

SOCIAL SERVICES PROPOSALS

HEARINGS BEFORE THE SUBCOMMITTEE ON PUBLIC ASSISTANCE OF THE COMMITTEE ON FINANCE UNITED STATES SENATE

NINETY-FIFTH CONGRESS

SECOND SESSION

ON

H.R. 12973

AN ACT TO AMEND TITLE XX OF THE SOCIAL SECURITY ACT TO INCREASE THE ENTITLEMENT CEILING AND OTHERWISE PROVIDE FOR AN EXPANDED SOCIAL SERVICES PROGRAM; TO PROMOTE CONSULTATION AND COOPERATIVE EFFORTS AMONG STATES, LOCALITIES, AND OTHER LOCAL PUBLIC AND PRIVATE AGENCIES TO COORDINATE SERVICES; TO EXTEND CERTAIN PROVISIONS OF PUBLIC LAW 94-401; AND FOR OTHER PURPOSES

S. 3148

A BILL TO AMEND TITLE XX OF THE SOCIAL SECURITY ACT TO PROVIDE FOR AN EXPANDED SOCIAL SERVICES PROGRAM; TO PROMOTE CONSULTATION AND COOPERATIVE EFFORTS AMONG STATES, LOCALITIES, AND OTHER LOCAL PUBLIC AND PRIVATE AGENCIES TO COORDINATE SERVICES; TO EXTEND CERTAIN PROVISIONS OF PUBLIC LAW 94-401; AND FOR OTHER PURPOSES

AUGUST 18, 1978

Printed for the use of the Committee on Finance



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CONTENTS

ADMINISTRATION WITNESS

Champion, Hon. Hale, Under Secretary, Department of Health, Education, and Welfare -----	Page 38
--	------------

PUBLIC WITNESSES

American Public Welfare Association, National Council of State Public Welfare Administrators, Jerome D. Chapman, commissioner, Texas Department of Human Resources, accompanied by Merle Springer, deputy commissioner -----	140
Bernstein, Ms. Blanche, commissioner of human resources administration, city of New York -----	84
Blum, Barbara, commissioner, department of social services, State of New York -----	83
Chapman, Jerome D., commissioner, Texas Department of Human Resources, on behalf of the National Council of State Public Welfare Administrators of the American Public Welfare Association, accompanied by Merle Springer, deputy commissioner -----	140
Child Welfare League of America, Inc., Edwin Millard, executive director, Parsons Child and Family Center, accompanied by Helen Blank, American Parents Committee, and Janice Mueller, Child Welfare League of America -----	95
Cusack, Hon. Gregory, Iowa State representative, on behalf of the National Conference of State Legislatures, accompanied by Dick Merritt, staff, National Conference of State Legislatures -----	56
Everitt, Dee, member, Governmental Affairs Committee, National Association for Retarded Citizens -----	93
Millard, Edwin, executive director, Parsons Child and Family Center, on behalf of the Child Welfare League of America Inc., accompanied by Helen Blank, American Parents Committee, and Janice Mueller, Child Welfare League of America -----	95
Murphy, William, county executive, Rensselaer County, N.Y., on behalf of the National Association of Counties, accompanied by John Bedoin, commissioner of social services, Rensselaer County, N.Y., and James Koppel, legislative representative, National Association of Counties -----	62
National Association of Counties, William Murphy, county executive, Rensselaer County, N.Y., accompanied by John Bedoin, commissioner of social services, Rensselaer County, N.Y., and James Koppel, legislative representative -----	62
National Conference of State Legislatures, Hon. Gregory Cusack, Iowa State representative, accompanied by Dick Merritt, staff -----	56
National Association for Retarded Citizens, Dee Everitt, member, Governmental Affairs Committee -----	93
National Governors' Association, Jerald Stevens, secretary, office of human services, State of Massachusetts -----	71
Stevens, Jerald L., secretary, executive office of human services, State of Massachusetts, on behalf of the National Governors' Association -----	71

COMMUNICATIONS

AFL-CIO, Andrew J. Biemiller, director, department of legislation -----	163
American Association of Retired Persons -----	155
American Jewish Committee -----	154
American Jewish Congress -----	154
Biemiller, Andrew J., director, department of legislation, AFL-CIO -----	163

