory  
3 data are available from the Department of Commerce. Such  
4 promulgation shall be conclusive for each of the four quarters  
5 in the calendar year next succeeding such promulgation:  
6 *Provided, That the Secretary shall make the promulgation*  
7 *which is effective for quarters in the calendar year 1968 as*  
8 *soon as possible after the enactment of the Social Security*  
9 *Amendments of 1967."*

10 (b)(1) In the case of any State whose plan under  
11 title XIX of the Social Security Act is approved by the  
12 Secretary of Health, Education, and Welfare under section  
13 1002 after July 25, 1967, the amendment made by sub-  
14 section (a) shall apply with respect to calendar quarters  
15 beginning after the date of enactment of this Act.

16 (2) In the case of any State whose plan under title  
17 XIX of the Social Security Act was approved by the Secre-  
18 tary of Health, Education, and Welfare under section 1002  
19 of the Social Security Act prior to July 26, 1967, the  
20 amendments made by subsection (a) shall apply with re-  
21 spect to calendar quarters beginning June 30, 1968, except  
22 that—

23 (A) with respect to the third and fourth calendar  
24 quarters of 1968, such subsection shall be applied by  
25 substituting in subsection (f) of section 1003 of the



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1 Social Security Act 150 percent for 133 $\frac{1}{3}$  percent each  
2 time such latter figure appears in such subsection (f),  
3 and

4 ~~(B)~~ with respect to all calendar quarters during  
5 1960, such subsection shall be applied by substituting in  
6 subsection (f) of section 1903 of such Act 140 percent  
7 for 133 $\frac{1}{3}$  percent each time such latter figure appears  
8 in such subsection (f).

9 *LIMITATION ON FEDERAL PARTICIPATION IN MEDICAL*  
10 *ASSISTANCE*

11 *SEC. 220. (a) Section 1903 of the Social Security Act is*  
12 *amended by adding at the end thereof the following new sub-*  
13 *section:*

14 *"(f)(1) Payments under the preceding provisions of*  
15 *this section shall not be made with respect to any expenditures*  
16 *for medical assistance in any State for individuals whose*  
17 *income exceeds the amount determined, in accordance with*  
18 *standards prescribed by the Secretary, to be equivalent to 150*  
19 *percent of the highest amount, applicable in the State for*  
20 *determining need, for determining eligibility of an individual*  
21 *for aid or assistance in the form of money payments under*  
22 *the plan of such State approved under title I, X, XIV, XVI,*  
23 *or part A of title IV, or if there is more than one such indi-*  
24 *vidual living in the same home, the amount so determined for*  
25 *one such individual plus such additional amounts for each of*

1: the other individuals living in the same home, as may be  
2: determined in accordance with such standards prescribed by  
3: the Secretary, the total so determined, if it is not a multiple of  
4: \$100 or such other amount, as the Secretary may prescribe,  
5: to be rounded to the next higher multiple of \$100 or such other  
6: amount, as the case may be.

7:       “(2) In computing an individual's (or family's) in-  
8: come for purposes of the preceding paragraph there shall be  
9: excluded any costs (whether in the form of insurance pre-  
10: miums or otherwise) incurred by him (or the family) for  
11: medical care or for any other type of remedial care rec-  
12: ognized under State law.

13:       “(3) In determining the amount which is equivalent to  
14: 150 percent of the highest amount of income applicable to an  
15: individual or family for purposes of determining eligibility  
16: for aid or assistance in the form of money payments under  
17: a State's plan under titles I, X, XIV, XVI, or part A of  
18: title IV of the Social Security Act, the Secretary shall give  
19: consideration to variations in shelter costs and to special  
20: needs, if recognized for a significant number of individuals,  
21: and where necessary, may prescribe methods for estimating  
22: the total cost of items and services recognized by a State in  
23: determining eligibility for aid or assistance under plans  
24: approved under such titles.”

25:       (b) The amendment made by subsection (a) shall apply

1 *with respect to calendar quarters beginning after June 30,*  
2 *1968.*

3 **MAINTENANCE OF STATE EFFORT**

4 **SEC. 221. (a)** Section 1117 (a) of the Social Security  
5 Act is amended by adding at the end thereof the following  
6 new sentence: "For any fiscal year ending on or after  
7 June 30, 1967, and before July 1, 1969, in lieu of the  
8 substitution provided by paragraph (3) or (4), at the  
9 option of the State (i) paragraphs (1) and (2) of this  
10 subsection shall be applied on a fiscal year basis (rather  
11 than on a quarterly basis), and (ii) the base period fiscal  
12 year shall be either the fiscal year ending June 30, 1965,  
13 or the fiscal year ending June 30, 1964 (whichever is  
14 chosen by the State).

15 (b) Section 1117 of such Act is further amended by  
16 adding at the end thereof the following new subsection:

17 "(d) (1) In the case of the quarters in any fiscal year  
18 ending before July 1, 1969, the reduction (if any) under  
19 this section shall, at the option of the State, be determined  
20 under paragraph (2), (3), or (4) of this subsection instead  
21 of under the preceding provisions of this section.

22 "(2) If the reduction determination is made under this  
23 paragraph for a State, then—

24 "(A) subsection (a) shall be applied by taking  
25 into account only money payments under plans of the

1 State approved under titles I, X, XIV, and XVI, and  
2 part A of title IV,

3 “(B) subsection (b) shall be applied by eliminat-  
4 ing each reference to title XIX, and

5 “(C) subsection (c) shall be applied by eliminat-  
6 ing the reference to section 1903, and by substituting  
7 a reference to this paragraph for the reference to sub-  
8 sections (a) and (b).

9 “(3) If the reduction determination is made under this  
10 paragraph for a State, then—

11 “(A) subsection (a) shall be applied by taking  
12 into account payments under section 523 and section  
13 422,

14 “(B) subsection (b) shall be applied by adding a  
15 reference to section 523 and section 422 after each ref-  
16 erence to title XIX, and

17 “(C) subsection (c) shall be applied by adding a  
18 reference to section 523 and section 422 after the refer-  
19 ence to section 1903, and by substituting a reference to  
20 this paragraph for the reference to subsections (a) and  
21 (b).

22 “(4) If the reduction determination is made under this  
23 paragraph for a State, then—

24 “(A) subsection (a) shall be applied by taking  
25 into account only (i) money payments under plans of

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1 the State approved under titles I, X, XIV, and XVI,  
2 and part A of title IV, and (ii) payments under sec-  
3 tion 523 and section 422,

4 “(B) subsection (b) shall be applied by elimi-  
5 nating each reference to title XIX and substituting a  
6 reference to section 523 and section 422, and

7 “(C) subsection (c) shall be applied by eliminating  
8 the reference to section 1903 and substituting a reference  
9 to section 523 and section 422, and by substituting a  
10 reference to this paragraph for the reference to subsec-  
11 tions (a) and (b).”

12 COORDINATION OF TITLE XIX AND THE SUPPLEMENTARY  
13 MEDICAL INSURANCE PROGRAM

14 SEC. 222. (a) Section 1843 of the Social Security Act  
15 is amended by adding at the end thereof the following new  
16 subsection:

17 “(h) (1) The Secretary shall, at the request of a State  
18 made before January 1, 1970, enter into a modification of  
19 an agreement entered into with such State pursuant to sub-  
20 section (a) under which the coverage group described in  
21 subsection (b) and specified in such agreement is broadened  
22 to include individuals who are eligible to receive medical  
23 assistance under the plan of such State approved under title  
24 XIX.

25 “(2) For purposes of this section, an individual shall

1 be treated as eligible to receive medical assistance under the  
2 plan of the State approved under title XIX if, for the month  
3 in which the modification is entered into under this subsec-  
4 tion or for any month thereafter, he has been determined to  
5 be eligible to receive medical assistance under such plan. In  
6 the case of any individual who would (but for this subsec-  
7 tion) be excluded from the agreement, subsections (c) and  
8 (d) (2) shall be applied as if they referred to the modifica-  
9 tion under this subsection (in lieu of the agreement under  
10 subsection (a) ), and subsection (d) (2) (C) shall be applied  
11 by substituting 'second month following the first month' for  
12 'first month'."

13 (b) (1) Section 1843 (d) (3) (A) of such Act is  
14 amended by striking out "ineligible for money payments of  
15 a kind specified in the agreement" and inserting in lieu  
16 thereof the following: "ineligible both for money payments  
17 of a kind specified in the agreement and (if there is in effect  
18 a modification entered into under subsection (h) ) for medi-  
19 cal assistance".

20 (2) Section 1843 (f) of such Act is amended—

21 (A) by inserting after "or XVI" the following:  
22 "or eligible to receive medical assistance under the plan  
23 of such State approved under title XIX"; and

24 (B) by inserting after "and XVI" the following:  
25 "and individuals eligible to receive medical assistance  
26 under the plan of the State approved under title XIX".

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1           (3) The heading of section 1843 of such Act is amended  
2 by adding at the end thereof the following: "~~OR ARE~~  
3 ~~ELIGIBLE FOR MEDICAL ASSISTANCE~~".

4           (c) Section 1903 (b) of such Act is amended by insert-  
5 ing "(1)" after "(b)", and by adding at the end thereof  
6 the following new paragraph:

7           "(2) Notwithstanding the preceding provisions of this  
8 section, the amount determined under subsection (a) (1)  
9 for any State for any quarter beginning after December 31,  
10 1967, shall not take into account any amounts expended as  
11 medical assistance with respect to individuals aged 65 or  
12 over which would not have been so expended if the indi-  
13 viduals involved had been enrolled in the insurance program  
14 established by part B of title XVIII."

15           (d) Effective with respect to calendar quarters begin-  
16 ning after December 31, 1967, section 1903 (a) (1) of such  
17 Act is amended by striking out "and other insurance pre-  
18 miums" and inserting in lieu thereof "and, except in the case  
19 of individuals sixty-five years of age or older who are not  
20 enrolled under part B of title XVIII, other insurance  
21 premiums".

22           (e) (1) Section 1843 (a) of such Act is amended by  
23 striking out "1968" and inserting in lieu thereof "1970".

24           (2) Section 1843 (c) of such Act is amended—

25           (A) by striking out "and before January 1, 1968";

26           and

1 (B) by striking out "thereafter before January  
2 1968"; and inserting in lieu thereof "thereafter".

3 (3) Section 1843 (d) (2) (D) of such Act is amended  
4 by striking out "(not later than January 1, 1968)".

5 MODIFICATION OF COMPARABILITY PROVISIONS

6 SEC. 223. (a) Section 1902 (a) (10) of the Social  
7 Security Act is amended—

8 (1) by inserting "(I)" after "except that" in the  
9 matter following subparagraph (B), and

10 (2) by inserting before the semicolon at the end  
11 the following: ", and (II) the making available of sup-  
12 plementary medical insurance benefits under part B of  
13 title XVIII to individuals eligible therefor (either pur-  
14 suant to an agreement entered into under section 1843  
15 or by reason of the payment of premiums under such  
16 title by the State agency on behalf of such individuals),  
17 or provision for meeting part or all of the cost of the  
18 deductibles, cost sharing, or similar charges under part  
19 B of title XVIII for individuals eligible for benefits  
20 under such part, shall not, by reason of this paragraph  
21 (10), require the making available of any such benefits,  
22 or the making available of services of the same amount,  
23 duration, and scope, to any other individuals".

24 (b) The amendments made by subsection (a) shall



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1 apply with respect to calendar quarters beginning after  
2 June 30, 1967.

3 **REQUIRED SERVICES UNDER STATE MEDICAL ASSISTANCE**  
4 **PLAN**

5 **SEC. 224.** Section 1902 (a) (13) of the Social Security  
6 Act is amended by striking out "provide (A) for inclusion  
7 of at least the care and services listed in clauses (1) through  
8 (5) of section 1905 (a), and (B)" and inserting in lieu  
9 thereof the following: "provide (A) for inclusion of at  
10 least—

11 " (i) the care and services listed in clauses (1)  
12 through (5) of section 1905 (a), or

13 " (ii) the care and services listed in any seven  
14 of the clauses numbered (1) through (14) of such  
15 section,  
16 and (B)".

17 **EXTENT OF FEDERAL FINANCIAL PARTICIPATION IN**  
18 **CERTAIN ADMINISTRATIVE EXPENSES**

19 **SEC. 225.** (a) Section 1903 (a) (2) of the Social Secu-  
20 rity Act is amended by striking out "of the State agency (or  
21 of the local agency administering the State plan in the  
22 political subdivision)" and inserting in lieu thereof "of the  
23 State agency or any other public agency".

24 (b) The amendment made by subsection (a) shall

1 apply with respect to expenditures made after December 31,  
2 1967.

3           **ADVISORY COUNCIL ON MEDICAL ASSISTANCE**

4           **SEC. 226.** Title XIX of the Social Security Act is  
5 amended by adding at the end thereof the following new  
6 section:

7           **"ADVISORY COUNCIL ON MEDICAL ASSISTANCE**

8           **"SEC. 1906.** For the purpose of advising the Secretary  
9 on matters of general policy in the administration of this  
10 title (including the relationship of this title and title XVIII)  
11 and making recommendations for improvements in such  
12 administration, there is hereby created a Medical Assistance  
13 Advisory Council which shall consist of twenty-one persons,  
14 not otherwise in the employ of the United States, appointed  
15 by the Secretary without regard to the provisions of title 5,  
16 United States Code, governing appointments in the competi-  
17 tive service. The Secretary shall from time to time appoint  
18 one of the members to serve as Chairman. The members shall  
19 include representatives of State and local agencies and non-  
20 governmental organizations and groups concerned with  
21 health, and of consumers of health services, and a majority of  
22 the membership of the Advisory Council shall consist of  
23 representatives of consumers of health services. Each member  
24 shall hold office for a term of four years, except that any  
25 member appointed to fill a vacancy occurring prior to the

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1 expiration of the term for which his predecessor was ap-  
2 pointed shall be appointed for the remainder of such term,  
3 and except that the terms of office of the members first  
4 taking office shall expire, as designated by the Secretary at  
5 the time of appointment, five at the end of the first year, five  
6 at the end of the second year, five at the end of the third year,  
7 and six at the end of the fourth year after the date of appoint-  
8 ment. A member shall not be eligible to serve continuously  
9 for more than two terms. The Secretary may, at the request  
10 of the Council or otherwise, appoint such special advisory  
11 professional or technical committees as may be useful in  
12 carrying out this title. Members of the Advisory Council  
13 and members of any such advisory or technical committee,  
14 while attending meetings or conferences thereof or otherwise  
15 serving on business of the Advisory Council or of such com-  
16 mittee, shall be entitled to receive compensation at rates fixed  
17 by the Secretary, but not exceeding \$100 per day, including  
18 travel time, and while so serving away from their homes or  
19 regular places of business they may be allowed travel ex-  
20 penses, including per diem in lieu of subsistence, as author-  
21 ized by section 5703 of title 5, United States Code, for per-  
22 sons in the Government service employed intermittently. The  
23 Advisory Council shall meet as frequently as the Secretary  
24 deems necessary. Upon request of five or more members, it

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1 shall be the duty of the Secretary to call a meeting of the  
2 Advisory Council.”

3 **FREE CHOICE BY INDIVIDUALS ELIGIBLE FOR MEDICAL**  
4 **ASSISTANCE**

5 **SEC. 227. (a)** Section 1902 (a) of the Social Security  
6 Act is amended—

7 (1) by striking out “and” at the end of paragraph  
8 (21);

9 (2) by striking out the period at the end of para-  
10 graph (22) and inserting in lieu thereof “; and”; and

11 (3) by adding after paragraph (22) the following  
12 new paragraph;

13 “(23) provide that any individual eligible for med-  
14 ical assistance may obtain such assistance from any insti-  
15 tution, agency, or person, qualified to perform the service  
16 or services required (including an organization which  
17 provides such services, or arranges for their availability,  
18 on a prepayment basis), who undertakes to provide him  
19 such services.”

20 (b) The amendments made by this section shall apply  
21 with respect to calendar quarters beginning after June 30,  
22 1969; except that such amendments shall apply in the case  
23 of Puerto Rico, the Virgin Islands, and Guam only with  
24 respect to calendar quarters beginning after June 30, 1972.

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1 UTILIZATION OF STATE FACILITIES TO PROVIDE CONSULTA-  
2 TIVE SERVICES TO INSTITUTIONS FURNISHING MEDI-  
3 CAL CARE

4 SEC. 228. (a) Section 1902 (a) of the Social Security  
5 Act (as amended by section 227 of this Act) is amended—

6 (1) by striking out “and” at the end of paragraph  
7 (22);

8 (2) by striking out the period at the end of para-  
9 graph (23) and inserting in lieu thereof “; and”; and

10 (3) by inserting after paragraph (23) the follow-  
11 ing new paragraph:

12 “(24) effective July 1, 1969, provide for consulta-  
13 tive services by health agencies and other appropriate  
14 agencies of the State to hospitals, nursing homes, home  
15 health agencies, clinics, laboratories, and such other  
16 institutions as the Secretary may specify in order to  
17 assist them (A) to qualify for payments under this Act,  
18 (B) to establish and maintain such fiscal records as may  
19 be necessary for the proper and efficient administration  
20 of this Act, and (C) to provide information needed to  
21 determine payments due under this Act on account of  
22 care and services furnished to individuals.”

23 (b) Effective July 1, 1969, the last sentence of section  
24 1864 (a) of such Act is repealed.