IV

	Page
B'nai B'rith.....	154
Catholic Charities, Diocese of Brooklyn, Rev. Joseph M. Sullivan, executive director	148
Community Council of Greater New York.....	149
Council of Jewish Federations.....	154
de Lugo, Hon. Ron, a Delegate from the Virgin Islands.....	145
Higgins, Michael J., CSW, program director, division of alcoholism, State University of New York, Downstate Medical Center, Brooklyn, N.Y.....	148
Keys, Hon. Martha, a Representative in Congress from the State of Kansas.....	144
National Association of State Mental Retardation Program Directors, Inc.....	150
National Council of Jewish Women.....	150
National League of Cities.....	156
National Retired Teachers Association.....	155
Schaefer, Hon. William Donald, mayor of Baltimore, on behalf of the U.S. Conference of Mayors.....	146
Sullivan, Rev. Joseph M., executive director, Catholic Charities, Diocese of Brooklyn.....	148
United Neighborhood Houses of N.Y., Inc.....	161
United Way of America.....	151
Urban Elderly Coalition.....	157
U.S. Conference of Mayors, Hon. William Donald Schaefer, mayor of Baltimore	146

ADDITIONAL INFORMATION

Committee press release.....	1
Text of the bills H.R. 12973, S. 3148.....	3

APPENDIX

Departmental Responses to Questions of Committee Members.....	165
---	-----

SOCIAL SERVICES PROPOSALS

FRIDAY, AUGUST 18, 1978

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

The subcommittee met, pursuant to notice, at 10:08 a.m., in Room 1114, Dirksen Senate Office Building, the Honorable Daniel Patrick Moynihan (chairman of the subcommittee) presiding.

Present: Senators Moynihan, Long, Gravel, Curtis and Danforth.

[The committee press release announcing this hearing and the bills H.R. 12973 and S. 3148 follow:]

PRESS RELEASE

FINANCE SUBCOMMITTEE ON PUBLIC ASSISTANCE ANNOUNCES HEARINGS ON SOCIAL SERVICES PROPOSALS

The Honorable Daniel Patrick Moynihan (D., N.Y.), Chairman of the Subcommittee on Public Assistance of the Finance Committee, announced that a public hearing will be held on H.R. 12973, a bill which increases the permanent ceiling on Federal funding of the title XX program from its present \$2.5 billion level to \$2.9 billion for fiscal 1979, to \$3.15 billion in fiscal 1980, and to \$3.45 billion in and after fiscal 1981. The bill also amends other aspects of the social services program. The hearing will also address S. 3148, which contains the Administration's proposed legislation, and other proposals related to the social services program. The hearing will be on August 18, 1978. The hearing will begin at 10 a.m. and will be held in Room 1114, Dirksen Senate Office Building.

Senator Moynihan observed that "Title XX of the Social Security Act embodies the principal source of federal support for social services. The expenditure ceiling for that important program has remained at \$2.5 billion since 1972. Had it risen apace with inflation, it would now exceed \$3.6 billion. It is little wonder that State and local governments, and other providers of these useful services, are now demanding an increase.

"The Finance Committee has already approved an increase to \$2.7 billion in the permanent ceiling. The Administration has asked for a one year increase of \$150 million. The House of Representatives recently passed a significantly larger, multi-year increase that includes some changes in the operation of the program.

"It is clear to me that before the 95th Congress comes to an end we must take some action. But before doing so we should seek clearer answers to some important questions. Is the current distribution formula an equitable one? What is the relationship between Title XX, welfare reform, and fiscal relief? What changes, if any, should be made at this time in the operation of the program?

"The hearing on August 18 will offer us a needed opportunity to explore these and related issues, to hear from the Administration, and to consider the views of public witnesses interested in this matter."

Witnesses who desire to testify at the hearing should submit a written request to Michael Stern, Staff Director, Committee on Finance, Room 2227 Dirksen Senate Office Building, Washington, D.C. 20510 by no later than the close of business on Monday, August 14, 1978.

Consolidated testimony.—Senator Moynihan also stated that the Subcommittee urges all witnesses who have a common position or with the same general interest to consolidate their testimony and designate a single spokesman to present their

common viewpoint orally to the Subcommittee. This procedure will enable the Subcommittee to receive a wider expression of views than it might otherwise obtain. The Chairman urged very strongly that all witnesses exert a maximum effort to consolidate and coordinate their statements.

Legislative Reorganization Act.—Senator Moynihan stated that the Legislative Reorganization Act of 1946, as amended, requires all witnesses appearing before the Committees of Congress "to file in advance written statements of their proposed testimony, and to limit their oral presentations to brief summaries of their argument."

Witnesses scheduled to testify must comply with the following rules:

(1) A copy of the statement must be filed by the close of business two days before the day the witness is scheduled to testify.