1 **PAYMENTS FOR SERVICES AND CARE BY A THIRD PARTY**

2 **SEC. 229. (a)** Section 1902 (a) of the Social Security  
3 Act (as amended by section 228 of this Act) is amended—

4 (1) by striking out “and” at the end of paragraph  
5 (23);

6 (2) by striking out the period at the end of para-  
7 graph (24) and inserting in lieu thereof “; and”; and

8 (3) by inserting after paragraph (24) the follow-  
9 ing new paragraph:

10 “(25) provide (A) that the State or local agency  
11 administering such plan will take all reasonable meas-  
12 ures to ascertain the legal liability of third parties to pay  
13 for care and services (available under the plan) arising  
14 out of injury, disease, or disability, (B) that where the  
15 State or local agency knows that a third party has such  
16 a legal liability such agency will treat such legal liability  
17 as a resource of the individual on whose behalf the care  
18 and services are made available for purposes of para-  
19 graph (17) (B), and (C) that in any case where such  
20 a legal liability is found to exist after medical assistance  
21 has been made available on behalf of the individual, the  
22 State or local agency will seek reimbursement for such  
23 assistance to the extent of such legal liability.”

24 (b) The amendment made by subsection (a) shall

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1 apply with respect to legal liabilities of third parties arising  
2 after March 31, 1968.

3 (c) Section 1903 (d) (2) of such Act is amended by  
4 adding at the end thereof the following new sentence: "Ex-  
5 penditures for which payments were made to the State under  
6 subsection (a) shall be treated as an overpayment to the ex-  
7 tent that the State or local agency administering such plan  
8 has been reimbursed for such expenditures by a third party  
9 pursuant to the provisions of its plan in compliance with  
10 section 1902 (a) (25)."

11 DIRECT PAYMENTS TO CERTAIN RECIPIENTS OF MEDICAL  
12 ASSISTANCE

13 SEC. 230. (a) Section 1905 (a) of the Social Security  
14 Act is amended by inserting after "for individuals" in the  
15 matter preceding clause (i) the following: ", and, with  
16 respect to physicians' services, at the option of the State, to  
17 individuals not receiving aid or assistance under the State's  
18 plan approved under title I, X, XIV, or XVI, or part A of  
19 title IV,".

20 (b) Section 1902(a) of such Act (as amended by sec-  
21 tion 229 of this Act) is amended—

22 (1) by striking out "and" at the end of paragraph  
23 (24);

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1           (2) by striking out the period at the end of para-  
2           graph (24) and insert in lieu thereof “; and “; and

3           (3) by inserting after paragraph (25) the follow-  
4           ing new paragraph:

5           “(26) if the State elects, pursuant to section 1905  
6           (a), to make payment to individuals with respect to  
7           physician services for care and services furnished to  
8           such individuals under the plan, provide that, where  
9           care and services under the plan are furnished to in-  
10          dividuals eligible for medical assistance by physicians  
11          who are employed full-time in medical schools or county  
12          hospitals, payment under the plan will be made to such  
13          physicians for such care and services.”

14   **DATE ON WHICH STATE PLANS UNDER TITLE XIX MUST**  
15   **MEET CERTAIN FINANCIAL PARTICIPATION REQUIRE-**  
16   **MENTS**

17   **SEC. 231.** Section 1902 (a) (2) of the Social Security  
18   Act is amended by striking out “July 1, 1970” and inserting  
19   in lieu thereof “July 1, 1969”.

20   **PART 3—CHILD-WELFARE SERVICES AMENDMENTS**

21   **INCLUSION OF CHILD-WELFARE SERVICES IN TITLE IV**

22   **SEC. 235.** (a) The heading of title IV of the Social  
23   Security Act is amended to read as follows:



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1 "TITLE IV—GRANTS TO STATES FOR AID AND  
2 SERVICES TO NEEDY FAMILIES WITH CHIL-  
3 DREN AND FOR CHILD-WELFARE SERVICES"

4 (b) Title IV of such Act is further amended by insert-  
5 ing immediately after the heading of the title the following:

6 "PART A—AID TO FAMILIES WITH DEPENDENT  
7 CHILDREN"

8 (c) Title IV of such Act is further amended by adding  
9 at the end thereof the following new part:

10 "PART B—CHILD-WELFARE SERVICES

11 "APPROPRIATION

12 "SEC. 420. For the purpose of enabling the United  
13 States, through the Secretary, to cooperate with State public  
14 welfare agencies in establishing, extending, and strengthen-  
15 ing child-welfare services, the following sums are hereby  
16 authorized to be appropriated: \$55,000,000 for the fiscal  
17 year ending June 30, 1968, \$100,000,000 for the fiscal year  
18 ending June 30, 1969, and \$110,000,000 for each fiscal  
19 year thereafter.

20 "ALLOTMENTS TO STATES

21 "SEC. 421. The sum appropriated pursuant to section  
22 420 for each fiscal year shall be allotted by the Secretary  
23 for use by cooperating State public welfare agencies which

1 have plans developed jointly by the State agency and the  
2 Secretary, as follows: He shall allot \$70,000 to each State,  
3 and shall allot to each State an amount which bears the same  
4 ratio to the remainder of the sum so appropriated for such  
5 year as the product of (1) the population of such State under  
6 the age of 21 and (2) the allotment percentage of such  
7 State (as determined under section 423) bears to the sum  
8 of the corresponding products of all the States.

9 "PAYMENT TO STATES

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

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

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

23 "(B) provides, with respect to day care serv-  
24 ices (including the provision of such care) provided  
25 under the plan—

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

8           “(ii) for an advisory committee, to advise  
9           the State public welfare agency on the general  
10          policy involved in the provision of day care  
11          services under the plan, which shall in-  
12          clude among its members representatives of  
13          other State agencies concerned with day care  
14          or services related thereto and persons repre-  
15          sentative of professional or civic or other public  
16          or nonprofit private agencies, organizations, or  
17          groups concerned with the provision of day  
18          care,

19          “(iii) for such safeguards as may be neces-  
20          sary to assure provision of day care under the  
21          plan only in cases in which it is in the best  
22          interest of the child and the mother and only  
23          in cases in which it is determined, under cri-  
24          teria established by the State, that a need for  
25          such care exists; and, in cases in which the fam-

1. . . . . ily is able to pay part or all of the costs of such  
2 . . . . . care, for payment of such fees as may be rea-  
3 . . . . . sonable in the light of such ability,

4 . . . . . “(iv) for giving priority, in determining  
5 . . . . . the existence of need for such day care, to mem-  
6 . . . . . bers of low-income or other groups in the popu-  
7 . . . . . lation, and to geographical areas, which have  
8 . . . . . the greatest relative need for extension of such  
9 . . . . . day care, and

10 . . . . . “(v) that day care provided under the  
11 . . . . . plan will be provided only in facilities (in-  
12 . . . . . cluding private homes) which are licensed by  
13 . . . . . the State, or approved (as meeting the stand-  
14 . . . . . ards established for such licensing) by the  
15 . . . . . State agency responsible for licensing facilities  
16 . . . . . of this type, and

17 . . . . . “(2) that makes a satisfactory showing that the  
18 . . . . . State is extending the provision of child-welfare services  
19 . . . . . in the State, with priority being given to communities  
20 . . . . . with the greatest need for such services after giving con-  
21 . . . . . sideration to their relative financial need, and with a view  
22 . . . . . to making available by July 1, 1975, in all political sub-  
23 . . . . . divisions of the State, for all children in need thereof,  
24 . . . . . child-welfare services provided by the staff (which shall  
25 . . . . . to the extent feasible be composed of trained child-wel-

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1. . . . fare personnel) of the State public welfare agency or of  
2 the local agency participating in the administration of  
3 the plan in the political subdivision,  
4 an amount equal to the Federal share (as determined under  
5 section 423) of the total sum expended under such plan  
6 (including the cost of administration of the plan) in meeting  
7 the costs of State, district, county, or other local child-welfare  
8 services, in developing State services for the encouragement  
9 and assistance of adequate methods of community child-  
10 welfare organization, in paying the costs of returning any  
11 runaway child who has not attained the age of eighteen to his  
12 own community in another State, and of maintaining such  
13 child until such return (for a period not exceeding fifteen  
14 days); in cases in which such costs cannot be met by the  
15 parents of such child or by any person, agency, or institution  
16 legally responsible for the support of such child. In develop-  
17 ing such services for children, the facilities and experience of  
18 voluntary agencies shall be utilized in accordance with child-  
19 care programs and arrangements in the State and local com-  
20 munities as may be authorized by the State.

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

23 “(1) The Secretary shall, prior to the beginning  
24 of each period for which a payment is to be made, esti-

1       mate the amount to be paid to the State for such period  
2       under the provisions of subsection (a).

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

11      “ALLOTMENT PERCENTAGE AND FEDERAL SHARE

12      “SEC. 423. (a) The ‘allotment percentage’ for any  
13      State shall be 100 per centum less the State percentage;  
14      and the State percentage shall be that percentage which  
15      bears the same ratio to 50 per centum as the per capita  
16      income of such State bears to the per capita income of the  
17      United States; except that (1) the allotment percentage  
18      shall in no case be less than 30 per centum or more than  
19      70 per centum, and (2) the allotment percentage shall be  
20      70 per centum in the case of Puerto Rico, the Virgin  
21      Islands, and Guam.

22      “(b) The ‘Federal share’ for any State for any fiscal  
23      year shall be 100 per centum less that percentage which  
24      bears the same ratio to 50 per centum as the per capita in-  
25      come of such State bears to the per capita income of the

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1 United States, except that (1) in no case shall the Federal  
2 share be less than  $33\frac{1}{3}$  per centum or more than  $66\frac{2}{3}$  per  
3 centum, and (2) the Federal share shall be  $66\frac{2}{3}$  per centum  
4 in the case of Puerto Rico, the Virgin Islands, and Guam.

5 “(c) The Federal share and the allotment percentage  
6 for each State shall be promulgated by the Secretary be-  
7 tween July 1 and August 31 of each even-numbered year,  
8 on the basis of the average per capita income of each State  
9 and of the United States for the three most recent calendar  
10 years for which satisfactory data are available from the  
11 Department of Commerce. Such promulgation shall be con-  
12 clusive for each of the two fiscal years in the period begin-  
13 ning July 1 next succeeding such promulgation: *Provided,*  
14 That the Federal shares and allotment percentages promul-  
15 gated under section 524 (c) of the Social Security Act in  
16 1966 shall be effective for purposes of this section for the  
17 fiscal years ending June 30, 1968, and June 30, 1969.

18 “(d) For purposes of this section, the term ‘United  
19 States’ means the fifty States and the District of Columbia.

## 20 “REALLOTMENT

21 “SEC. 424. The amount of any allotment to a State  
22 under section 421 for any fiscal year which the State cer-  
23 tifies to the Secretary will not be required for carrying out  
24 the State plan developed as provided in such section shall  
25 be available for realloiment from time to time, on such dates

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1 as the Secretary may fix, to other States which the Secre-  
2 tary determines (1) have need in carrying out their State  
3 plans so developed for sums in excess of those previously  
4 allotted to them under that section and (2) will be able to  
5 use such excess amounts during such fiscal year. Such reallocot-  
6 ments shall be made on the basis of the State plans so de-  
7 veloped, after taking into consideration the population under  
8 the age of twenty-one, and the per capita income of each  
9 such State as compared with the population under the age  
10 of twenty-one, and the per capita income of all such States  
11 with respect to which such a determination by the Secretary  
12 has been made. Any amount so reallocated to a State shall  
13 be deemed part of its allotment under section 421.

14

## "DEFINITION

15 "SEC. 425. For purposes of this title, the term 'child-  
16 welfare services' means public social services which supple-  
17 ment, or substitute for, parental care and supervision for  
18 the purpose of (1) preventing or remedying, or assisting  
19 in the solution of problems which may result in, the neglect,  
20 abuse, exploitation, or delinquency of children, (2) pro-  
21 tecting and caring for homeless, dependent, or neglected  
22 children, (3) protecting and promoting the welfare of chil-  
23 dren of working mothers, and (4) otherwise protecting and  
24 promoting the welfare of children, including the strengthen-  
25 ing of their own homes where possible or, where needed,



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1 the provision of adequate care of children away from their  
2 homes in foster family homes or day-care or other child-care  
3 facilities:

4 "RESEARCH, TRAINING, OR DEMONSTRATION PROJECTS

5 "SEC. 426. (a) There are hereby authorized to be ap-  
6 propriated for each fiscal year such sums as the Congress  
7 may determine—

8 "(1) for grants by the Secretary—

9 "(A) to public or other nonprofit institutions  
10 of higher learning, and to public or other nonprofit  
11 agencies and organizations engaged in research or  
12 child-welfare activities, for special research or dem-  
13 onstration projects in the field of child welfare which  
14 are of regional or national significance and for spe-  
15 cial projects for the demonstration of new methods  
16 or facilities which show promise of substantial con-  
17 tribution to the advancement of child welfare;

18 "(B) to State or local public agencies responsi-  
19 ble for administering, or supervising the administra-  
20 tion of, the plan under this part, for projects for the  
21 demonstration of the utilization of research (includ-  
22 ing findings resulting therefrom) in the field of  
23 child welfare in order to encourage experimental  
24 and special types of welfare services; and

25 "(C) to public or other nonprofit institutions

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1 of higher learning for special projects for training  
2 personnel for work in the field of child welfare, in-  
3 cluding traineeships with such stipends and allow-  
4 ances as may be permitted by the Secretary; and

5 “(2) for contracts or jointly financed cooperative  
6 arrangements with States and public and other organi-  
7 zations and agencies for the conduct of research, special  
8 projects, or demonstration projects relating to such  
9 matters.

10 “(b) Payments of grants or under contracts or co-  
11 operative arrangements under this section may be made in  
12 advance or by way of reimbursement, and in such install-  
13 ments, as the Secretary may determine; and shall be made  
14 on such conditions as the Secretary finds necessary to carry  
15 out the purposes of the grants, contracts, or other arrange-  
16 ments.”

17 (d) (1) Subparagraphs (A) and (B) of section 422  
18 (a) (1) of the Social Security Act (as added by subsection  
19 (c) of this section) are redesignated as (B) and (C).

20 (2) So much of paragraph (1) of section 422 (a) of  
21 such Act (as added by subsection (c) of this section) as  
22 precedes subparagraph (B) (as redesignated) is amended  
23 to read as follows:

24 “(1) that has a plan for child-welfare services

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1       which has been developed as provided in this part and  
2       which—

3               “(A) provides that (i) the State agency desig-  
4               nated pursuant to section 402 (a) (3) to administer  
5               or supervise the administration of the plan of the  
6               State approved under part A of this title will ad-  
7               minister or supervise the administration of such plan  
8               for child-welfare services and (ii) to the extent  
9               that child-welfare services are furnished by the staff  
10              of the State agency or local agency administering  
11              such plan for child-welfare services, the organiza-  
12              tional unit in such State or local agency established  
13              pursuant to section 402 (a) (15) will be responsible  
14              for furnishing such child-welfare services.”.

15       (e) (1) Part 3 of title V of the Social Security Act is  
16       repealed on the date this Act is enacted.

17       (2) Part B of title IV of the Social Security Act (as  
18       added by subsection (c) of this section), and the amend-  
19       ments made by subsections (a) and (b) of this section, shall  
20       become effective on the date this Act is enacted.

21       (3) The amendments made by subsection (d) shall  
22       become effective July 1, 1969.

23       (f) In the case of any State which has a plan devel-

1 oped as provided in part 3 of title V of the Social Security  
2 Act as in effect prior to the enactment of this Act—

3 (1) such plan shall be treated as a plan developed,  
4 as provided in part B of title IV of such Act, on the  
5 date this Act is enacted;

6 (2) any sums appropriated, allotted, or reallocated  
7 pursuant to part 3 of title V for the fiscal year ending  
8 June 30, 1968, shall be deemed appropriated, allotted,  
9 or reallocated (as the case may be) under part B of title  
10 IV of such Act for such fiscal year; and

11 (3) any overpayment or underpayment which the  
12 Secretary determines was made to the State under sec-  
13 tion 523 of the Social Security Act and with respect to  
14 which adjustment has not then already been made under  
15 subsection (b) of such section shall, for purposes of sec-  
16 tion 422 of such Act, be considered an overpayment or  
17 underpayment (as the case may be) made under section  
18 422 of such Act.

19 (g) Any sums appropriated or grants made pursuant  
20 to section 526 of the Social Security Act (as in effect prior  
21 to the enactment of this Act) shall be deemed to have been  
22 appropriated or made (as the case may be) under section  
23 426 of the Social Security Act (as added by subsection (c)  
24 of this section).

25 (h) Each State plan approved under title IV of the Social

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1 Security Act as in effect on the day preceding the date of the  
2 enactment of this Act shall be deemed, without the necessity  
3 of any change in such plan, to have been conformed with the  
4 amendments made by subsections (a) and (b) of this section.

## 5 CONFORMING AMENDMENTS

6 SEC. 236. (a) Section 228 (d) (1) of the Social Se-  
7 curity Act is amended by striking out "IV," and by insert-  
8 ing after "XVI," the following: "or part A of title IV,".

9 (b) (1) The first sentence of section 401 of the Social  
10 Security Act is amended by striking out "title" and inserting  
11 in lieu thereof "part".

12 (2) The proviso in section 403 (a) (3) (D) of such Act  
13 is amended by striking out "title" and inserting in lieu thereof  
14 "part".

15 (3) The last sentence of section 403 (c) (2) of such Act  
16 is amended by striking out "title" and inserting in lieu there-  
17 of "part".

18 (4) Section 404 (b) of such Act is amended by striking  
19 out "title" and inserting in lieu thereof "part".

20 (5) Section 406 of such Act is amended by striking out  
21 "title" in the matter preceding subsection (a) and inserting  
22 in lieu thereof "part".

23 (c) (1) Section 1106 (c) (1) of such Act is amended  
24 by striking out "IV," and by inserting after "XIX," the  
25 following: "or part A of title IV,".

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1       (2) Section 1109 of such Act is amended by striking  
2 out "IV," and by inserting after "XIX" the following: "  
3 or part A of title IV,".

4       (3) Section 1111 of such Act is amended by striking  
5 out "IV," and by inserting after "XVI," the following:  
6 "and part A of title IV,".

7       (4) Section 1115 of such Act is amended by striking  
8 out "IV," and by inserting after "XIX" the following:  
9 ", or part A of title IV,".