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

(3) The written statements must be typed on letter-size paper (not legal size) and at least 75 copies must be submitted by the close of business the day before the witness is scheduled to testify.

(4) Witnesses are not to read their written statements to the Committee, but are to confine their ten-minute oral presentation to a summary of the points included in the statement.

(5) Not more than ten minutes will be allowed for oral presentation.

Written testimony.—Senator Moynihan stated that the Subcommittee would be pleased to receive written testimony from those persons or organizations who wish to submit statements for the record. Statements submitted for inclusion in the record should be typewritten, not more than 25 double-spaced pages in length and mailed with five (5) copies by August 28, 1978, to Michael Stern, Staff Director, Committee on Finance, Room 2227, Dirksen Senate Office Building, Washington, D.C. 20510.

95TH CONGRESS
2D SESSION

H. R. 12973

IN THE SENATE OF THE UNITED STATES

JULY 27 (legislative day, MAY 17), 1978

Read twice and referred to the Committee on Finance

AN ACT

To amend title XX of the Social Security Act to increase the entitlement ceiling and otherwise provide for an expanded social services program, to promote consultation and cooperative efforts among States, localities, and other local public and private agencies to coordinate services, to extend certain provisions of Public Law 94-401, 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 may be cited as the "Social Services Amend-
4 ments of 1978".

5 INCREASE IN AMOUNTS ALLOCATED TO STATES

6 SEC. 2. (a) Section 2002 (a) (2) (A) of the Social
7 Security Act is amended by striking out "\$2,500,000,000"

1 and inserting in lieu thereof "the dollar figure determined
2 under subparagraph (E) for such fiscal year".

3 (b) Section 2002 (a) (2) of such Act is further amended
4 by adding at the end thereof the following new subparagraph:

5 "(E) The dollar figure in effect under subparagraph
6 (A) for any fiscal year beginning on or after October 1,
7 1978, shall be equal to the dollar figure in effect under such
8 subparagraph for the preceding fiscal year, increased—

9 "(i) in the case of any fiscal year to which clause
10 (ii) does not apply, by an amount equal to 16 percent
11 of the dollar figure which would have been in effect
12 under such subparagraph for the fiscal year ending
13 September 30, 1978, if section 3 (a) of Public Law
14 94-401 had not been enacted, or

15 "(ii) in the case of any fiscal year immediately
16 following a fiscal year for which the dollar figure in
17 effect under subparagraph (A) exceeded the dollar
18 figure referred to in clause (i), by an amount equal to
19 75 percent of the amount specified in such clause (62.5
20 percent of such amount in the case of the first such
21 year);

22 except that in no case shall the dollar figure in effect under
23 subparagraph (A) exceed \$3,450,000,000 for any fiscal
24 year."

1 **CONSULTATION WITH LOCAL OFFICIALS**

2 **SEC. 3. (a)** Section 2004 of the Social Security Act is
3 amended by inserting “(a)” after “SEC. 2004.”, and by
4 adding at the end thereof the following new subsection:

5 “(b) A State’s comprehensive services program plan-
6 ning does not meet the requirements of this section unless,
7 prior to the publication of the proposed comprehensive serv-
8 ices program plan in accordance with subsection (a), the
9 State official designated under paragraph (2) of that sub-
10 section gives public notice of his intent to consult with the
11 chief elected officials of the political subdivisions of the State
12 in the development of that plan, and thereafter provides each
13 such official with a reasonable opportunity to present his
14 views prior to the publication of the plan.”.

15 (b) Paragraph (2) of section 2004 (a) of such Act
16 (as so designated by subsection (a) of this section) is
17 amended—

18 (1) by striking out “and” at the end of subpara-
19 graph (I) ;

20 (2) by striking out “; and” at the end of subpara-
21 graph (J) and inserting in lieu thereof “, and”; and

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

24 “(K) a description of the process of consultation
25 that was followed in compliance with subsection (b)

1 of this section; and a summary of the principal views
2 expressed by the chief elected officials of the political
3 subdivisions of the State in the course of that consulta-
4 tion; and”.

5 (c) Section 2007 of such Act is amended—

6 (1) by striking out “, and” at the end of paragraph

7 (1) and inserting in lieu thereof a semicolon;

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

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

12 “(3) the term ‘political subdivisions of the State’
13 means those areas of the State that are subject to the
14 jurisdiction of general purpose local governments.”.

15 MULTIYEAR PLAN

16 SEC. 4. (a) Paragraph (1) of section 2004 (a) of the
17 Social Security Act (as so designated by section 3 (a) of
18 this Act) is amended to read as follows:

19 “(1) the beginning of the fiscal year of either the
20 Federal Government or the State government is estab-
21 lished as the beginning of the State’s services program
22 period, and the end of such fiscal year or the succeeding
23 fiscal year is established as the end of the State’s services
24 program period; and”.

25 (b) Section 2004 (a) of such Act (as so designated) is

1 amended by adding at the end thereof (after and below
2 paragraph (5)) the following sentence:

3 "In any case where a State's services program period
4 extends for two fiscal years (as permitted under paragraph
5 (1)), such State's services program planning meets the
6 requirements of this section only if its comprehensive services
7 program plan also provides that additional public comment
8 on such plan will be accepted for a period of at least forty-
9 five days immediately preceding the beginning of the second
10 such fiscal year."

11 (c) Section 2004 (a) of such Act (as so designated) is
12 further amended—

13 (1) by striking out "services program year" each
14 place it appears and inserting in lieu thereof "services
15 program period";

16 (2) by striking out "annual" in paragraph (2) (in
17 the matter preceding subparagraph (A)) and in para-
18 graph (4) ; and

19 (3) by striking out "during that year" in para-
20 graph (2) (in the matter preceding subparagraph (A))
21 and inserting in lieu thereof "during that period".

22 **EXTENSION OF SPECIAL PROVISIONS RELATING TO CHILD**
23 **DAY CARE SERVICES AND PROVISIONS RELATING TO**
24 **ALCOHOLICS AND DRUG ADDICTS**

25 **SEC. 5. (a)** The amount of the limitation which is
26 imposed by section 2002 (a) (2) (A) and (E) of the Social

1 Security Act as amended by section 2 of this Act, and
2 which is otherwise applicable to any State for the fiscal
3 year ending September 30, 1979, shall be reduced to the
4 extent necessary to assure that the amount of such limita-
5 tion (for such fiscal year) does not exceed an amount equal
6 to (1) the maximum dollar amount of the limitation (im-
7 posed by such section 2002 (a) (2) (A)) which would be
8 applicable to such State for such fiscal year (without regard
9 to the amendments made by section 2 of this Act) if
10 section 3 (a) of Public Law 94-401 had been extended so
11 as to apply in the case of such fiscal year, plus (2) an
12 amount equal to the sum of (A) the total amount of
13 expenditures (i) which are made during such fiscal year
14 in connection with the provision of any child day care
15 service, and (ii) with respect to which payment is author-
16 ized to be made to the State under title XX of such Act for
17 such fiscal year, and (B) the aggregate of the amounts of
18 the grants, made by the State during such fiscal year, to
19 which the provisions of section 3 (c) (1) of Public Law
20 94-401 are applicable.

21 (b) Section 3 (b) of Public Law 94-401 is amended by
22 inserting after "the provisions of such subsection" the follow-
23 ing: ", or which become payable to any State for the fiscal
24 year ending September 30, 1979, by reason of section 2 of

1 the Social Services Amendments of 1978 (but not in excess
2 of the amount described in section 5 (a) (2) of such Amend-
3 ments),”.

4 (c) (1) Section 7 (a) (3) of Public Law 93-647 is
5 amended by striking out “October 1, 1978” and inserting in
6 lieu thereof “October 1, 1979”.

7 (2) (A) Section 3 (c) (1) of Public Law 94-401 is
8 amended by inserting after “fiscal year specified in subsec-
9 tion (a),” the following: “or during the fiscal year ending
10 September 30, 1979 (but not in excess of the amount de-
11 scribed in section 5 (a) (2) of the Social Services Amend-
12 ments of 1978),”.

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

15 (i) by inserting “(i)” after “the amount, if any,
16 by which”; and

17 (ii) by inserting after “such fiscal period or year,”
18 the following: “or (ii) the aggregate of the sums (as
19 so described) granted by any State during the fiscal
20 year ending September 30, 1979, exceeds the amount
21 by which such State’s limitation for that fiscal year is
22 increased pursuant to section 2 of the Social Services
23 Amendments of 1978 (but not in excess of the amount
24 described in section 5 (a) (2) of such Amendments),”.

1 (3) (A) Section 3(d) (1) of Public Law 94-401 is
2 amended by inserting before the period at the end thereof
3 the following: “, and during the fiscal year ending Septem-
4 ber 30, 1979 (but not in excess of the amount described in
5 section 5(a) (2) of the Social Services Amendments of
6 1978).