10       (5) Section 1116 of such Act is amended—

11           (A) by striking out "IV," in subsection (a) (1),  
12 and by inserting after "XIX," in such subsection the fol-  
13 lowing: "or part A of title IV,"; and

14           (B) by striking out "IV," in subsections (b) and  
15 (d), and by inserting after "XIX" in such subsections  
16 the following: ", or part A of title IV,".

17       (6) Section 1117 of such Act is amended—

18           (A) by striking out "IV," in clause (A) of sub-  
19 section (a) (2), and by inserting after "XIX" in such  
20 clause the following: ", and part A of title IV,";

21           (B) by striking out "IV," each place it appears in  
22 subsection (b) ;

23           (C) by inserting after "and XIX" in subsection  
24 (b) the following: ", and part A of title IV,";

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1 (D) by inserting after "or XIX" in subsection  
2 (b) the following: ", or part A of title IV".

3 (7) Section 1118 of such Act is amended by striking  
4 out "IV,", and by inserting after "XVI," the following:  
5 "and part A of title IV,".

6 (d) Section 1602 (a) (11) of such Act is amended by  
7 striking out "title IV, X, or XIV" and inserting in lieu  
8 thereof "part A of title IV or under title X or XIV".

9 (e) (1) Section 1843 (b) (2) of such Act is amended  
10 by striking out "IV,", and by inserting after "XVI" the fol-  
11 lowing: ", and part A of title IV".

12 (2) Section 1843 (f) of such Act is amended—

13 (A) by striking out "IV," in the first sentence, and  
14 by inserting after "XVI," the first place it appears in  
15 such sentence the following: "or part A of title IV,",  
16 and

17 (B) by striking out "IV," in the second sentence,  
18 and by inserting after "XVI" in such sentence the fol-  
19 lowing: ", and part A of title IV".

20 (f) (1) Section 1902 (a) (10) of such Act is amended  
21 by striking out "IV,", and by inserting after "XVI" the  
22 following: ", and part A of title IV".

23 (2) Section 1902 (a) (17) of such Act is amended by

1 striking out "IV," and by inserting after "XVI" the follow-  
2 ing: ", or part A of title IV".

3 (3) Section 1902 (b) (2) of such Act is amended by  
4 striking out "title IV" and inserting in lieu thereof "part A  
5 of title IV".

6 (4) Section 1902 (c) of such Act is amended by strik-  
7 ing out "IV," and by inserting after "XVI" the following:  
8 ", or part A of title IV".

9 (5) Section 1903 (a) (1) of such Act is amended by  
10 striking out "IV," and by inserting after "XVI," the fol-  
11 lowing: "or part A of title IV,".

12 (6) Section 1905 (a) (ii) of such Act is amended by  
13 striking out "title IV" and inserting in lieu thereof "part A  
14 of title IV".

15 **PART 4—MISCELLANEOUS AND TECHNICAL AMENDMENTS**

16 **PARTIAL PAYMENTS TO STATES**

17 **SEC. 245.** Sections 4, 404 (a), 1004, and 1404 of the  
18 **Social Security Act** are each amended—

19 (1) by striking out "further payments will not be  
20 made to the State" and inserting in lieu thereof "further  
21 payments will not be made to the State (or, in his dis-  
22 cretion, that payments will be limited to categories under  
23 or parts of the State plan not affected by such failure)";  
24 and

25 (2) by striking out the last sentence and inserting



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1 in lieu thereof the following: "Until he is so satisfied  
2 he shall make no further payments to such State (or  
3 shall limit payments to categories under or parts of the  
4 State plan not affected by such failure)."

5 CONTRACTS FOR COOPERATIVE RESEARCH OR DEMON-  
6 STRATION PROJECTS

7 SEC. 246. Section 1110 (a) (2) of the Social Security  
8 Act is amended by striking out "nonprofit".

9 PERMANENT AUTHORITY TO SUPPORT DEMONSTRATION  
10 PROJECTS

11 SEC. 247. Section 1115 of the Social Security Act is  
12 amended—

13 (1) by striking out "\$2,000,000" and inserting in  
14 lieu thereof "~~\$1,000,000~~ \$10,000,000"; and

15 ~~(2) by striking out "ending prior to July 1, 1968"~~  
16 and inserting in lieu thereof "~~beginning after June 30,~~  
17 ~~1967~~".

18 (2) by inserting after "1968", the following: "and  
19 not to exceed \$25,000,000 of the aggregate amount ap-  
20 propriated for payments to States under such titles for  
21 any fiscal year beginning after June 30, 1968".

22 SPECIAL PROVISIONS RELATING TO PUEERTO RICO, THE  
23 VIRGIN ISLANDS, AND GUAM

24 SEC. 248. (a) (1) Section 1108 of the Social Security  
25 Act is amended to read as follows:

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

3 "SEC. 1108. (a) The total amount certified by the  
4 Secretary of Health, Education, and Welfare under title I,  
5 X, XIV, and XVI, and under part A of title IV (exclu-  
6 sive of any amounts on account of services and items to  
7 which subsection (b) applies)—

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

9 "(A) \$12,500,000 with respect to the fiscal  
10 year 1968,

11 "(B) \$15,000,000 with respect to the fiscal  
12 year 1969,

13 "(C) \$18,000,000 with respect to the fiscal  
14 year 1970,

15 "(D) \$21,000,000 with respect to the fiscal  
16 year 1971, or

17 "(E) \$24,000,000 with respect to the fiscal  
18 year 1972 and each fiscal year thereafter;

19 "(2) for payment to the Virgin Islands shall not  
20 exceed—

21 "(A) \$425,000 with respect to the fiscal year  
22 1968,

23 "(B) \$500,000 with respect to the fiscal year  
24 1969,

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1           “(C) \$600,000 with respect to the fiscal year  
2           1970,

3           “(D) \$700,000 with respect to the fiscal year  
4           1971, or

5           “(E) \$800,000 with respect to the fiscal year  
6           1972 and each fiscal year thereafter; and

7           “(3) for payment to Guam shall not exceed—

8           “(A) \$575,000 with respect to the fiscal year  
9           1968,

10           “(B) \$690,000 with respect to the fiscal year  
11           1969,

12           “(C) \$825,000 with respect to the fiscal year  
13           1970,

14           “(D) \$960,000 with respect to the fiscal year  
15           1971, or

16           “(E) \$1,100,000 with respect to the fiscal  
17           year 1972 and each fiscal year thereafter.

18           “(b) The total amount certified by the Secretary under  
19           part A of title IV, on account of family planning services and  
20           services and items referred to in sections 403 (a) (3) (B)  
21           and 304 (2) with respect to any fiscal year—

22           “(1) for payment to Puerto Rico shall not exceed  
23           \$2,000,000,

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1           “(2) for payment to the Virgin Islands shall not  
2           exceed \$65,000, and

3           “(3) for payment to Guam shall not exceed  
4           \$90,000.

5           “(c) The total amount certified by the Secretary under  
6           title XIX with respect to any fiscal year—

7           “(1) for payment to Puerto Rico shall not exceed  
8           \$20,000,000,

9           “(2) for payment to the Virgin Islands shall not  
10           exceed \$650,000, and

11           “(3) for payment to Guam shall not exceed  
12           \$900,000.

13           “(d) Notwithstanding the provisions of sections 502 (a)  
14           and 512 (a) of this Act, and the provisions of sections 421,  
15           503 (1), and 504 (1) of this Act as amended by the Social  
16           Security Amendments of 1967, and until such time as the  
17           Congress may by appropriation or other law otherwise  
18           provide, the Secretary shall, in lieu of the initial allotment  
19           specified in such sections, allot such smaller amounts to Guam  
20           as he may deem appropriate.”

21           (2) The amendment made by paragraph (1) shall  
22           apply with respect to fiscal years beginning after June 30,  
23           1967.

24           (b) Notwithstanding subparagraphs (A) and (B) of  
25           section 403 (a) (3) of such Act (as amended by this Act),

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1 the rate specified in such subparagraphs in the case of  
2 Puerto Rico, the Virgin Islands, and Guam shall be 60  
3 per centum (rather than 75 or 85 per centum).

4 (c) Effective July 1, 1969, neither the provisions of  
5 clauses (A) through (C) of section 402 (a) (7) of such  
6 Act as in effect before the enactment of this Act nor the  
7 provisions of section 402 (a) (8) of such Act as amended  
8 by section 202 (b) of this Act shall apply in the case of  
9 Puerto Rico, the Virgin Islands, or Guam. Effective no  
10 later than July 1, 1972, the State plans of Puerto Rico,  
11 the Virgin Islands, and Guam approved under section 402  
12 of such Act shall provide for the disregarding of income  
13 in making the determination under section 402 (a) (7) of  
14 such Act in amounts (agreed to between the Secretary  
15 and the State agencies involved) sufficiently lower than  
16 the amounts specified in section 402 (a) (8) of such Act to  
17 reflect appropriately the applicable differences in income  
18 levels.

19 (d) The amendment made by section 220 (a) of this  
20 Act shall not apply in the case of Puerto Rico, the Virgin  
21 Islands, or Guam.

22 (e) Effective with respect to quarters after 1967, sec-  
23 tion 1905 (b) of such Act is amended by striking out "55  
24 per centum" and inserting in lieu thereof "50 per centum".

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1                   **APPROVAL OF CERTAIN PROJECTS**

2           **SEC. 249.** Title XI of the Social Security Act is amended  
3 by adding at the end thereof (after the new section added by  
4 section 209 of this Act) the following new section:

5                   **“APPROVAL OF CERTAIN PROJECTS**

6           **“SEC. 1120. (a)** No payment shall be made under this  
7 Act with respect to any experimental, pilot, demonstration,  
8 or other project all or any part of which is wholly financed  
9 with Federal funds made available under this Act (without  
10 any State, local, or other non-Federal financial participation)  
11 unless such project shall have been personally approved by  
12 the Secretary or Under Secretary of Health, Education, and  
13 *Welfare*.

14           **“(b)** As soon as possible after the approval of any proj-  
15 ect under subsection (a), the Secretary shall submit to the  
16 Congress a description of such project including a state-  
17 ment of its purpose, probable cost, and expected  
18 duration.”

19           **TITLE III—IMPROVEMENT OF CHILD HEALTH**20           **CONSOLIDATION OF SEPARATE PROGRAMS UNDER TITLE V**21                   **OF THE SOCIAL SECURITY ACT**

22           **SEC. 301.** Effective with respect to fiscal years begin-  
23 ning after June 30, 1968, title V of the Social Security Act  
24 (as otherwise amended by this Act) is amended to read as  
25 follows:

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1 "TITLE V—MATERNAL AND CHILD HEALTH  
2 AND CRIPPLED CHILDREN'S SERVICES

3 "AUTHORIZATION OF APPROPRIATIONS

4 "SEC. 501. For the purpose of enabling each State to  
5 extend and improve (especially in rural areas and in areas  
6 suffering from severe economic distress), as far as practicable  
7 under the conditions in such State,

8 "(1) services for reducing infant mortality and  
9 otherwise promoting the health of mothers and children;  
10 and

11 "(2) services for locating, and for medical, surgical,  
12 corrective, and other services and care for and facilities  
13 for diagnosis, hospitalization, and aftercare for, children  
14 who are crippled or who are suffering from conditions  
15 leading to crippling,

16 there are authorized to be appropriated \$250,000,000 for the  
17 fiscal year ending June 30, 1969; \$275,000,000 for the  
18 fiscal year ending June 30, 1970; \$300,000,000 for the  
19 fiscal year ending June 30, 1971; \$325,000,000 for the fiscal  
20 year ending June 30, 1972, and \$350,000,000 for the fiscal  
21 year ending June 30, 1973, and each fiscal year thereafter.  
22 there are authorized to be appropriated such sums as may  
23 be necessary for the fiscal year ending June 30, 1969, and  
24 succeeding fiscal years.

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1 "PURPOSES FOR WHICH FUNDS ARE AVAILABLE

2 "SEC. 502. (a) Appropriations pursuant to section 501  
3 shall be available for the following purposes in the following  
4 proportions:

5 " (1) In the case of the fiscal year ending June 30,  
6 1969, and each of the next 2 fiscal years, (A) ~~50~~ 48  
7 percent of the appropriation for such year shall be for  
8 allotments pursuant to sections 503 and 504; (B) ~~40~~ 37  
9 percent thereof shall be for grants pursuant to sections  
10 508, 509, and 510; and (C) ~~10~~ 15 percent thereof shall  
11 be for grants, contracts, or other arrangements pursuant  
12 to sections 511 and 512.

13 "*(2) In the case of the fiscal year ending June 30,*  
14 *1970, and each of the next 2 fiscal years, (A) 45 per-*  
15 *cent of the appropriation for such year shall be for allot-*  
16 *ments pursuant to sections 503 and 504; (B) 35 percent*  
17 *thereof shall be for grants pursuant to sections 508, 509,*  
18 *and 510; and (C) 20 percent shall be for grants, con-*  
19 *tracts, and other arrangements pursuant to sections 511*  
20 *and 512.*

21 "~~(2)~~ (3) In the case of the fiscal year ending June  
22 30, 1973, and each fiscal year thereafter, (A) ~~90~~ 80  
23 percent of the appropriation for such year shall be for  
24 allotments pursuant to sections 503 and 504; and (B)  
25 ~~10~~ 20 percent thereof shall be for grants, contracts, or  
26 other arrangements pursuant to sections 511 and 512.



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1 Not to exceed 5 percent of the appropriation for any fiscal  
2 year under this section shall be transferred, at the request of  
3 the Secretary, from one of the purposes specified in para-  
4 graph (1) or (2) to another purpose or purposes so spec-  
5 ified. For each fiscal year, the Secretary shall determine the  
6 portion of the appropriation, within the percentage deter-  
7 mined above to be available for sections 503 and 504, which  
8 shall be available for allotment pursuant to section 503 and  
9 the portion thereof which shall be available for allotment  
10 pursuant to section 504.

11 "ALLOTMENTS TO STATES FOR MATERNAL AND CHILD  
12 HEALTH SERVICES

13 "SEC. 503. The amount determined to be available pur-  
14 suant to section 502 for allotments under this section shall be  
15 allotted for payments for maternal and child health services  
16 as follows:

17 "(1) One-half of such amount shall be allotted by  
18 allotting to each State \$70,000 plus such part of the  
19 remainder of such one-half as he finds that the number  
20 of live births in such State bore to the total number of  
21 live births in the United States in the latest calendar  
22 year for which he has statistics.

23 "(2) The remaining one-half of such amount shall  
24 (in addition to the allotments under paragraph (1)) be  
25 allotted to the States from time to time according to the

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1 financial need of each State for assistance in carrying  
2 out its State plan, as determined by the Secretary after  
3 taking into consideration the number of live births in  
4 such State; except that not more than 25 percent of such  
5 one-half shall be available for grants to State agencies  
6 (administering or supervising the administration of a  
7 State plan approved under section 505), and to public  
8 or other nonprofit institutions of higher learning (situ-  
9 ated in any State), for special projects of regional or na-  
10 tional significance which may contribute to the advance-  
11 ment of maternal and child health.

12 "ALLOTMENTS TO STATES FOR CRIPPLED CHILDREN'S  
13 SERVICES

14 "SEC. 504. The amount determined to be available pur-  
15 suant to section 502 for allotments under this section shall  
16 be allotted for payments for crippled children's services as  
17 follows:

18 "(1) One-half of such amount shall be allotted by  
19 allotting to each State \$70,000 and allotting the re-  
20 mainder of such one-half according to the need of each  
21 State as determined by him after taking into considera-  
22 tion the number of crippled children in such State in need  
23 of the services referred to in paragraph (2) of section  
24 501 and the cost of furnishing such services to them.

25 "(2) The remaining one-half of such amount shall

1 (in addition to the allotments under paragraph (1)) be  
2 allotted to the States from time to time according to the  
3 financial need of each State for assistance in carrying  
4 out its State plan, as determined by the Secretary after  
5 taking into consideration the number of crippled children  
6 in each State in need of the services referred to in para-  
7 graph (2) of section 501 and the cost of furnishing  
8 such services to them; except that not more than 25 per-  
9 cent of such one-half shall be available for grants to  
10 State agencies (administering or supervising the admin-  
11 istration of a State plan approved under section 505),  
12 and to public or other nonprofit institutions of higher  
13 learning (situated in any State), for special projects of  
14 regional or national significance which may contribute  
15 to the advancement of services for crippled children.