7 (B) Section 3(d) (2) of Public Law 94-401 is
8 amended—

9 (i) by striking out “either such fiscal year” in the
10 matter preceding subparagraph (A) and inserting in
11 lieu thereof “any such fiscal year”; and

12 (ii) by striking out subparagraph (A) and insert-
13 ing in lieu thereof the following:

14 “(A) the amount by which the limitation (imposed
15 by section 2002(a) (2) of such Act) which is appli-
16 cable to such State for such fiscal year is increased
17 pursuant to subsection (a) or pursuant to section 2 of
18 the Social Services Amendments of 1978, over”.

19 (4) Section 50B(a) (2) (B) of the Internal Revenue
20 Code of 1954 (definition of Federal welfare recipient em-
21 ployment incentive expenses) is amended by striking out
22 “October 1, 1978” and inserting in lieu thereof “October 1,
23 1979”.

24 (5) Section 5(b) of Public Law 94-401 is amended by
25 striking out “September 30, 1978” and “October 1, 1978”

1 and inserting in lieu thereof "September 30, 1979" and
 2 "October 1, 1979", respectively.

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

6 **EMERGENCY SHELTER**

7 **SEC. 6.** Section 2002 (a) (11) of the Social Security
 8 Act is amended—

9 (1) by striking out "and" at the end of subpara-
 10 graph (C) ;

11 (2) by striking out the period at the end of sub-
 12 paragraph (D) and inserting in lieu thereof "; and";
 13 and

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

16 "(E) any expenditure for the provision of emer-
 17 gency shelter, for not in excess of thirty days in any
 18 six-month period, provided as a protective service to an
 19 adult in danger of physical or mental injury, neglect,
 20 maltreatment, or exploitation."

21 **SOCIAL SERVICES FUNDING FOR TERRITORIAL**

22 **JURISDICTIONS**

23 **SEC. 7.** (a) Section 2002 (a) (2) of the Social Secu-
 24 rity Act is amended by striking out subparagraphs (C)

1 and (D) and inserting in lieu thereof the following new
2 subparagraph:

3 “(C) (i) From the amounts made available under
4 section 2001 for any fiscal year beginning with the fiscal
5 year 1979, the Secretary shall allocate to the jurisdictions of
6 Puerto Rico, Guam, the Northern Mariana Islands, and the
7 Virgin Islands for purposes of payments under sections
8 3 (a) (4) and (5), 403 (a) (3), 1003 (a) (3) and (4),
9 1403 (a) (3) and (4), and 1603 (a) (4) and (5) with
10 respect to services, in addition to any amounts available
11 under section 1108, the applicable dollar amounts specified
12 in or determined under clause (ii).

13 “(ii) The dollar amounts to be allocated to the juris-
14 dictions of Puerto Rico, Guam, the Northern Mariana Islands,
15 and the Virgin Islands under clause (i)—

16 “(I) in the case of the fiscal year 1979, shall be
17 \$15,000,000, \$500,000, \$100,000, and \$500,000,
18 respectively;

19 “(II) in the case of the fiscal year 1980 or any
20 subsequent fiscal year, shall be amounts each of which
21 bears the same ratio to the corresponding dollar amount
22 specified in subdivision (I) of this clause as the dollar
23 amount in effect under subparagraph (A) for that

1 fiscal year (as specified in subparagraph (D)) bears to
2 \$2,900,000,000.”.

3 (b) (1) The last sentence of section 2001 of such Act
4 is amended by inserting before the period at the end thereof
5 the following: “(and to territorial jurisdiction as described
6 in subsection (a) (2) (C) thereof)”.

7 (2) Subparagraph (E) of section 2002 (a) (2) of such
8 Act (as added by section 2 (b) of this Act) is redesignated
9 as subparagraph (D); and such subparagraph as so re-
10 designated is further amended by striking out “except that
11 in no case” in the matter following clause (ii) and inserting
12 in lieu thereof “except that the dollar figure determined
13 under the preceding provisions of this subparagraph for any
14 fiscal year shall be reduced by the sum of the amounts to be
15 allocated to the territorial jurisdictions for that fiscal year
16 under subparagraph (C), and in no case”.

17 (B) The first sentence of section 2002 (a) (2) (A) of
18 such Act (as amended by section 2 (a) of this Act) is
19 amended by striking out “(E)” and inserting in lieu
20 thereof “(D)”.