16 "APPROVAL OF STATE PLANS

17 "SEC. 505. (a) In order to be entitled to payments  
18 from allotments under section 502, a State must have a  
19 State plan for maternal and child health services and services  
20 for crippled children which—

21 "(1) provides for financial participation by the  
22 State;

23 "(2) provides for the administration of the plan  
24 by the State health agency or the supervision of the

1 administration of the plan by the State health agency;  
2 except that in the case of those States which on July 1,  
3 1967, provided for administration (or supervision there-  
4 of) of the State plan approved under section 513 (as in  
5 effect on such date) by a State agency other than the  
6 State health agency, the plan of such State may be  
7 approved under this section if it would meet the require-  
8 ments of this subsection except for provision of adminis-  
9 tration (or supervision thereof) by such other agency  
10 for the portion of the plan relating to services for crip-  
11 pled children, and, in each such case, the portion of such  
12 plan which each such agency administers, or the admin-  
13 istration of which each such agency supervises, shall be  
14 regarded as a separate plan for purposes of this title;

15 “(3) provides such methods of administration (in-  
16 cluding methods relating to the establishment and main-  
17 tenance of personnel standards on a merit basis, except  
18 that the Secretary shall exercise no authority with re-  
19 spect to the selection, tenure of office, and compensation  
20 of any individual employed in accordance with such  
21 methods) as are necessary for the proper and efficient  
22 operation of the plan;

23 “(4) provides that the State agency will make such  
24 reports, in such form and containing such information,  
25 as the Secretary may from time to time require, and

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1       comply with such provisions as he may from time to  
2       time find necessary to assure the correctness and verifica-  
3       tion of such reports;

4           “(5) provides for cooperation with medical, health,  
5       nursing, educational, and welfare groups and organiza-  
6       tions and, with respect to the portion of the plan relating  
7       to services for crippled children, with any agency in  
8       such State charged with administering State laws pro-  
9       viding for vocational rehabilitation of physically handi-  
10      capped children;

11          “(6) provides for payment of the reasonable cost  
12       (as determined in accordance with standards approved  
13       by the Secretary and included in the plan) of inpatient  
14       hospital services provided under the plan;

15          “(7) provides, with respect to the portion of the  
16       plan relating to services for crippled children, for early  
17       identification of children in need of health care and serv-  
18       ices, and for health care and treatment needed to correct  
19       or ameliorate defects or chronic conditions discovered  
20       thereby, through provision of such periodic screening  
21       and diagnostic services, and such treatment, care and  
22       other measures to correct or ameliorate defects or chronic  
23       conditions, as may be provided in regulations of the  
24       Secretary;

25          “(8) effective July 1, 1972, provides a program

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1 (carried out directly or through grants or contracts) of  
2 projects described in section 508 which offers reasonable  
3 assurance, particularly in areas with concentrations of  
4 low-income families, of satisfactorily helping to reduce  
5 the incidence of mental retardation and other handicap-  
6 ping conditions caused by complications associated with  
7 child bearing and of satisfactorily helping to reduce infant  
8 and maternal mortality;

9 “(9) effective July 1, 1972, provides a program  
10 (carried out directly or through grants or contracts) of  
11 projects described in section 509 which offers reasonable  
12 assurance, particularly in areas with concentrations of  
13 low-income families, of satisfactorily promoting the  
14 health of children and youth of school or preschool age;

15 “(10) effective July 1, 1972, provides a program  
16 (carried out directly or through grants or contracts) of  
17 projects described in section 510 which offers reasonable  
18 assurance, particularly in areas with concentrations of  
19 low-income families, of satisfactorily promoting the  
20 dental health of children and youth of school or preschool  
21 age;

22 “(11) provides for carrying out the purposes speci-  
23 fied in section 501; and

24 “(12) provides for the development of demonstra-  
25 tion services (with special attention to dental care for

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1 children and family planning services for mothers) in  
2 needy areas and among groups in special need.

3 “(b) The Secretary shall approve any plan which meets  
4 the requirements of subsection (a).

5 “PAYMENTS

6 “SEC. 506. (a) From the sums appropriated therefor  
7 and the allotments available under section 503 (1) or 504  
8 (1), as the case may be, the Secretary shall pay to each  
9 State which has a plan approved under this title, for each  
10 quarter, beginning with the quarter commencing July 1,  
11 1968, an amount, which shall be used exclusively for carry-  
12 ing out the State plan, equal to one-half of the total sum  
13 expended during such quarter for carrying out such plan  
14 with respect to maternal and child health services and  
15 services for crippled children, respectively.

16 “(b) (1) Prior to the beginning of each quarter, the  
17 Secretary shall estimate the amount to which a State will  
18 be entitled under subsection (a) for such quarter, such esti-  
19 mates to be based on (A) a report filed by the State con-  
20 taining its estimate of the total sum to be expended in such  
21 quarter in accordance with the provisions of such subsec-  
22 tion, and stating the amount appropriated or made avail-  
23 able by the State and its political subdivisions for such  
24 expenditures in such quarter, and if such amount is less than  
25 the State's proportionate share of the total sum of such

1 estimated expenditures, the source or sources from which  
2 the difference is expected to be derived, and (B) such other  
3 investigation as the Secretary may find necessary.

4       “(2) The Secretary shall then pay to the State, in  
5 such installments as he may determine, the amount so esti-  
6 mated, reduced or increased to the extent of any overpay-  
7 ment or underpayment which the Secretary determines was  
8 made under this section to such State for any prior quarter  
9 and with respect to which adjustment has not already been  
10 made under this subsection.

11       “(3) Upon the making of an estimate by the Secretary  
12 under this subsection, any appropriations available for pay-  
13 ments under this section shall be deemed obligated.

14       “(c) The Secretary shall also from time to time make  
15 payments to the States from their respective allotments pur-  
16 suant to section 503 (2) or 504 (2). Payments of grants  
17 under sections 503 (2), 504 (2), 508, 509, 510, and 511,  
18 and of grants, contracts, or other arrangements under section  
19 512, may be made in advance or by way of reimbursement,  
20 and in such installments, as the Secretary may determine;  
21 and shall be made on such conditions as the Secretary finds  
22 necessary to carry out the purposes of the section involved.

23       “(d) The total amount determined under subsections  
24 (a) and (b) and the first sentence of subsection (c)  
25 for any fiscal year ending after June 30, 1968, shall



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1 be reduced by the amount by which the sum expended  
2 (as determined by the Secretary) from non-Federal sources  
3 for maternal and child health services and services for  
4 crippled children for such year is less than the sum expended  
5 from such sources for such services for the fiscal year ending  
6 June 30, 1968. In the case of any such reduction, the Secre-  
7 tary shall determine the portion thereof which shall be  
8 applied, and the manner of applying such reduction, to the  
9 amounts otherwise payable from allotments under section 503  
10 or section 504.

11       “(e) Notwithstanding the preceding provisions of this  
12 section, no payment shall be made to any State thereunder  
13 from the allotments under section 503 or section 504 for any  
14 period after June 30, 1968, unless the State makes a satis-  
15 factory showing that it is extending the provision of services,  
16 including services for dental care for children and family  
17 planning for mothers, to which such State's plan applies in  
18 the State with a view to making such services available by  
19 July 1, 1975, to children and mothers in all parts of the  
20 State.

21                               “OPERATION OF STATE PLANS

22       “SEC. 507. If the Secretary, after reasonable notice and  
23 opportunity for hearing to the State agency administering or  
24 supervising the administration of the State plan approved  
25 under this title, finds—

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1           “(1) that the plan has been so changed that it no  
2 longer complies with the provisions of section 505; or

3           “(2) that in the administration of the plan there  
4 is a failure to comply substantially with any such pro-  
5 vision;

6 the Secretary shall notify such State agency that further pay-  
7 ments will not be made to the State (or, in his discretion,  
8 that payments will be limited to categories under or parts of  
9 the State plan not affected by such failure), until the Secre-  
10 tary is satisfied that there will no longer be any such failure  
11 to comply. Until he is so satisfied he shall make no further  
12 payments to such State (or shall limit payments to cate-  
13 gories under or parts of the State plan not affected by such  
14 failure).

15 “SPECIAL PROJECT GRANTS FOR MATERNITY AND INFANT  
16 CARE

17 “SEC. 508. (a) In order to help reduce the incidence of  
18 mental retardation and other handicapping conditions caused  
19 by complications associated with childbearing and to help  
20 reduce infant and maternal mortality, the Secretary is au-  
21 thorized to make, from the sums available under clause (B)  
22 of paragraph (1) of section 502, grants to the State health  
23 agency of any State and, with the consent of such agency,  
24 to the health agency of any political subdivision of the State,  
25 and to any other public or nonprofit private agency, institu-  
26 tion, or organization, to pay not to exceed 75 percent of

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1 the cost (exclusive of general agency overhead) of any  
2 project for the provision of—

3       “(1) necessary health care to prospective mothers  
4       (including, after childbirth, health care to mothers and  
5       their infants) who have or are likely to have conditions  
6       associated with childbearing or are in circumstances  
7       which increase the hazards to the health of the mothers  
8       or their infants (including those which may cause physi-  
9       cal or mental defects in the infants), or

10       “(2) necessary health care to infants during their  
11       first year of life who have any condition or are in  
12       circumstances which increase the hazards to their health,  
13       or

14       “(3) family planning services,  
15       but only if the State or local agency determines that the re-  
16       cipient will not otherwise receive such necessary health care  
17       or services because he is from a low-income family or for  
18       other reasons beyond his control.

19       “(b) No grant may be made under this section for any  
20       project for any period after June 30, 1972.

21       “SPECIAL PROJECT GRANTS FOR HEALTH OF SCHOOL AND  
22       PRESCHOOL CHILDREN

23       “SEC. 509. (a) In order to promote the health of chil-  
24       dren and youth of school or preschool age, particularly in  
25       areas with concentrations of low-income families, the Sec-

1   retary is authorized to make, from the sums available under  
2   clause (B) of paragraph (1) of section 502, grants to the  
3   State health agency of any State and (with the consent of  
4   such agency) to the health agency of any political subdi-  
5   vision of the State, to the State agency of the State admin-  
6   istering or supervising the administration of the State plan  
7   approved under section 505, to any school of medicine (with  
8   appropriate participation by a school of dentistry), and to  
9   any teaching hospital affiliated with such a school, to pay  
10   not to exceed 75 percent of the cost of projects of a compre-  
11   hensive nature for health care and services for children and  
12   youth of school age or for preschool children (to help them  
13   prepare to start school). No project shall be eligible for a  
14   grant under this section unless it provides (1) for the co-  
15   ordination of health care and services provided under it  
16   with, and utilization (to the extent feasible) of, other State  
17   or local health, welfare, and education programs for such  
18   children, (2) for payment of the reasonable cost (as deter-  
19   mined in accordance with standards approved by the Secre-  
20   tary) of inpatient hospital services provided under the proj-  
21   ect, and (3) that any treatment, correction effects, or  
22   aftercare provided under the project is available only to  
23   children who would not otherwise receive it because they

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1 are from low-income families or for other reasons beyond  
2 their control; and no such project for children and youth  
3 of school age shall be considered to be of a comprehensive  
4 nature for purposes of this section unless it includes (subject  
5 to the limitation in the preceding provisions of this sentence)  
6 at least such screening, diagnosis, preventive services, treat-  
7 ment, correction of defects, and aftercare, both medical and  
8 dental, as may be provided for in regulations of the Secretary.

9 “(b) No grant may be made under this section for any  
10 project for any period after June 30, 1972.

11 “SPECIAL PROJECT GRANTS FOR DENTAL HEALTH OF  
12 CHILDREN

13 “SEC. 510. (a) In order to promote the dental health of  
14 children and youth of school or preschool age, particularly  
15 in areas with concentrations of low-income families, the Sec-  
16 retary is authorized to make grants, from the sums available  
17 under clause (B) of paragraph (1) of section 502, to the  
18 State health agency of any State and (with the consent of  
19 such agency) to the health agency of any political subdivi-  
20 sion of the State, and to any other public or nonprofit private  
21 agency, institution, or organization, to pay not to exceed 75  
22 percent of the cost of projects of a comprehensive nature for  
23 dental care and services for children and youth of school age  
24 or for preschool children. No project shall be eligible for a

1 grant under this section unless it provides that any treatment,  
2 correction of defects, or aftercare provided under the project  
3 is available only to children who would not otherwise receive  
4 it because they are from low-income families or for other  
5 reasons beyond their control, and unless it includes (subject  
6 to the limitation in the foregoing provisions of this sentence)  
7 at least such preventive services, treatment, correction of  
8 defects, and after care, for such age groups, as may be pro-  
9 vided in regulations of the Secretary. Such projects may also  
10 include research looking toward the development of new  
11 methods of diagnosis or treatment, or demonstration of the  
12 utilization of dental personnel with various levels of training.

13 “(b) No grant may be made under this section for  
14 any project for any period after June 30, 1972.

15 “TRAINING OF PERSONNEL

16 “SEC. 511. From the sums available under clause (C) of  
17 paragraph (1) or clause (B) of paragraph (2) of section  
18 502, the Secretary is authorized to make grants to public or  
19 nonprofit private institutions of higher learning for training  
20 personnel for health care and related services for mothers and  
21 children, particularly mentally retarded children and children  
22 with multiple handicaps. In making such grants, the Secre-  
23 tary shall give priority to programs providing training at the  
24 undergraduate level.

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1 "RESEARCH PROJECTS RELATING TO MATERNAL AND CHILD  
2 HEALTH SERVICES AND CRIPPLED CHILDREN'S SERVICES  
3 "SEC. 512. From the sums available under clause (C)  
4 of paragraph (1) or clause (B) of paragraph (2) of section  
5 502, the Secretary is authorized to make grants to or jointly  
6 financed cooperative arrangements with public or other non-  
7 profit institutions of higher learning, and public or nonprofit  
8 private agencies and organizations engaged in research or  
9 in maternal and child health or crippled children's programs,  
10 and contracts with public or nonprofit private agencies  
11 and organizations engaged in research or in such programs,  
12 for research projects relating to maternal and child health  
13 services or crippled children's services which show promise  
14 of substantial contribution to the advancement thereof. Effec-  
15 tive with respect to grants made and arrangements entered  
16 into after June 30, 1968, (1) special emphasis shall be  
17 accorded to projects which will help in studying the need  
18 for, and the feasibility, costs, and effectiveness of, comprehen-  
19 sive health care programs in which maximum use is made of  
20 health personnel with varying levels of training, and in study-  
21 ing methods of training for such programs, and (2) grants  
22 under this section may also include funds for the training of  
23 health personnel for work in such projects.

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## 1 "ADMINISTRATION

2 "SEC. 513. (a) The Secretary of Health, Education,  
3 and Welfare shall make such studies and investigations as  
4 will promote the efficient administration of this title.

5 "(b) Such portion of the appropriations for grants under  
6 section 501 as the Secretary may determine, but not exceed-  
7 ing one-half of 1 percent thereof, shall be available for evalua-  
8 tion by the Secretary (directly or by grants or contracts) of  
9 the programs for which such appropriations are made and,  
10 in the case of allotments from any such appropriation, the  
11 amount available for allotments shall be reduced accordingly.

12 "(c) Any agency, institution, or organization shall, if  
13 and to the extent prescribed by the Secretary, as a condition  
14 to receipt of grants under this title, cooperate with the State  
15 agency administering or supervising the administration of the  
16 State plan approved under title XIX in the provision of care  
17 and services, available under a plan or project under this  
18 title, for children eligible therefor under such plan approved  
19 under title XIX.

## 20 "DEFINITION

21 "SEC. 514. For purposes of this title, a crippled child  
22 is an individual under the age of 21 who has an organic  
23 disease, defect, or condition which may hinder the achieve-  
24 ment of normal growth and development."





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1 bursing such agency, institution, or organization for the  
2 cost of any such care and services furnished any individual  
3 for which payment would otherwise be made to the State  
4 with respect to him under section 1903”.

5 1968 AUTHORIZATION FOR MATERNITY AND INFANT

6 CARE PROJECTS

7 SEC. 303. Section 531 (a) of the Social Security Act is  
8 amended by striking out “and \$30,000,000 for each of the  
9 next three fiscal years” and inserting in lieu thereof “\$30,-  
10 000,000 for each of the next 2 fiscal years, and \$35,000,000  
11 for the fiscal year ending June 30, 1968”.

12 SHORT TITLE

13 SEC. 304. This title may be cited as the “Child Health  
14 Act of 1967”.

15 TITLE IV—GENERAL PROVISIONS

16 SOCIAL WORK MANPOWER AND TRAINING

17 SEC. 401. Title VII of the Social Security Act is  
18 amended by adding at the end thereof the following new  
19 section:

20 “GRANTS FOR EXPANSION AND DEVELOPMENT OF

21 UNDERGRADUATE AND GRADUATE PROGRAMS

22 “SEC. 707. (a) There is authorized to be appropri-  
23 ated \$5,000,000 for the fiscal year ending June 30, 1969,  
24 and \$5,000,000 for each of the three succeeding fiscal years,  
25 years such sums as Congress may determine for grants by the

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1 Secretary to public or nonprofit private colleges and univer-  
2 sities and to accredited graduate schools of social work or an  
3 association of such schools to meet part of the costs of devel-  
4 opment, expansion, or improvement of (respectively) under-  
5 graduate programs in social work and programs for the  
6 graduate training of professional social work personnel, in-  
7 cluding the costs of compensation of additional faculty and  
8 administrative personnel and minor improvements of existing  
9 facilities. Not less than one-half of the sums appropriated for  
10 any fiscal year under the authority of this subsection shall be  
11 used by the Secretary for grants with respect to undergrad-  
12 uate programs.

13 “(b) In considering applications for grants under this  
14 section, the Secretary shall take into account the relative  
15 need in the States for personnel trained in social work and  
16 the effect of the grants thereon.

17 “(c) Payment of grants under this section may be made  
18 (after necessary adjustments on account of previously made  
19 overpayments or underpayments) in advance or by way of  
20 reimbursement, and on such terms and conditions and in  
21 such installments, as the Secretary may determine.

22 “(d) For purposes of this section—

23 “(1) the term ‘graduate school of social work’  
24 means a department, school, division, or other adminis-

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1       trative unit, in a public or nonprofit private college or  
2       university, which provides, primarily or exclusively, a  
3       program of education in social work and allied subjects  
4       leading to a graduate degree in social work;

5           “(2) the term ‘accredited’ as applied to a graduate  
6       school of social work refers to a school which is accredited  
7       by a body or bodies approved for the purpose by the  
8       Commissioner of Education or with respect to which  
9       there is evidence satisfactory to the Secretary that it  
10      will be so accredited within a reasonable time; and

11          “(3) the term ‘nonprofit’ as applied to any college  
12      or university refers to a college or university which is a  
13      corporation or association, or is owned and operated by  
14      one or more corporations or associations, no part of the  
15      net earnings of which inures, or may lawfully inure, to  
16      the benefit of any private shareholder or individual.”

17   **INCENTIVE FOR LOWERING COSTS WHILE MAINTAINING**  
18   **QUALITY AND INCREASING EFFICIENCY IN THE PRO-**  
19   **VISION OF HEALTH SERVICES**

20   **SEC. 402. (a)** The Secretary of Health, Education,  
21   and Welfare is authorized to develop and engage in experi-  
22   ments under which organizations and institutions which  
23   would otherwise be entitled to reimbursement or payment  
24   on the basis of reasonable cost for services provided—

25           (1) under title XVIII of the Social Security Act

1           (2) under a State plan approved under title XIX  
2           of such Act, or

3           (3) under a plan developed under title V of such  
4           Act,

5 and which are selected by the Secretary in accordance  
6 with regulations established by the Secretary, would be  
7 reimbursed or paid in any manner mutually agreed upon  
8 by the Secretary and the organization or institution. The  
9 method of reimbursement which may be applied in such  
10 experiments shall be such as the Secretary may select and  
11 may be based on charges or costs adjusted by incentive  
12 factors and may include specific incentive payments or  
13 reductions of payments for the performance of specific ac-  
14 tions but in any case shall be such as he determines may,  
15 through experiment, be demonstrated to have the effect of  
16 increasing the efficiency and economy of health services  
17 through the creation of additional incentives to these ends  
18 without adversely affecting the quality of such services.

19           (b) In the case of any experiment under subsection  
20 (a), the Secretary may waive compliance with the require-  
21 ments of titles XVIII, XIX, and V of the Social Security  
22 Act insofar as such requirements relate to reimbursement  
23 or payment on the basis of reasonable cost; and costs  
24 incurred in such experiment in excess of the costs which  
25 would otherwise be reimbursed or paid under such titles

1 may be reimbursed or paid to the extent that such waiver  
2 applies to them (with such excess being borne by the  
3 Secretary) . . .

4 (c) Section 1875 (b) of the Social Security Act is  
5 amended by inserting after "under parts A and B" the fol-  
6 lowing: "(including the experimentation authorized by sec-  
7 tion 402 of the Social Security Amendments of 1967)".

8 CHANGES TO REFLECT CODIFICATION OF TITLE 5, UNITED

9 STATES CODE

10 SEC. 403. (a) (1) Section 210 (a) (6) (C) (iv) of the  
11 Social Security Act is amended by striking out "under section  
12 2 of the Act of August 4, 1947" and inserting in lieu thereof  
13 "under section 5351 (2) of title 5, United States Code", and  
14 by striking out "; 5 U.S.C., sec. 1052".

15 (2) Section 210 (a) (6) (C) (vi) of such Act is  
16 amended by striking out "the Civil Service Retirement Act"  
17 and inserting in lieu thereof "subchapter III of chapter 83  
18 of title 5, United States Code,".

19 (3) Section 210 (a) (7) (D) (ii) of such Act is  
20 amended by striking out "under section 2 of the Act of Au-  
21 gust 4, 1947" and inserting in lieu thereof "under section  
22 5351 (2) of title 5, United States Code", and by striking out  
23 "; 5 U.S.C. 1052".

24 (b) Section 215 (h) (1) of such Act is amended—

25 (1) by striking out "of the Civil Service Retirement

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1 Act," and inserting in lieu thereof "of subchapter III  
2 of chapter 83 of title 5, United States Code,"; and

3 (2) by striking out "under the Civil Service Retirement  
4 Act" and inserting in lieu thereof "under sub-  
5 chapter III of chapter 83 of title 5, United States  
6 Code,".

7 (c) (1) Section 217 (f) (1) of such Act is amended—

8 (A) by striking out "the Civil Service Retirement  
9 Act of May 29, 1930, as amended," and inserting in lieu  
10 thereof "subchapter III of chapter 83 of title 5, United  
11 States Code,"; and

12 (B) by striking out "such Act of May 29, 1930, as  
13 amended," and inserting in lieu thereof "such subchapter  
14 III".

15 (2) Section 217 (f) (2) of such Act is amended by  
16 striking out "the Civil Service Retirement Act of May 29,  
17 1930, as amended," and inserting in lieu thereof "subchapter  
18 III of chapter 83 of title 5, United States Code,".

19 (d) (1) Section 706 (b) of such Act is amended by  
20 striking out "the civil service laws" and inserting in lieu  
21 thereof "the provisions of title 5, United States Code, govern-  
22 ing appointments in the competitive service".

23 (2) Section 706 (c) (2) of such Act is amended by  
24 striking out "section 5 of the Administrative Expenses Act

1 of 1946 (5 U.S.C. 73b-2)" and inserting in lieu thereof  
2 "section 5703 of title 5, United States Code,".

3 (e) (1) Section 1114 (b) of such Act is amended by  
4 striking out "the civil-service laws" and inserting in lieu  
5 thereof "the provisions of title 5, United States Code, govern-  
6 ing appointments in the competitive service".

7 (2) Section 1114 (f) of such Act is amended by strik-  
8 ing out "the civil-service laws" and inserting in lieu thereof  
9 "the provisions of title 5, United States Code, governing  
10 appointments in the competitive service".

11 (3) Section 1114 (g) of such Act is amended by strik-  
12 ing out "section 5 of the Administrative Expenses Act of  
13 1946 (5 U.S.C. 73b-2)" and inserting in lieu thereof "sec-  
14 tion 5703 of title 5, United States Code,".

15 (f) (1) Section 1501 (a) (6) of such Act is amended  
16 by striking out "the Civil Service Retirement Act of 1930"  
17 and inserting in lieu thereof "subchapter III of chapter 83 of  
18 title 5, United States Code,".

19 (2) Section 1501 (a) (9) of such Act is amended by  
20 striking out "under section 2 of the Act of August 4, 1947"  
21 and inserting in lieu thereof "under section 5351 (2) of title  
22 5, United States Code", and by striking out "; 5 U.S.C., sec.  
23 1052".

24 (g) (1) Section 1840 (e) (1) of such Act is amended



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1 by striking out "the Civil Service Retirement Act, or other  
2 Act" and inserting in lieu thereof "subchapter III of chapter  
3 83 of title 5, United States Code, or any other law".

4 (2) Section 1840 (e) (2) of such Act is amended by  
5 striking out "such other Act" and inserting in lieu thereof  
6 "such other law".

7 (h) Section 103 (b) (3) of the Social Security Amend-  
8 ments of 1965 is amended—

9 (1) by striking out "the Federal Employees Health  
10 Benefits Act of 1959" in subparagraph (A) and insert-  
11 ing in lieu thereof "chapter 89 of title 5, United States  
12 Code"; and

13 (2) by striking out "such Act" in subparagraph  
14 (C) and inserting in lieu thereof "such chapter".

15 (i) (1) Section 3121 (b) (6) (C) (iv) of the Internal  
16 Revenue Code of 1954 is amended by striking out "under  
17 section 2 of the Act of August 4, 1947" and inserting in  
18 lieu thereof "under section 5351 (2) of title 5, United States  
19 Code", and by striking out "; 5 U.S.C., sec. 1052".

20 (2) Section 3121 (b) (6) (C) (vi) of such Code is  
21 amended by striking out "the Civil Service Retirement Act"  
22 and inserting in lieu thereof "subchapter III of chapter 83  
23 of title 5, United States Code,".

24 (3) Section 3121 (b) (7) (C) (ii) of such Code is

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1 amended by striking out "under section 2 of the Act of  
2 August 4, 1947" and inserting in lieu thereof "under section  
3 5351 (2) of title 5, United States Code", and by striking  
4 out "; 5 U.S.C. 1052".

5 . . . . . MEANING OF SECRETARY

6 SEC. 404. As used in the amendments made by this Act  
7 (unless the context otherwise requires), the term "Secre-  
8 tary" means the Secretary of Health, Education, and  
9 Welfare.

Passed the House of Representative August 17, 1967.

Attest:

W. PAT JENNINGS,

*Clerk.*

**Statement of the Department of Health, Education, and Welfare on Their Proposed Social Security, Public Welfare, and Child Health Amendments to H.R. 12080, Social Security Amendments of 1967**

This statement supplements the testimony of the Department of Health, Education, and Welfare on H.R. 12080, "The Social Security Amendments of 1967," as passed by the House of Representatives.

As indicated in the statement of the Secretary of Health, Education, and Welfare, the Department recommends the benefit increase of at least 15 percent, and the increase in the benefit and contribution base to \$10,800 by 1974, that were provided in H.R. 5710, and the extension of hospital insurance protection to the disabled. In addition to these major concerns, there are a number of Administration proposals that were not included in H.R. 12080 that the Department believes should be added and a number of provisions of H.R. 12080 that the Department believes should be modified.

Provisions of H.R. 5710 that the Department believes should be added to Title I of the bill (relating to social security) are as follows:

**SOCIAL SECURITY**

*1. Special minimum for long-term employment.*—A special minimum benefit would be given for long-service workers. It would be equal to \$4 multiplied by the number of years of coverage up to 25, so that a worker with 25 years or more of coverage will receive a benefit of at least \$100 a month. About 140,000 people would benefit under this provision. About \$8 million in additional benefits would be paid in 1968.

*2. Transfer of Federal employment credits.*—Under present law, Federal employees subject to the Civil Service or Foreign Service retirement system or the Central Intelligence Agency retirement system have no survivor or disability protection during the first 5 years of service. Employees who leave after 5 or more years of service lose their survivor and disability protection; the great majority of those who leave before retirement lose their retirement protection as well because they take refunds of their contributions.

H.R. 5710 would fill these serious gaps in the protection of large numbers of workers with Federal employment by providing for transferring credit to social security for Federal employment subject to the Civil Service or Foreign Service retirement system if there is no protection based on that employment when the worker dies, becomes disabled, or reaches retirement age. The social security trust funds would be reimbursed by the Federal staff retirement systems for the proportionate cost of benefits that is attributable to the transferred credits.

*3. Social security coverage of farm employees.*—Under present law, the farm worker's earnings in regard to his work for an employer are covered only if the employer pays him \$150 or more in cash wages during the year or the employee works for the employer on 20 or more days in the year for cash pay on a time basis—e.g., if he is paid by the hour, day, or week. A farm worker earns one quarter of coverage credit, to a total of four in a year, for each \$100 of annual covered farm wages.

H.R. 5710 would modify these provisions so as to improve the coverage of 500,000 farm workers. Under H.R. 5710, the annual cash wage test for social security coverage of farm workers would be reduced from the present \$150 to \$50, the 20-day time test would be reduced to 10 days, and a quarter of coverage credit would be given, to a total of 4 in a year, for each \$50 of annual covered farm wages. These changes would have no cost effect.

4. *Coverage status of fishermen and truck loaders and unloaders.*—The Social Security Administration and the Internal Revenue Service have generally found captains and crew members of fishing vessels and loaders and unloaders of trucks to be employees (under the common-law rules) of the owners of the fishing vessels or trucks. The employment status of such individuals has been contested in the courts by some of the owners of the vessels and trucks who have been billed for social security taxes. The decisions of the courts in these tax cases have not been uniform. It is desirable to remove the cause of such inconclusive litigation by clarifying that individuals of the types mentioned are employees of the owners of the vessels or trucks.

5. *Coverage of Federal facilities under medicare.*—Services rendered in State and local hospitals are now covered and it is reasonable that similar services rendered in Federal hospitals should also be covered. If Federal facilities were included under the medicare system, there would be some savings to the general taxpayer, since he would not have to pay through other taxes to meet hospital and doctor expenses of some people who are covered by the medicare system and receive care in Federal facilities.

6. *Coordination of medicare reimbursement with State health planning.*—At present, no provision is made under title XVIII of the Social Security Act to coordinate payments under medicare with the health facility planning activities being carried on in the States by public and private planning agencies. Federal legislation (P.L. 89-749—the Partnership for Health Act) was enacted by the last Congress providing additional support for planning in the States through grants to the States for comprehensive health planning and through project grants to other public and nonprofit private agencies.

It is proposed that hospitals be required to fund depreciation payments made to them under medicare and that substantial capital expenditures be in conformity with any recommendations of the federally supported health planning activities of the States.

7. *Eligibility of certain children for monthly benefits.*—The amendment would provide for the payment of child's benefits, based on the earnings record of a worker who was not the child's parent if the child was living with and supported by the worker for at least a year before the worker died or at least 5 years before the worker became disabled or retired. Under this provision about 15,000 people would be affected immediately and \$11 million would be paid out in calendar year 1968.

8. *Parent's insurance benefits.*—The amendment would provide for the payment of benefits to the parents of retired and disabled workers. The benefits for the dependent parents of living workers would be actuarially reduced if taken before age 65 and parent's insurance benefits in the future would be residual. Under this provision about 30,000 people would be affected immediately and about \$15 million would be paid out in the first full year.

The combined cost of the above provisions for paying benefits to children and the provision for parent's benefits is 0.01 percent of payroll.

9. *Elimination of provisions denying hospital insurance benefits to noninsured individuals because of membership in certain organizations.*—This provision would repeal the provision of the Social Security Amendments of 1965 denying hospital insurance to noninsured persons over 65 because of membership in subversive organizations.

Provisions of Title I of H.R. 12080 that the Department believes should be modified are as follows:

1. *Increase in special payments to certain people age 72 and older.*—H.R. 12080 provides for increasing from \$35 to \$40 for a single person (from \$52.50 to \$60 for a couple) the amount of the monthly payments to people age 72 and older who are not insured for regular retirement benefits. In keeping with the minimum benefit of \$70 that the Department is proposing for people who meet the regular insured-status requirements, the Department recommends special payments of \$50 (\$75 for couples) for those age 72 and older who do not meet these requirements.

2. *Benefits for disabled widows and widowers.*—Under the provision in H.R. 12080 for paying benefits to disabled widows and widowers, benefits

would not be payable before age 50 and the benefits would be reduced according to the disabled widow's or widower's age at entitlement. The Department favors removal of the age-50 limitation and payment of the full amount of the benefit—82½ percent of the spouse's benefit—to disabled widows and widowers. The Department also recommends that the definition of disability for widows and widowers in H.R. 12080 be modified to specify a level of severity that would be deemed sufficient to preclude any *substantial gainful activity* (rather than any gainful activity). The Department would retain the requirement in H.R. 12080 that determinations of disability be based on medical factors only. The cost of the provision now in H.R. 12080 is 0.03 percent of taxable payroll; the cost of the provision we recommend is 0.06 percent of taxable payroll.

*3. Limitations of payments to aliens outside the United States.*—Under present law, benefits are not paid to aliens outside the United States unless they meet one of several specified exceptions to a general alien nonpayment provision. Among these exceptions are the provisions under which benefits are payable to an alien outside of the United States if he lived in the United States for 10 years or if he had 40 quarters of coverage—about 10 years of work in covered employment. H.R. 12080 includes a provision, not included in H.R. 5710, under which the 10-years-residence and 40-quarters-of-coverage exceptions would not apply to a citizen of a country that has a social insurance system under which benefits would not be paid to otherwise qualified Americans outside that country. The Department believes that the present provision is satisfactory and that no further restriction should be placed on the application of the 10-year-residence and 40-quarters-of-coverage exceptions of present law.

Moreover, under H.R. 12080, the elimination of the 10-years-residence and 40-quarters-of-coverage exceptions would apply not only to people becoming eligible for benefits in the future but also to those now getting benefits, with the result that thousands of present beneficiaries might have their benefits stopped when the provision becomes effective six months after enactment. The Department strongly recommends that, in the event that any restriction on the applicability of the 10-years-residence and 40-quarters-of-coverage exceptions is retained in the bill, it be made entirely prospective in effect—that is, that it apply only to aliens who become eligible for benefits in the future.

The provisions of H.R. 12080 relating to benefits for people in countries where Treasury regulations prevent payment go considerably beyond those recommended by the Department and raise questions of constitutionality and of conflict with existing treaties between the United States and certain foreign countries. The question of constitutionality arises because the provision would prevent payment of benefits that have already accrued to aliens in countries where the Treasury ban applies. In such cases payment has been withheld under the Treasury regulation only because it was not possible to assume that the beneficiary would actually get the check or be able to negotiate it for full value—to protect his right to his benefits; under H.R. 12080 this right would be taken away and benefits accrued in the past would be limited to twelve months of payment. Another problem is that under certain treaties there is agreement to treat citizens of the other country just as American citizens are treated for social security purposes, yet under H.R. 12080 benefit payments to aliens living in countries subject to the Treasury regulations are stopped even though such aliens are citizens of another country and that country has such a treaty with the United States.

The Department, therefore, recommends that the provisions in question be modified so that amounts accumulated before enactment of the amendments now being considered, as well as benefits that are withheld by the Treasury Department in the future, would be payable in full to the beneficiary from whom they have been withheld. If he has died before the ban is lifted, the withheld benefits would be payable only to a survivor entitled on the same earnings record and only in an amount equal to the last 12 months' benefits that have been withheld. As under present law, where the beneficiary is alive when payments are resumed, the full amount of the withheld benefits would be payable to him.

*4. Residual payments to certain children.*—The provision in H.R. 12060 under which certain children would get “residual” benefits would take care of a situation that developed under the 1965 amendments, where, for example, a widow already getting benefits might have had her benefits or the benefits of her children reduced under the family maximum provisions because another child of her husband became entitled to benefits by reason of the 1965 change in the law.

It would, however, provide unduly harsh treatment in the future for children made eligible by the 1965 amendments. We believe the 1965 provision (inserted by the Senate) should be retained but that benefits payable prior to the 1965 provision should be restored to the full amount without regard to the family maximum.

#### PUBLIC ASSISTANCE

*1. Meeting full need.*—Present law requires States to establish public assistance needs standards but does not require that payments meet the need in full. Our amendments would: (1) require States to meet full need as reflected in their own standards; (2) require the standards to be set at least at two-thirds of the medical assistance eligibility level under title XIX; (3) require the standards to be at least as high as they were in January 1967; (4) require standards to be updated on July 1, 1968, and reviewed annually and modified with significant changes in the cost of living; and (5) provide an authorization of \$60 million in fiscal years 1970 and 1971 to help States with special fiscal problems meet the new requirements.

*2. Earned income exemptions.*—The House bill requires States to allow AFDC recipients 16 and over an earned income exemption of the first \$30 monthly earnings plus one-third of additional earnings. We propose: (1) to increase the exemption to \$50 monthly plus one-half of additional earnings, and (2) to extend this same exemption to the aged and permanently and totally disabled.