21 **TECHNICAL AND CONFORMING AMENDMENTS**

22 **SEC. 8. (a) Section 2002 (a) (3) (B) of the Social**
23 **Security Act is amended—**

1 (1) by striking out "annual"; and

2 (2) by striking out "2004 (2) (B) and (C)" and
3 inserting in lieu thereof "2004 (a) (2) (B) and (C)".

4 (b) Section 2003 (b) of such Act is amended by strik-
5 ing out "services program year" each place it appears and
6 inserting in lieu thereof "services program period".

7 (c) The last sentence of section 2003 (d) (1) of such
8 Act is amended by striking out "2004 (1)" and "services
9 program year" and inserting in lieu thereof "2004 (a) (1)"
10 and "services program period", respectively.

11 (d) Section 2003 (e) (1) of such Act is amended by
12 striking out "subsection (g)" and inserting in lieu thereof
13 "subsection (d)".

14 (e) Section 2005 of such Act is amended by striking
15 out "services program year" and inserting in lieu thereof
16 "services program period".

17 (f) Section 1108 (a) of such Act is amended by strik-
18 ing out "2002 (a) (2) (D)" in the matter preceding para-
19 graph (1) and inserting in lieu thereof "2002 (a) (2) (C)".

20 EFFECTIVE DATE

21 SEC. 9. This Act and the amendments made by
22 this Act shall be effective with respect to fiscal years be-
23 ginning after September 30, 1978; except that the amend-

1 ments made by section 3 shall be effective, in the case of
2 any State that has published a proposed comprehensive
3 services plan for the fiscal year 1979, only with respect to
4 its next succeeding comprehensive services plan.

Passed the House of Representatives July 25, 1978.

Attest: EDMUND L. HENSHAW, JR.,
Clerk.

95TH CONGRESS
2D SESSION

S. 3148

IN THE SENATE OF THE UNITED STATES

MAY 25 (legislative day, MAY 17), 1978

Mr. MOYNIHAN introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title XX of the Social Security Act to provide for an expanded social services program, to promote consultation and cooperative efforts among States, localities, and other local public and private agencies to coordinate services, to extend certain provisions of Public Law 94-401, 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 may be cited as the "Social Services Amend-
- 4 ments of 1978".

II

1 TITLE I—AMENDMENTS TO TITLE XX OF THE
2 SOCIAL SECURITY ACT RELATED TO EX-
3 PANDED SERVICES AND SPECIAL NEEDS
4 APPROPRIATIONS AUTHORIZATION FOR GRANTS TO STATES
5 FOR SERVICES IN AREAS OF SPECIAL NEED

6 SEC. 101. (a) Section 2001 of the Social Security Act
7 is amended by striking out “the purpose of encouraging each
8 State, as far as practicable under the conditions in that State,
9 to furnish services” and inserting instead the following: “the
10 purpose of encouraging each State, as far as practicable un-
11 der the conditions in that State, to furnish services within
12 the State, and especially within the political subdivisions of
13 the State having a special need for those services,”.

14 (b) Section 2004 (2) (D) of the Act is amended to
15 read as follows:

16 “(D) the geographic areas in which those services
17 are to be provided, with specific reference to those
18 areas determined to be areas of special need for such serv-
19 ices, the nature and amount of the services to be pro-
20 vided in each geographic area, and the criteria used to
21 determine such nature and amount for each geographic
22 area.”.

1 **INCREASE IN AMOUNT ALLOCATED TO STATES**

2 **SEC. 102.** Section 2002 (a) (2) (A) of the Social Se-
3 curity Act is amended by striking out "\$2,500,000,000"
4 and inserting instead "\$2,650,000,000".

5 **CONSULTATION WITH LOCAL OFFICIALS**

6 **SEC. 103.** (a) (1) Section 2004 of the Social Security
7 Act is redesignated as section 2004 (a), and (2) there is
8 added at the end thereof the following new subsection:

9 “(b) A State’s comprehensive services program plan
10 does not meet the requirements of this section unless, prior
11 to its publication in accordance with subsection (a), the
12 State official designated under paragraph (2) of that sub-
13 section gives public notice of his intent to consult with the
14 chief elected officials of the political subdivisions of the State
15 in the development of that plan, and thereafter provides each
16 such official with a reasonable opportunity to present his
17 views prior to the publication of the plan.”.