*3. Work training.*—The House bill requires States to establish community work and training programs (with 75% Federal matching) for virtually all appropriate AFDC adults and children over 16 not attending school full time. We recommend in lieu of the House work training provisions, those proposed by the President and incorporated in H.R. 5, 10. This proposal would authorize the Secretary of Labor to provide work and training programs for AFDC recipients over 16. Funds for these programs would be transferred from our public assistance appropriation. If the Secretary of Labor does not operate a program, or finds it impractical to do so throughout a State, programs could be set up by the State welfare agency. The Federal Government would pay 90% of the cost of training, supplies and material. The proposal also provides for training incentive payments of up to \$20 a week for trainees, and project grants for needy persons ineligible for AFDC. Of the various changes we are proposing, only these last two will require additional funds above the House bill.

Present law requires that appropriate arrangements be provided for the care and protection of a child while his parent is participating in a work training program “in order to assure that such absence and work will not be inimical to the welfare of the child.” The House bill omits the clause containing the word “inimical.” We urge its restoration. No cost is involved.

*4. Mandatory work training.*—In the House bill, work training is mandatory both on the State and on the individual: The State must provide work training, and the AFDC recipient must accept it (unless she has good cause) or face loss of assistance. We endorse the requirement that work training be offered in all parts of the State with significant numbers of AFDC recipients, but recommend that acceptance of training not be mandatory on AFDC mothers. With such positive features of the bill as the availability of work training, training incentive payments, day care, and earned income exemptions, we do not feel that AFDC mothers need to be compelled to undergo training.

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Along the same lines, the plan required by the House bill for each AFDC family should be truly comprehensive and not aimed solely at employment.

*5. Limitation on Federal participation in AFDC.*—The House bill requires that the rate of child dependency due to the absence of a parent be frozen as of January 1967 for purposes of Federal matching beginning January 1968. We strongly recommend that this limitation be deleted.

*6. Unemployed parent under AFDC.*—The House bill sets a Federal definition of unemployment. We recommend deleting these two limitations on the definition in the House bill; (1) the exclusion of fathers who have received any unemployment compensation during the month, and (2) the exclusion of fathers who have had little or no connection with the labor force. The House bill associated no significant savings to these limitations since they involve relatively few persons; hence we are attributing no significant cost to their reinstatement.

*7. Protective and vendor payments.*—The House bill requires all States to have a program of protective payments and vendor payments which can be used in those relatively few cases of demonstrated, fiscal irresponsibility. The present law limits the existing provision to 5 percent of the cases. We believe that the House provision is appropriate, but feel that as a safeguard against abuse, a State should be limited in its use of protective or vendor payments. We would have no objection to raising the limit from 5% to 10%. Since this provision concerns the method of payment rather than the amount, it would involve no significant cost or savings.

*8. Emergency assistance.*—The House bill allows the State a large measure of flexibility in an emergency situation by providing 50% Federal matching for emergency assistance to children and their families for up to 30 days in a 12 month period. The provision in the House bill is an excellent one but the time period is too limited. We recommend that emergency assistance be available for up to 120 days, and that the Federal share be increased to 75%.

*9. Migratory workers.*—We recommend an amendment to authorize the Secretary of Health, Education, and Welfare to make project grants for temporary assistance to migratory workers and their families. The assistance would be limited to 60 days duration and would be consistent with assistance payments in that State.

*10. Repatriated United States Nationals.*—Legislation originally enacted in 1961 authorized our department to provide temporary assistance and care to United States citizens who have been returned to this country because of destitution, illness, war on similar crises and who are without resources. Since 1961, the program has assisted repatriates from two countries involved in such crises—Cuba and the Dominican Republic. The present authorization expires by June 30, 1968. We request that the authorization for this small but significant program be made permanent.

*11. Public assistance demonstration grants.*—Five years ago, the Congress established a program under the Social Security Act to support demonstration grants in the area of public assistance. The program has a \$2 million limitation under present law; The House bill increases this limit to \$4 million. We recommend an increase in the authorization to \$10 million in 1968 and \$25 million thereafter.

*12. Home repairs.*—The House bill provides 50% Federal matching to meet the cost (up to \$500) of repairing the home of an assistance recipient if the home cannot be occupied and if the cost of rent would exceed the cost of repairs. This provision may prove a useful tool in allowing some recipients to remain in their own homes. Unfortunately, the House bill excludes AFDC recipients from this provision. We recommend that this exclusion be removed. Since this provision can only be used if a higher rental is involved, there will be no additional cost.

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## MEDICAL ASSISTANCE (TITLE XIX)

13. *Limitation on Federal participation.*—The House bill does not permit Federal matching after July, 1968, for families whose income is more than 133% of the highest cash assistance payment ordinarily made to a family of the same size on AFDC. For States with programs now in operation, the percentages are 150% July-December 1968; 140% calendar year 1969; and 133% beginning January 1, 1970. We propose instead that the limitation be set at 100% of the highest comparable cash assistance standard.

14. *Puerto Rico, Virgin Islands, and Guam.*—The House bill sets a dollar ceiling on Federal title XIX funds in these three areas, and reduces the Federal share from the 55% in present law to 50%. We recommend that the 55% Federal share be retained in the bill. This would not increase the cost in view of the overall dollar limitation.

15. *Direct billing.*—The House bill permits, at the State's option, direct billing of medically indigent persons by physicians. We recommend that States choosing this option be required to permit physicians employed full time in medical schools or county hospitals to bill for services on a basis comparable to physicians in private practice. Our recommended change involves no cost.

## SOCIAL WORK MANPOWER TRAINING

16. *Social work manpower training.*—The House bill authorizes \$5 million in each of the next four years for a program of grants to colleges, universities, and accredited graduate schools of social work to meet part of the costs of developing, expanding, or improving their social work training resources. The grants would be available to pay the cost of additional faculty members and administrative personnel and to make minor improvements in existing facilities.

We anticipate that this program will help to increase substantially the number of trained social workers serving in public welfare and other programs. But room for expansion is needed. We urge the Senate to remove the ceiling on the authorization for the program for 1970 to 1972.

## CHILD HEALTH

17. *Research and training.*—The House bill provides expanded research and training authority to increase the supply of scarce professional personnel providing services for mothers and children and to experiment with and demonstrate the use of obstetric and pediatric assistants in bringing comprehensive health care to large numbers of mothers and children, particularly in areas that suffer from lack of adequate maternal and child health services. But the limitations in funding in the House bill will not permit us to mount the research and training program which is essential if we are to meet the health care needs of mothers and children. We urge that the authorizations in the House bill be increased.



**Estimated Cost of Recommended Changes**

August 22, 1967.

**Memorandum**

From: Robert J. Myers, Chief Actuary, Social Security Administration.  
Subject: Changes in Cost for Administration Proposal as Compared with H.R. 12080, Social Security and Medicare Programs.

This memorandum has been prepared at the request of Senator Williams in order to show the changes in cost, by items, for the Administration proposal, as compared with H.R. 12080 as passed by the House of Representatives. These changes in cost were requested for each calendar year for 1968-72 and are shown for all items resulting in significant changes. In a few instances, described below, it has not been possible to present specific cost estimates.

Table 1 deals with OASDI benefit changes, while table 2 deals with Medicare benefit changes and Table 3 deals with financing changes. In all these tables, no account has been taken of the following changes:

(a) *Transfer of wage credits of Federal employees.*—This provision will have significant effect on both income and outgo over the long range (although the net effect will be largely counterbalancing), but will have relatively little effect in the early years of operation.

(b) *Coverage provisions relating to various categories (including truck loaders, certain fishermen, certain intermittent farm workers, and ministers).*—These changes will have relatively small effects as to increased income and outgo, with the former being of more significant size in the early years of operation.

(c) *Elimination of restriction on payment of benefits to certain aliens residing abroad.*—H.R. 12080 would make certain additional restrictions on the payment of benefits to aliens residing outside the United States (in addition to restrictions contained in existing law); these restrictions would principally relate to citizens of countries that have pension systems of general application and do not pay benefits to otherwise qualified Americans who are outside the particular country. The Administration proposal would eliminate these additional restrictions (and thus, in general, retain the provisions of present law). As compared with H.R. 12080, the Administration proposal would increase benefit expenditures by an annual rate of about \$18 million (beginning about the middle of 1968) if the foreign countries concerned do not change their provisions as to not paying benefits to otherwise eligible Americans living outside of the particular country. On the other hand, if these countries introduce reciprocity into their programs, there will be little increase in cost over what the situation would be under H.R. 12080.

ROBERT J. MYERS.

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TABLE 1.—Changes in cost for administration proposal as compared with H.R. 12080 as passed by House of Representatives, old-age, survivors, and disability insurance benefit changes, by calendar year

(In millions)

	Provision in H.R. 12080	Provision in administration proposal	Increase in cost over bill				
			1968	1969	1970	1971	1972
A. General benefit increase. <sup>1</sup>	12½ percent, with \$50 minimum PIA.	15 percent with \$70 minimum PIA.	\$1,263	\$1,312	\$1,348	\$1,392	\$1,414
B. Benefit increase for certain persons aged 72 or over. <sup>2</sup>	\$40 (\$60 for couples).	\$50 (\$75 for couples).	148	126	106	89	74
C. Special \$100 minimum benefit for 25 years of coverage.	None.....	Yes.....	8	9	10	11	12
D. Benefits for disabled widows and widowers.	At age 50, with reduced rate.	At all ages, with full benefits.	11	13	14	14	14
E. Benefits for dependent parents of retired or disabled workers.	None.....	Yes.....	15	17	19	20	20
F. Benefits for children dependent on workers other than parents.	None.....	Yes.....	11	16	20	23	25
G. Total.....			1,456	1,493	1,517	1,549	1,589

<sup>1</sup> The figures for the administration proposal are derived on the assumption that the maximum earnings base schedule therein is adopted; if the earnings base in H.R. 12080 were to prevail, the figures for the change shown here would be slightly lower.

<sup>2</sup> About 80 percent of the increase in cost is paid by the general fund.

TABLE 2.—Changes in cost for administration proposal as compared with H.R. 12080 as passed by House of Representatives, medicare benefit changes, by calendar year

(In millions)

	Provision in H.R. 12080	Provision in administration proposal	Increase in cost over bill				
			1968	1969	1970	1971	1972
A. Hospital insurance benefits for disabled beneficiaries.	None.....	Yes.....	\$695	\$792	\$870	\$940	\$1,010
B. Payments to Federal facilities for medicare beneficiaries. <sup>1</sup>	None.....	Yes.....	130	148	163	177	189
C. Total.....			825	940	1,033	1,117	1,199

<sup>1</sup> These figures would be reduced by about 10 percent if the foregoing change is not included.

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TABLE 3.—Changes in cost for administration proposal as compared with H.R. 12080 as passed by the House of Representatives, financing changes, by calendar year

(In millions)

	Provision in H. R. 12080	Provision in administration proposal	Increase in tax income over bill				
			1968	1969	1970	1971	1972
A. Increase in maximum taxable earnings base.	\$7,600 in 1968 and after.	\$7,800 in 1968-70; \$9,000 in 1971-73; \$10,800 thereafter.	\$202	\$306	\$337	\$1,819	\$2,458
B. Increase in hospital insurance contribution rates.	0.2 percent increase in combined rate <sup>1</sup> for 1969 and after.	0.3 percent increase in combined rate <sup>1</sup> for 1969 and after.	---	320	377	404	424
C. Total.....	-----	-----	202	626	714	2,223	2,882

<sup>1</sup> For employer and employee combined.

Estimated cost of changes recommended by the Department of Health, Education, and Welfare in H.R. 12080, Social Security Amendments of 1967

(In millions of dollars)

	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970	Fiscal year 1971	Fiscal year 1972
A. Social security: Special payments to certain persons 72 and over (\$50 for individuals, \$75 for couple).....			73.0	133.0	114.0
B. Public welfare and child health: Increases:					
1. Development of cash assistance standards: Total.....	0	0	407.0	467.0	527.0
(a) Require State cash assistance standards at least equal to two-thirds of the medical assistance level of title XIX.....	0	0	60.0	70.0	80.0
(b) Require cash payment meet full need under State standard: Total.....	0	0	147.0	147.0	147.0
(1) Aid to families with dependent children.....	0	0	95.0	95.0	95.0
(2) Programs for adults.....	0	0	52.0	52.0	52.0

*Estimated cost of changes recommended by the Department of Health, Education, and Welfare in H.R. 12080, Social Security Amendments of 1967—Continued*

[In millions of dollars]

	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970	Fiscal year 1971	Fiscal year 1972
<b>B. Public welfare and child health—Continued</b>					
<b>Increases—Continued</b>					
1. Development of cash ass't.—Cont'd.					
(c) Require States to update their standards: Total	0	0	200.0	200.0	200.0
(1) Aid to families with depend- ent children	0	0	90.0	93.0	90.0
(2) Programs for adults	0	0	110.0	110.0	110.0
(d) Require States to reprice their standards each year: Total	0	0	0	50.0	100.0
(1) Aid to families with depend- ent children	0	0	0	23.0	46.0
(2) Programs for adults	0	0	0	27.0	54.0
2. Mandatory earned income exemp- tion in AFDC of up to \$50 per earner (including adults) and up to family maximum of \$150 monthly; and make mandatory the present discretionary earned income exemptions for the aged and the disabled	0	15.0	15.0	20.0	20.6
3. Federal funds to help States meet cost of various provisions	0	0	60.0	60.0	0
4. Expansion of demonstration proj- ect program (present program expires June 30, 1968)	6.0	21.0	21.0	21.0	21.0
5. Social work manpower and train- ing: Grants for expansion and development of graduate and undergraduate programs	0	0	5.0	12.5	20.0
6. Migratory workers	0	5.0	5.0	5.0	5.0
7. Training incentives	0	20.0	45.0	65.0	110.0
8. Training project grants	0	10.0	15.0	20.0	25.0
9. Extended repatriation of U.S. nationals	0	1	1	1	1
10. Emergency assistance	0	20.0	40.0	70.0	70.0
11. Child health	0	20.0	30.0	40.0	50.0
12. Title XIX amendments	-15.0	290.0	500.0	650.0	800.0
Subtotal	-9.0	401.1	1,143.1	1,430.6	1,648.1
Savings: Total change in Federal funds as a result of social security proposals	-27.6	-50.5	-51.0	-55.3	-58.5
Total net cost of public welfare and child health changes	-36.6	350.6	1,092.1	1,375.3	1,589.6

NOTE.—These estimated costs are in addition to those costs estimated for H. R. 12080 as passed by the House.

## ERRATA

### Senate Finance Committee Print of August 28, 1967 of H.R. 12080

THE UNDER SECRETARY OF HEALTH, EDUCATION, AND WELFARE,  
*Washington, D.C., August 31, 1967.*

MR. THOMAS VAIL  
*Chief Counsel, Senate Committee on Finance,  
United States Senate, Washington, D.C. 20510*

DEAR MR. VAIL: The August 28, 1967 Committee Print of H.R. 12080 containing the amendments recommended by the Department of Health, Education, and Welfare for consideration by the Finance Committee is incorrect with respect to years in which the increased tax rates for hospital insurance benefits are effective. Attached is an errata sheet showing the necessary corrections. We would appreciate very much your making these changes in your next print of H.R. 12080.

Sincerely yours,

WILBUR J. COHEN,  
*Under Secretary.*

On page 55, line 14, reinstate "1973"

line 15, delete "1971"

line 19, reinstate "1972" and delete "1970"

line 24, reinstate "1980"

line 25, delete "1981"

On page 56, line 4, reinstate "1979" and delete "1980"

line 20, reinstate "1969, 1970, 1971, and 1972," and delete "1969 and 1970,"

line 23, delete "1971, 1972,"

On page 57, line 1, reinstate "and 1979" and delete "1979, and"

line 2, delete "1980"

line 4, reinstate "1980,"

line 16, reinstate "1969, 1970, 1971, and 1972," and delete "1969 and"

line 17, delete "1970,"

line 19, delete "1971, 1972,"

line 22, reinstate "and 1979," and delete "1979, and"

line 23, delete "1980,"

On page 58, line 1, reinstate "1980,"

QUESTIONS SUBMITTED TO THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE FOR WRITTEN RESPONSE

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE,  
Washington, September 7, 1967.

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

DEAR MR. CHAIRMAN: In response to your letter of September 1, there are enclosed answers to the questions submitted to us by the Committee for written reply.

Sincerely,

JOHN W. GARDNER,  
Secretary.

*Question 1. The House bill does not contain the funding and planning section of the Administration bill, an idea which Senator Anderson first proposed last year. What do you think of a modification of the House bill which would make medicare reimbursement policy consistent with the "Partnership for Health" legislation enacted last year by retaining the planning features of the proposal and deleting the funding requirement?*

Answer. Health costs have been rising and the increase in hospital costs has been greatest. Duplication of facilities and excess equipment are considered to be responsible for part of the higher cost and the Partnership for Health legislation was designed to increase support for needed health service planning. Such planning has been expanding and with the grants under the Partnership for Health Act there will be substantial expansion in State planning activity.

In order to avoid having the medicare and medicaid programs undercut State health planning measures, we recommend that the House bill be amended to include the provisions of the Administration bill which would coordinate reimbursement under medicare and medicaid with State health facility planning. Under the Administration proposal, the Secretary would make agreements with States to utilize the services of State agencies, normally those carrying on planning under the Partnership for Health legislation, to determine whether substantial capital expenditures are in accordance with the over-all plan of the State agency. If substantial expenditures are made that are not in accordance with that plan, there would be authority to appropriately reduce reimbursement to the facility or to terminate the participation agreement with the facility.

While we believe that these planning features of the proposal are of relatively greater importance, we also believe that the funding requirements of the Administration proposal are highly desirable features. Under the proposal reimbursement would be made for depreciation of plant and equipment only if a provider of services furnished satisfactory assurance that it will set these amounts aside and not utilize them for improper capital expenditures or, except under conditions approved by State planning agencies, for noncapital purposes. Such a requirement would help assure that medicare depreciation payments are used to meet providers' capital needs rather than to finance care for younger patients or to meet other costs for which the program is not responsible. However, the funding provisions of the proposal are separable from the planning requirements and the Administration would continue to favor the proposal even if the funding requirements were deleted.

*Question 2. A number of informed persons have indicated that part B of medicare is inflating the medical care costs for the total population by bringing about increased physicians' fees. Is there any truth to this?*

Answer. It is true that physicians' fees have increased more rapidly over the past year than previously. However, a study of medical care costs recently completed by the Department found no evidence that the increase in physicians' fees was directly attributable to the medicare program. The study attributes these rising fees mainly to the pressure of the increasing demand for physicians' services,

the relatively slow growth in the supply of physicians, and the increasing complexity of medical care provided to the patient. Bureau of Labor Statistics price index data show that the 7.8 percent increase in physicians' fees in 1966 was evenly distributed between the pre-medicare and post-medicare periods and involved specialties, as well, that do not have elderly patients.

*Question 3. What are the specific audits and procedures and to what extent are they applied by the carriers, and enforced by you, which guarantee that the Government is not overpaying physicians—either in terms of the cost of the services or for unnecessary services?*

Answer. Section 1842 of Public Law 89-97 provides that in determining reasonable charges carriers shall take into consideration (1) the customary charges for similar services generally made by the physician or other person furnishing such services; and (2) the prevailing charges in the locality for similar services. The law also provides that where payments are to be made on a charge basis the carrier shall take such action as may be necessary to assure the charge is reasonable and not higher than the charge applicable, for a comparable service and under comparable circumstances to the policyholders and subscribers of the carrier.

One of the criteria for selecting carriers was the extent to which they handled major medical coverage and their ability to produce data on physicians' usual and customary charges. In advance of the July 1, 1966, start-up date for medicare, Social Security Administration staff held a series of meetings with carriers that were selected, to determine the most effective ways of implementing the requirements of Section 1842. The Administration also developed guidelines for making reasonable charge determinations and these were discussed with the carriers in a series of conferences early in 1966. As part of the tooling up process, carriers also began compiling data on physician charge patterns using information available from their regular programs and taking such other steps as collecting information from prevailing fee studies and from medical societies. The preliminary guidelines were further refined, were approved by the Health Insurance Benefits Advisory Council and issued to the carriers. They provide methodology and policy to promote overall consistency among the carriers in their determinations of reasonable charges and to advise carriers of the basis on which their performance in determining reasonable charges will be judged. The guidelines also instructed the carriers to include in their claims review processes methods for professionally assuring that payments under Part B are for covered services which are medically necessary. These guidelines have subsequently been embodied in regulations.

The process of making reasonable charge determinations does result in a review by the carrier of each bill. While the sequence of procedures followed may vary from carrier to carrier, the overall process involves the carrier checking each bill against data previously compiled on the physicians' usual and customary charges and the prevailing level of charges in the locality in which the physician practices. A number of carriers have already or are in the process of computerizing this phase of the process. Where usual and customary charge data has not yet been developed for medical services, the carrier may use data compiled in administering its own program or as an interim measure, fee schedules, or relative value studies with fixed conversion factors. Bills containing unusual medical complications or which otherwise pose special questions are referred for review by specially trained personnel. Carriers that employ physicians on their staff refer many bills of this nature to the physician members of their staff for review.

We have now conducted on-site reviews in about two-thirds of the Part B carriers and have examined their procedures for reviewing Part B bills. We have found that some of the carriers have made very good progress toward meeting the goals set forth in the reasonable charges guidelines.

Some carriers are still relying to some extent on initial or interim methods, for instance: using fee schedules or relative value studies with fixed conversion factors instead of data on all physicians' charges. While there are deficiencies in carrying out the guidelines for some carriers, this does not necessarily mean that the methods they use at this time result in reasonable charge determinations that would materially differ from what they would be had the methodology of our guidelines been fully implemented. Moreover, the carriers generally have been quite receptive to our recommendations and have indicated a willingness to correct the deficiencies we have identified.

We are following-up with those carriers that based on our visits are not fully applying the guidelines. We are continuing initial visits to carriers where we have not yet reviewed the reasonable charge procedures. And, at the end of July, the Director of the Bureau of Health Insurance wrote each carrier to re-emphasize the need to comply as quickly as possible with the reasonable charge provisions.

*Question 4. Each of the carriers under Part B sells medical insurance of its own. How many medicare bills are audited and returned to physicians for adjustment, as compared with those bills which are audited and returned for the carrier's own policyholders?*

Answer. The Part B carriers currently report information on the number of bills they have processed that are returned to physicians and medicare patients for additional information. This number has been gradually reduced to about 5 percent of cases processed. It, however, includes bills that do not contain sufficient information about services rendered as well as some in which there is a question about the particular charge for a service. When after reviewing a bill (whether or not it was returned) a carrier has a question about the amount charged, it normally contacts the physician by telephone (Wide Area Telephone Service) to discuss the basis for the charge and to determine whether an adjustment is indicated. And frequently, the carrier simply makes an adjustment based on information it has previously compiled on the physician's usual and customary charges and the prevailing level of charges.

We are now compiling comprehensive data to measure the extent to which carriers are making adjustments in physicians' charges under medicare. There has been some lag in compiling these data pending the availability of an adequate sample representative of the national picture that also covers the most common medical services rendered under the program. Preliminary indications from these data are that in about 4 percent of the services rendered by physicians, carriers have adjusted the amount charged. Results vary by locality. The proportion of billed charges reduced by the carriers increases with increasing dollar charges, i.e., adjustments are more frequent on large charge items. Reductions were about 2 percent of total billed charges for medical care services and 3 percent for surgery.

Carriers are also beginning to carry out programs involving the review of frequency of services rendered by physicians to patients to identify the occasional case where there may be an indication of unnecessary services rendered. We do not have any data as yet on the results of this activity.

We have no specific information about the number of services adjusted by carriers under their own major medical programs, but are generally informed that such adjustments are less frequent than under medicare. Most of the carriers have programs in their regular business which do not use the customary and prevailing charge concepts used under medicare as a basis for payment. Instead, they rely on income related fee schedules, relative value scales and conversion factors. Thus, the physician knows what charge the carrier allows, and tends to make charges accordingly.

*Question 5. Wouldn't the Department's suggestion that training programs for AFDC mothers be voluntary, undercut the whole purpose of the training provision?*

Answer. Our experience to date with work and training programs has indicated that there are many problems which need to be solved before some of the individuals receiving aid can go into a training program or a work assignment. Child care and transportation are factors that are particularly limiting in the case of mothers. Our experience indicates that most mothers are glad to accept education, training, and employment opportunities if these problems can be worked out. In the few instances where this is not the case, we seriously question whether training would prove useful. As long as the number of spaces available for trainees are limited, a certain amount of selection has to take place. We believe that the individual's motivation and prospect of success are factors which should be taken into consideration. We, accordingly, believe that for the foreseeable future no loss of effectiveness of the program would occur if these factors were considered. We, of course, would anticipate help will be given to mothers in working out the problems which will be barriers to employment.

*Work Experience and Training Program under Title V of the Economic Opportunity Act*

*Question 5a. What work-training is presently available?*



Answer. As of July 31, 1967 there were 49,400 trainees (26,065 females and 23,335 males) assigned to 246 Work Experience and Training projects in 49 States (excluding Alabama) the District of Columbia, Puerto Rico and the Virgin Islands. The projects were located in 750 counties and independent cities. Some 60 percent of all funded trainee spaces are in urban areas and 40 percent in rural areas. Between the inception of the program in December 1964 and July 31, 1967 more than \$100 million in Title V funds went into projects in the 182 poorest counties of the nation; i.e., those with an average per capita income below \$800.

In July 1967 approximately 24,000—almost half of the 53,800 trainees in Title V projects at that time were assigned to training in skilled occupations including sub-professional, technical, clerical, and sales. Approximately 19,000 (35%) were assigned to service occupations, which include a wide range of jobs at many skill levels. Trainees assigned to services occupations may be assigned to training as policemen, firemen, meatcutters or assigned to jobs such as grounds maintenance and private household cleaning. Another 2,000 (4%) were assigned to farm and non-farm occupational training which ranges in skill level from cutting weeds to operating a combine or washing dairy equipment to designing food packaging. Approximately 9,000 (16%) were assigned to semiskilled and unskilled occupations ranging from carpenter helpers, and plumber helpers to common laborers and street sweepers.

Many of the trainees will move from training in a low skill occupation to training in a higher skill occupation once they have learned good work habits, acquired literacy training, and there is indication that they are capable of functioning in a job requiring a higher skill level. The above distribution of trainees by occupational category is the initial assignment only and does not reflect the skill level the trainee may reach by the time he terminates from Title V.

*Community Work and Training under Title IV of the Social Security Act*

The Community Work and Training program has been established in 12 States as follows: California, Colorado, Illinois, Kansas, Maryland, Michigan, Ohio, Oregon, Pennsylvania, Washington, West Virginia, Wisconsin.

In May 1967 there were 15,300 participants. It is estimated that 12,200 participants were male and 3,100 were female.

The only State without a large preponderance of men in the program was Illinois, in which about 69 percent were women. Based on a study made of Community Work and Training work and education assignments in 1966 most men were assigned to jobs of unskilled labor, unspecified, or in grounds maintenance, janitorial or custodial work, or highway maintenance. Only in Illinois (16 percent) and California (10 percent) were any sizable number of men put on education programs. According to reports from the two States with large numbers of female participants proportionately many more women than men were given educational assignments. About one third of all female participants received high school equivalency education, 22 percent received adult basic education and 19 percent received homemaking or home management training. The most important occupational categories to which women were assigned in either or both States were office work, nursing, factory work, restaurant work and key punch operation.

*Question 5b. What percentage of AFDC mothers presently volunteer for that training?*

Answer. In both the Work Experience and Training programs and the Community Work and Training program the AFDC mothers are not thought of in terms of "volunteering" for training. The mother's participation is voluntary after appropriate family and employment counseling is provided. Many of the AFDC mothers have had the least opportunity for education and training. It has been found that a mother with small children needs to be assisted through counseling and by being provided an opportunity to participate in a work-training program. In the Title V program it has been found that AFDC mothers are very eager to participate in work-training activities when it is possible to provide adequate care and protection of children and when there is a good prospect of obtaining employment after participating in the training program. Through employment, an AFDC mother has an opportunity to secure a fuller participation in community life for herself and her children and also an opportunity to enhance her personal and family lives and to become part of the main stream of society.

*Work Experience and Training Program under Title V of the Economic Opportunity Act*

*Question 5c. How long do they stay enrolled for work-training?*

**Answer.** The average length of stay in Title V for a female is 4.6 months and for a male 4.7 months. This applies to terminees. For trainees on a continuing basis, the length of stay is unknown.

*Community Work and Training Program under Title IV of the Social Security Act*

Information from a recent study shows in the Community Work and Training program that while some participants—less than one percent—had been in the program for more than 3 years when they were terminated, most had been in for only a short while. Seventy-one percent of those terminated had been in the program for less than 5 months. The median duration for cases (excluding those who had refused assignment and been dropped at the outset) was 3.7 months.

*Work Experience and Training Program under Title V of the Economic Opportunity Act*

*Question. 5d. After they complete training; how many leave the welfare rolls? How many remain on welfare? And, how many who leave the rolls return?*

**Answer.** Since the inception of the Title V program in December 1964 and through April 1967, 18,734 of the 59,041 female terminees received employment immediately after training. For both females and males, a preliminary analysis of post training followup reveals that more than three out of every four trainees who found employment immediately after leaving the project were still employed three month later. Their earnings ranged from \$74 to \$667 per month and averaged \$273—about 80 percent greater than the average monthly AFDC payment of \$152.

Approximately one half of the trainees who have left Title V (whether for "graduation" or dropouts) continue on the public assistance rolls. Of those back on public assistance, 17 percent are employed but receiving supplementation of earnings. In many of these cases, care of children has limited a mother to only part-time employment. Three percent are enrolled in advanced training courses and need public assistance to provide support or to supplement the training allowance. Of the remainder 30 percent need assistance because they have not found employment for the same reasons that prevented their completing the assignment—namely, lack of child care services, disability or illness, lack of transportation and similar problems. The remaining 50 percent which represents approximately 25 percent of all terminees includes individuals who were dropped by the project, who were enrolled in projects which were terminated and who completed the assignment and did not find immediate employment.

*Community Work and Training Program under Title IV of the Social Security Act*

During the period July-September 1966, 2,100 AFDC cases were closed after participation in Community Work and Training programs. About 94 percent or 2,000 of these closed cases had been receiving AFDC money payments at the rate of \$341,000 monthly; they included 10,400 recipients. The remaining 6 percent of these closings or about 130 cases had been receiving general assistance money payments at the rate of \$12,900 monthly; they included more than 280 recipients.

A recent Community Work and Training study shows that for cases which culminated with employment, the AFDC payment was stopped in 70 percent, was reduced in 10 percent, and remained the same in 20 percent. For participants not employed at termination, the AFDC payment was not reduced in 7 cases out of 10. In about one-fourth of the unemployed cases the assistance was nevertheless discontinued; this may be the measure of those who chose at the time to leave the AFDC program rather than continue on community work and training.

*Question 6. On page 12 of Mr. Cohen's statement, the assumption seems to be made that the determination of which mothers are "appropriate" for work training will be made "according to rigid formulas inflexibly applied," with "lack of imagination . . . and foresight at the decision level". Are you saying that is the way social workers usually operate and, what is there in the House bill which requires "inflexibility" in this choice?*

**Answer.** H.R. 12080 and the report of the House Committee on Ways and Means which accompanies it make clear that those "appropriate" for training and employment would be determined by the welfare agency without regard to desires of an AFDC mother. This is made very clear on page 104 of the House report which states "if without good cause any appropriate child or relative refuses to accept a work or training assignment or refuses to accept employment or training offered through the State employment service (or that is otherwise offered by an employer) he will have his assistance discontinued upon verification

of this refusal and specific evidence that the offer of training or employment is a bona fide one." The bill and the report go on to authorize the provision for needs of children under such circumstances.

The training and work programs contemplated by the bill are much broader in scope than anything that has been available so far for welfare recipients. Hence, attitudes can be expected to have less influence in the selection process. Much of the success in work with welfare recipients has resulted from a period of working with them to resolve problems so that they could reasonably accept training and employment. In a broad scale program as is contemplated, flexibility for this type individualized planning by a social worker would be minimized. This is not a question of a way social workers usually operate but of the kinds of policy that would be necessary to implement H.R. 12080.

*Question 7. At the bottom of page 13 of Mr. Cohen's statement, he remarks that the House bill does not contain a provision under the community work and training section that appropriate arrangements be provided for the care of a child while his parent is working or receiving training. I find that the bill does contain such a provision and it is almost identical with the provision in present law (page 130 of the bill beginning on line 24). Does Mr. Cohen still stand by this contention?*

Answer. Both existing law and H.R. 12080 contain provisions for assuring appropriate care and protection for a child during the absence from the home of a relative who is performing work. However, existing law goes further to say "in order to assure that such absence and work will not be inimical to the welfare of the child." Comparable language does not appear in H.R. 12080. Hence it may be inferred even though arrangements are made for the care and protection of a child that the absence of a relative may be inimical to the child's welfare. We do not believe that this change is desirable.

*Question 8. On page 5 of Mr. Cohen's statement he claims that there is great turnover on the AFDC welfare rolls. Chairman Wilbur Mills told the House about the third generation of the same family being raised on welfare.*

Answer. We do not believe that there is any basic conflict between Mr. Cohen's statement and that of Chairman Mills. Mr. Cohen was emphasizing that the majority of cases do not receive AFDC over long periods of time. Chairman Mills was emphasizing those cases which do.

*Question 8a. Could you give us data on turnover under AFDC welfare for a recent period rather than for 1961?*

Answer. During calendar year 1966, 584,000 families, including 2,393,000 recipients were added to the AFDC program. During the same year, 506,000 families, including 2,083,000 recipients had assistance payments discontinued. Each of these figures falls in the range of 40-50 percent of all recipients.

Certain families are "on and off" the program. Of the cases added, 34 percent or about 198,000 had received assistance previously. By the same token nearly two-thirds or 386,000 had not.

*Question 8b. Is Mr. Cohen suggesting that Chairman Mills misled the House?*

Answer. There is certainly not intended to be any inference that Chairman Mills misled the House. Admittedly there are enough cases that receive assistance for long periods of time to be of major concern. While relatively little is known about the number of cases in which three generations of the same family have received assistance, no one denies that such situations exist. There is certainly reason for concern.

*Question 8c. Do you know the basis for Chairman Mills' statement before the House?*

Answer. Data supplied to the House Ways and Means Committee based on the 1961 Study of Characteristics of AFDC Families show that 23.4 percent of families receiving assistance had received assistance continuously for five years or more and that 7.3 percent of the families had received assistance for ten years or more. These families which are frequently well known in communities are a major cause of concern.

*Question 9. Mr. Cohen suggested that the work-training provisions of H.R. 5710 be adopted in place of those in H.R. 12080. Why is your proposal better than that of the House of Representatives?*

Answer. The Administration believes the Department of Labor should carry wherever practicable the responsibility for job training and placement. This avoids fragmentation of training programs and should give welfare recipients the benefit of training programs other than community work and training, most of which are carried by the Department of Labor.

In the past, the Federal government has not participated in the costs of supervision, training, materials and related items under community work and training programs. Both the Administration's proposal and the House bill would provide for substantial Federal involvement in these costs. The Administration believes it logical that such involvement come primarily through the Department of Labor as proposed in H.R. 5710 rather than by building up new programs in welfare agencies as proposed by H.R. 12080.

Under either H.R. 5710 or H.R. 12080, welfare agencies would be responsible, as they are at the present, for providing assistance, social services, medical care, and child care. The responsibility of the Department of Labor would be with respect to job training, testing, counselling, and placement services.