18 (b) Paragraph (1) of section 2004 (a) of the Social
19 Security Act (as redesignated by subsection (a) (1) of this
20 section) is amended—

21 (1) in subparagraph (I), by striking out “and”,

22 (2) in subparagraph (J), by striking out “; and”

23 and inserting “, and ” instead and

1 (3) by adding at the end of that paragraph the
2 following new subparagraph:

3 “(K) a description of the process of consulta-
4 tion that was followed in compliance with subsec-
5 tion (b) of this section, and a summary of the
6 principal views expressed by the chief elected of-
7 ficial of the political subdivisions of the State in the
8 course of that consultation; and”.

9 (c) Section 2007 is amended (1) by striking out the
10 period at the end of paragraph (2) and inserting “, and”
11 instead, and (2) by adding at the end thereof the following
12 new paragraph:

13 “(3) the term ‘political subdivisions of the State’
14 means those areas of the State that are subject to the
15 jurisdiction of general purpose local governments.”.

16 **MULTIYEAR PLAN**

17 **SEC. 104.** (a) Paragraph (1) of section 2004 (a) of
18 the Social Security Act (as redesignated by section 103 (a)
19 (1) of this Act) is amended to read as follows:

20 “(1) the beginning of the fiscal year of either the
21 Federal government or the State government is estab-
22 lished as the beginning of the State’s services program
23 period, and the end of such fiscal year, the succeeding
24 fiscal year, or the second succeeding fiscal year is estab-

1 lished as the end of the State's services program period;
2 and".

3 (b) (1) Section 2004 (a) of the Act is further amended
4 by striking out "services program year" each place it appears
5 and inserting instead "services program period"; (2) by
6 striking out "annual" in paragraph (2) (in the matter pre-
7 ceding subparagraph (A)) and paragraph (4); and, in
8 paragraph (2) in the matter preceding subparagraph (A),
9 striking out "during that year" and inserting "during that
10 period" instead.

11 TITLE II—EXTENSION OF PROVISIONS OF
12 PUBLIC LAW 94-401

13 SEC. 201. (a) Section 3 of Public Law 94-401 is
14 amended—

15 (1) by striking out "and the fiscal year ending
16 September 30, 1978," in the matter preceding para-
17 graph (1) of subsection (a) and inserting instead "and
18 the next two succeeding fiscal years,";

19 (2) by striking out "such fiscal year" and all that
20 follows in subsection (a) (1) (B), and inserting instead
21 "each such fiscal year, or";

22 (3) by striking out "or either such fiscal year" in
23 subsection (a) (2), and inserting instead "or any such
24 fiscal year";

1 (4) by striking out "or either fiscal year" in sub-
2 sections (b), (c) (1), and (c) (2) (A), and inserting
3 instead in each instance "or each such fiscal year";

4 (5) by striking out "or the fiscal year ending Sep-
5 tember 30, 1978" in subsection (d) (1), and inserting
6 instead "and each of the next two succeeding fiscal
7 years"; and

8 (6) by striking out "for either such fiscal year" in
9 subsection (a) (2), and inserting instead "for each such
10 fiscal year".

11 (b) Section 5 (b) of Public Law 94-401 is amended by
12 striking out "September 30, 1978" and "October 1, 1978"
13 and inserting instead "September 30, 1979" and "October 1,
14 1979", respectively.

15 (c) Section 6 of Public Law 94-401 is amended by
16 striking out everything after "is amended" and inserting
17 instead the following: "to read as follows:

18 “(c) The amendments made by this section shall be
19 effective after September 30, 1975.”.

20 (d) Section 7 (a) (3) of Public Law 93-647 is amended
21 by striking out "October 1, 1978" and inserting instead
22 "October 1, 1979".

1 TITLE III—MISCELLANEOUS AMENDMENTS TO
2 TITLE XX OF THE SOCIAL SECURITY ACT

3 EMERGENCY SHELTER

4 SEC. 301. Section 2002 (a) (11) of the Social Security
5 Act is amended by striking out “and” at the end of subpara-
6 graph (C), by striking out the period at the end of subpara-
7 graph (D) and inserting instead “; and”, and by adding at
8 the end thereof the following new subparagraph:

9 “(E) any expenditure for the provision of emer-
10 gency shelter, for not in excess of thirty days in any six
11 month period, provided as a protective service to an
12 adult in danger of physical or mental injury, neglect,
13 maltreatment, or exploitation.”