*Question 10. In Mr. Ball's discussion he did not mention the changes the House bill made in the definition of disability. We understand that the House added some guidelines for use in determining whether a person is disabled, because they were concerned about the rising cost of the disability program. In 1965 and again this year, Mr. Ball has had to come to Congress and ask for increased taxes to keep the disability insurance program actuarially sound. What is your opinion as to the value of the changes made by the House in preventing future rises in the cost of the disability insurance program?*

**Answer.** The principal reason for the increased costs experienced in the administration of the disability insurance provisions over the years has been, of course, the various statutory changes that have expanded disability protection under the social security program. The disability provisions as originally enacted provided benefits only to permanently and totally disabled workers who had reached age 50. Each of the subsequent substantial improvements in the provisions—for example, removal of this age requirement, benefits for qualified dependents of disabled workers, modification of the definition of disability to include disability that has lasted or is expected to last 12 months rather than indefinitely, and increases in the amounts of the benefits—has also involved some additional costs.

In addition, expenditures from the disability trust fund year by year have not always turned out to be in close agreement with advance estimates. This is a result of the practical difficulty of making estimates for the future in an area such as disability insurance rather than a reflection of unfavorable experience under the program. In past statements of estimated costs we have pointed out that disability cost estimates are subject to a greater range of variation than estimates relating to the retirement and survivors insurance portion of the program. At the time disability protection was added to the social security program, there were available little general experience data on incidence and termination rates applicable to disability as defined for purposes of the social security program. The original cost estimates—based on reasonable assumptions but limited experience—were as realistic as was possible.

Our early operating experience under the program with payment of disability benefits to persons aged 50 and over seemed to indicate costs lower than the actuarial estimates. Especially with regard to disability among women, our conservative assumptions (i.e., incidence rates substantially higher than for men) seemed to have produced cost estimates *higher* than the actual cost experience. Modified assumptions and revised cost estimates were developed on the basis of our experience and the cost estimates developed in connection with the extension (in 1960) of benefit payments to disabled workers under age 50 indicated no need to change the allocation to the disability trust fund. With continuing experience, an additional factor somewhat at variance with our original assumptions began to emerge—disabled people were staying on the beneficiary rolls longer than expected, largely because mortality rates proved to be lower than had been assumed. The increased allocation to the trust fund proposed at the time of the 1965 amendments was based on cost estimates revised to take into account the lower-than-anticipated termination rates reflected in the experience data.

Neither the lower disability incidence rates shown in the experience for women nor the lower disability termination rates (resulting in higher costs) shown by our over-all experience can be described as favorable or unfavorable experience. These factors were, rather, a demonstration of the fact that there were no good experience data on which to base actuarial estimates for a disability program such as that established under social security. As more extensive experience data have become available our cost estimates (and the assumptions on which

they are based) have been revised and improved to reflect the incidence and termination rates shown by experience.

The provision in H.R. 12080 to allocate additional funds to the disability program at the present time is related to entirely different cost factors. The cost estimates up to now have been based on incidence rates which seemed to be borne out by the experience of the program through 1963 (the experience through 1962 has been carefully analyzed and used to develop specific age-sex incidence rates, and data for 1963 have been developed to the point where it is clear that they are in line with the findings through 1962). However, the ratio of claims allowed to the population insured for disability—measured on a gross basis—has shown an increase for the calendar years 1965 and 1966. It has not yet been possible to do a specific analysis of this information to determine the changes in the incidence rates by age and sex nor to determine the causes of the apparent higher rates. It is clear, however, that the additional allowances are related to higher filing—i.e., more people are filing applications for disability benefits. This may mean that prior experience with incidence rates was based on the fact that not all eligible people were filing applications and that, as more knowledge of the program has spread, this problem is being overcome, or it may mean that claims are being filed and pursued in more borderline cases.

There have been no procedural or policy changes in administering the disability provisions that would give rise to significant changes in experience in 1965 and 1966, and we do not believe the 1965 amendments had an impact sufficient to account for the increased filing and allowances. However, there are two factors that have tended to produce a somewhat increasing proportion of allowances in borderline cases since the early years of the program. One of these factors is that both we and our disability applicants have been doing a better job of securing and developing adequate evidence, and we have found that additional evidence about the medical conditions of individuals tends to support allowances rather than disallowances. Secondly, in the early years of the program, the determination of disability was based in almost all cases solely on consideration of the medical factors. Gradually, we have refined our evaluation criteria and techniques and introduced more effective ways of assessing the total impact of an individual's impairment on his ability to work. Such factors as advanced age, limited education, and narrow or unskilled work experience have, in borderline cases, assumed a more important role in the determination of whether an individual is disabled.

As a result of all this—under the same basic concept of disability—we actually are paying more disabled people. Although we have been under pressure by some courts to follow interpretations that could significantly increase the incidence rates, we have not so far adopted these interpretations because they seem to deviate from the intent of the Congress.

With the extensive experience we have had in case development and disability evaluation, and the experience data we have accumulated on which to base cost estimates, there is good reason to believe that cost experience under our administration of the disability provisions will be more stable and our actuarial estimates will be based on more extensive and more reliable data.

In addition, the statutory modification of the definition of disability proposed in H.R. 12080 can be expected to forestall future court interpretations that are at variance with the concept of disability expressed by the Congress. To this extent, the proposed change would enhance and support efforts to achieve greater uniformity and stability in the administration of the disability insurance provisions.

*Question 11. The House, in cutting back on the Administration's proposal for disabled widows, suggests that there is reason for caution in this area. If your proposal were adopted, what assurance could we have that the cost, like the cost of the disability insurance program, would not go up greatly in the next 6 or so years?*

Answer. As explained in the answer to Question 10—in which factors leading to increased cost experience in the administration of the disability provisions were discussed—we expect future experience in administering the disability provisions to be more stable and believe that we have now acquired sufficient experience on which to base more secure cost estimates. We do not believe that our current proposal—to extend *unreduced* benefits to disabled widows and widowers *regardless of age* and under a special definition of disability based solely on the level of severity of the impairment—will have any significantly different effect than would the House proposal on the reliability of the long range costs

of the disability program. The aspects in which our current proposal differs from H.R. 12080 are not ones that would involve significant or unpredictable costs.

*Question 12. Federal Aviation Agency regulations provide that: "No individual who has reached his 60th birthday shall be utilized to serve as a pilot on any aircraft while engaged in air carrier operations." In view of the fact that it is the Federal Government which requires the compulsory retirement of those airline pilots, why shouldn't social security cash benefits be available to such persons (and those affected by similar Federal regulations), at age 60?*

Answer. It would be difficult to justify making full social security benefits available to airline pilots at age 60 while denying benefits to other workers age 60 whose need for the benefits might be just as great. If full benefits were paid to all beneficiaries at age 60, the cost of the program would be substantially increased.

We believe that the most appropriate way of dealing with the retirement problems of special groups like airline pilots is through staff retirement systems geared to the needs of these groups. Many airlines have established such special staff retirement systems for airline pilots. If it is felt that Government action is needed, it would seem more appropriate to institute a special system, perhaps as a supplement to social security, to meet the special needs of the group than to give them special treatment under the generally-applicable social security program.

*Question 13. Under the House bill certain educational and training programs would be transferred to the Department of HEW. If this provision is enacted, will the private schools which are run for profit be allowed to participate?*

Answer. The House bill does not transfer any educational and training programs to the Department of HEW. It does provide for Federal financial participation in costs of training and supervision in connection with work experience and training for AFDC recipients. Previously these items had to be paid for entirely from State and local funds. Under the Community Work and Training Program authorized by Section 409, Social Security Act, the exclusion of Federal matching for training, supervision and supplies was one of the factors which discouraged many States from adopting this program. H.R. 12080 provides that the State or local agency may enter into agreements with employers, agencies and institutions to furnish training and other services. This would include private schools.

*Question 14. Will it be the policy of the Department of HEW to utilize private schools which are run for profit to participate in these government programs? I can cite as an example many long-established business or commercial schools with excellent records.*

Answer. Several programs administered by HEW utilize private schools. For example, the Work Experience and Training Program which is authorized under Title V, Economic Opportunity Act and administered by HEW since 1964 has had excellent experience in using private schools for training unemployed parents and other needy persons. The policy provides for the use of private schools which meet established standards to provide training for specific occupations which is not otherwise available in a particular locality.

*Question 15. How many, if any, beneficiaries of OASDI are still on the rolls that were placed on the rolls during the first year that benefits were paid after the enactment of the social security law?*

Answer. About 4500 people getting benefits at the end of 1966 had started getting benefits in 1940, the first year that monthly benefits were payable; almost 4100 of them were retired-worker beneficiaries.

*Question 16. If there are any beneficiaries still on the rolls, as above referred to, what would have been the maximum that such a primary beneficiary could have paid in if he retired the first year that benefits were paid and has not worked since?*

Answer. The maximum amount of social security contributions that could have been paid (through 1939) by a worker who retired in January 1940 is \$90.

*Question 17. If there is any beneficiary still on the rolls who has been on the rolls from the beginning, as referred to above, and they have been qualified for the maximum benefits, what is the total amount that such an individual has already received in benefits?*

Answer. The maximum benefit payable to a man who reached age 65 and retired in January 1940 was \$41.20. This amount was increased to \$65.10, effective

September 1960; to \$73.30, effective September 1962; to \$82.90, effective September 1964; to \$89, effective January 1969; and to \$95.30, effective January 1965.

The total amount that would be paid in benefits to such an individual, through September 1967, is \$22,458.90.

*Question 18. If a primary beneficiary retires this year at age 65, I would like to know (a) the total expected value of his benefit and (b) the total amount he has paid in in each of the three categories:*

*1. An individual who has paid the maximum tax as an employee for the maximum number of years.*

*2. The individual who has paid the average amount in taxes.*

*3. The individual who retires this year at age 65 and has paid the lowest total amount in employee taxes.*

**Answer.** In each of the following cases, the values of benefits and taxes are computed at 3¾ percent interest and the value of benefits is based on the mortality in the United States Life Table for Total Males for 1959-61. No allowance was made for benefits for dependents or survivors.

1. For the person who is assumed to have had the maximum taxable and creditable earnings in all years during the period 1937 through 1966, the present value of the future benefits is \$15,702 and the accumulated value of the contributions for cash benefits as of the beginning of 1967 is \$3,449.

2. For the person with average earnings—earnings equal to median earnings of all wage and salary workers in each year during the period 1937 through 1966—the present value of the benefits is \$13,981 and the accumulated value of the contributions is \$2,564.

3. For the individual who qualifies for benefits with the minimum amount of earnings and taxes possible—a worker who earned exactly \$50 in each of the 4 calendar quarters of 1946 through 1949—the present value of the future benefits is \$5,084 and the accumulated value of the contributions is \$16.

#### ANSWER TO QUESTION 19

SEPTEMBER 7, 1967.

#### MEMORANDUM

**From:** Robert J. Myers, Chief Actuary, Social Security Administration.  
**Subject:** Benefits Received and To Be Received By Present Old-Age Beneficiaries.

This memorandum will present an estimate of the total monthly old-age benefits that have been paid in the past under the OASDI program to the 11,100,584 primary beneficiaries (i.e. retired workers aged 62 and over) who were on the benefit rolls for December 1965 and also an estimate of the total of the future such benefits payable to them. The former figure is estimated at \$71.1 billion, and the latter figure is estimated at \$109.8 billion. These estimates are based on the assumption that the benefits payable in the future will be those payable under present law (and will not be increased).

It was not possible to make the estimate with respect to the 11,745,225 such old-age beneficiaries on the roll for June 1967 (the latest month for which aggregate information is available); the latest detailed data needed for such estimate were available only for December 1965.

ROBERT J. MYERS.

*Question 20. What is the total amount in taxes that has been paid in by those primary beneficiaries now on the rolls? How much is now in the Reserve? How long would the Reserve last if no future taxes were collected?*

**Answer.** Figures showing the total contributions paid by these beneficiaries are not available. The total amount of tax contributions paid by employees, employers, and the self-employed for the cash-benefits program from 1937 through 1966 totaled about \$179,298 million.

The assets of the social security cash benefits trust funds at the end of calendar 1966 were \$22,309 million and at the end of June 1967, \$25,537 million. In either case, the amount would be about enough to meet all of the costs of the program for about 1 year if no further income were added to the fund.

*Question 21. What is the present maximum monthly tax for an employee for, say, the month of September 1967?*

**Answer.** The present maximum annual tax paid by an employee this year is \$290.40 based on annual earnings of \$6600. Assuming that the worker earns at the same monthly rate throughout the year, the maximum monthly tax for September 1967 would be \$24.20. (If a person earned \$6600 in one month he could pay as

much as \$290.40 in that month; however he would have no further social security tax liability for the year.)

*Question 22. What will be the ultimate monthly maximum tax under the Administration's proposal?*

Answer. The maximum annual tax paid by an employee under the Administration's proposal is \$642.60 on annual earnings of \$10,800 in 1987. Assuming that the worker earns at the same monthly rate throughout the year, the maximum monthly tax in 1987 would be \$53.55. (Again, a person who earned \$10,800 in one month could pay as much as \$642.60 in social security tax in one month and then have no further social security tax liability for the year.)

*Question 23. How many times have the projected, stepped-up tax increases been changed before the time has expired for all the increases to have taken place?*

Answer. The tax rate schedule has so changed ten times.

*Question 24. In what years were these changes enacted?*

Answer. The changes were enacted in 1939, 1943, 1946, 1947, 1950, 1954, 1956, 1958, 1961, 1965.

*Question 25. Isn't it true that the Congress has always revised the future tax schedule upward before the automatic increases have taken place throughout the last twenty years?*

Answer. Over the last twenty years, whenever the tax schedule has been changed the ultimate scheduled tax rates have been increased, but these increases have, of course, all been enacted in order to help meet the costs of benefit improvements that were enacted at the same time. In each case the schedule of contribution rate increases was considered and the Congress enacted a schedule that was appropriate at the time in relation to expected income and outgo in the immediate years ahead as well as to the long-range financing of the program, and rates scheduled for years in the near future were not always increased. For example, in 1954 the schedule was unchanged except for the addition of 2 final step increases. And, in 1965, the rates for the OASDI program for 1966 through 1972 were reduced relative to the rates previously scheduled for these years.

Also, it should be noted that in 1939, 1943, 1946, and 1947 scheduled tax-rate increases were postponed, and in 1946 the ultimate scheduled rate was reduced.

*Question 26. How many individuals between 65 and 72 who are eligible for OASDI benefits are now working in Canada?*

Answer. Information is not available as to the total number of people age 65 to 72 who are eligible for social security benefits and who work in Canada. As of June 30, 1966, 12,804 people age 62 and over who were residents of Canada were entitled to social security benefits as retired workers. Of these, 460 were under age 72 and were having some or all of their benefits withheld because they were working.

*Question 27. What is the reason back of the proposal for a larger minimum benefit for the employce with a longer work record? Is not the need of the individual who receives the minimum benefit with a shorter work record very likely to be as great as the one with the longer record?*

Answer. The proposal would give recognition to the relatively few people who, even though their wages may have been very low or only partially covered, have been regularly employed under the program. At the same time, it would avoid the payment of these higher benefits—up to \$100—to people, such as housewives and Federal employees, who worked under the program only occasionally or for short periods and who presumably do not suffer as great a loss as do regularly employed workers when their earnings from covered work stop, because they were not dependent for their living on work in covered employment. A higher minimum for long-term workers would simply be an extension of the idea that a weighting of the benefit is needed in favor of those regularly employed workers who have had low earnings, without giving unjustifiable increases for those workers not primarily dependent on earnings covered by the system.

*Question 28. What coordination exists, if any, between AFDC and all the other welfare programs under the social security law and the most recently enacted anti-poverty programs?*

Answer. In the Department of Health, Education, and Welfare and in most State and local agencies, the AFDC program is administered in the same agency that is responsible for assistance to aged, blind, or disabled persons. There is relatively little possibility for duplication among these programs, although an AFDC child may be deprived of parental support because of the blindness or



disability of his father. Occasionally a child may live with a grandparent who is receiving old age assistance. Both statutory and policy provisions prevent any duplication of assistance payments.

There is substantial coordination required by law in existing practice between the AFDC program and the child welfare services program which normally provides social services and foster care of children but not cash assistance payments. The requirement of a plan for each child requires recognition of health needs and coordination with medical assistance programs. Some AFDC families participate in work experience programs operated by welfare agencies under title V of the Economic Opportunity Act. There is full coordination of programs where this situation exists. AFDC children are also referred to Job Corps, Neighborhood Youth Corps, and other appropriate programs under the Economic Opportunity Act. There are a great many agreements at the local level regarding utilization of neighborhood centers, Head Start, etc.

*Question 29. What categories of the very poor are excluded from help under some section of the social security law?*

Answer. Basically, persons for whom no help is available under any provision of the Social Security Act are families with a father employed full-time and wages insufficient to meet their needs, individuals and couples between the ages of 21 and 65 who are not blind or totally and permanently disabled, and families not including persons under 21 or over 65. Thus, many people in middle or late middle life who have handicaps and disabilities are ineligible for any help with Federal participation. Many States have somewhat narrower coverage in the welfare programs than is possible under the Federal Act. For example, 28 States, including about 42 percent of the population of the country, have no unemployed parent program under AFDC.

*Question 30. Why is an antipoverty program necessary for any category of persons covered by some section of the social security law?*

Answer. Historically, the program under the Social Security Act have focused on income maintenance, and social service for children. It was not until 1956 that helping families to achieve self-support or self-care became an explicit purpose of these programs, and it was not until 1962 that the Federal government began to strongly encourage by increased financial incentives reorientation of welfare programs to rehabilitation objectives. While a majority of recipients of public assistance are probably not capable of being raised out of poverty by any means other than larger assistance payments, it would be clearly undesirable to prevent participation of any welfare recipient in any program which would improve his situation.