14 TITLE XX FUNDING FOR TERRITORIES

15 SEC. 302. (a) Section 2001 of the Social Security Act,
16 as amended by section 101 of this Act, is redesignated as
17 section 2001 (a) and is further amended by adding at the
18 end of the following new subsection:

19 “(b) There are authorized to be appropriated \$16,100,-
20 000 for fiscal year 1979, and for each fiscal year thereafter,
21 from which the Secretary shall allocate to the Commonwealth
22 of Puerto Rico \$15,000,000, to the jurisdiction of Guam

1 \$500,000, to the Commonwealth of the Northern Mariana
2 Islands \$100,000, and to the jurisdiction of the Virgin Is-
3 lands \$500,000, for purposes of payments under sections
4 3 (a) (4) and (5), 403 (a) (3), 1003 (a) (3) and (4),
5 1403 (a) (3) and (4), and 1603 (a) (4) and (5) with
6 respect to services.”.

7 (b) Section 2002 (a) (2) of that Act is amended by
8 deleting subparagraph (C) and (D).

9 TITLE IV—CONFORMING AMENDMENTS;

10 EFFECTIVE DATE

11 CONFORMING AMENDMENTS

12 SEC. 401. (a) Section 3 (a) of Public Law 94-401 is
13 amended by adding at the end thereof the following new
14 paragraph:

15 “(3) For purposes of this subsection the limita-
16 tion imposed by section 2002 (a) (2) of the Social Se-
17 curity Act shall be determined without regard to its
18 amendment by the Social Services Amendments of
19 1978.”.

20 (b) (1) Section 2003 (e) of the Social Security Act is
21 amended by striking out “subsection (g)” and inserting
22 instead “subsection (d)”; (2) the last sentence of section
23 2003 (d) (1) of the Act is amended by striking out “section
24 2004 (1)” and inserting instead “section 2004 (a) (1)”;
25 and (3) section 1108 (a) of the Act is amended by striking

1 out "Except as provided in section 2002 (a) (2) (D)" and
2 inserting instead "Except as provided in section 2001 (c)".

3 **EFFECTIVE DATE**

4 **SEC. 402. (a)** This Act is effective with respect to ap-
5 propriations for fiscal years beginning after September 30,
6 1978, except that the amendments made by section 103 shall
7 be effective, in the case of a State that has published a pro-
8 posed comprehensive services plan for fiscal year 1979, only
9 with respect to its next succeeding comprehensive services
10 plan.

11 (b) The amendment made by section 102 shall cease to
12 be effective with respect to appropriations for fiscal years
13 beginning after fiscal year 1982, and section 2002 (a) (2)
14 (A) of the Social Security Act shall read, with respect to
15 appropriations for fiscal year 1983 and succeeding fiscal
16 years, as if such amendment had not been made.

Senator MOYNIHAN. Good morning, a very pleasant good morning to you all. This is a hearing called, as you know, by the Subcommittee on Public Assistance to consider the administration's proposals and the House of Representatives' disposition on social services subsumed under title 20 of the Social Security Act. The origins of this program are the subject of that marvelous book, Martha Derthick's "Uncontrollable Spending for Social Services Grants." It is really one of the classic studies of this phenomenon.

I have a brief opening statement which I will state as briefly as I can. On May 25, as chairman of this subcommittee, I introduced S. 3148 on behalf of the administration; this bill contains the proposals the administration has made for a somewhat limited increase in title 20 funds which have been frozen in amount for some years now. There has been an actual diminishment in title XX's buying power since 1972, in point of fact.

I am disposed to be generous in this matter, as I think all members of the committee are. I know Senator Curtis is. But we have a problem which I would hope that both the administration and some of the advocates of this proposal would deal with, and that is that once again we have failed to obtain welfare reform. The House of Representatives is the body that must initiate this legislation and it has failed to do so. This failure is certainly not intentional and is not the responsibility of anybody in particular, but the administration set out to do this, and it has not been able to do it, and the House hasn't been able to do it, and yet this is the reform that would give money to poor people. And somehow that bill doesn't pass. What bills seem to pass are the bills that give money to people who aren't poor but who provide services to those who are. And this is a pattern which I think we have to be careful about.

In my city of New York one of the largest things that contributed to the near bankruptcy and effective insolvency of the largest city in this Nation has been the cost of the welfare population, both direct and indirect. It has been staggering—a million people now for a decade. And yet because of the fiscal crisis that came about, we have frozen welfare payments, starting in 1975, and there was only a very small increment in the year before, such that since 1974 the effective income of welfare families in New York City has dropped by 28 percent.

Now, if anyone came along and proposed to cut welfare payments 28 percent, people would think it horrible, inconceivable, but right there in New York City it has happened. It has happened in front of our eyes. And yet, I find no legislation that will help the welfare recipient. I find legislation that will help the provider of services. And if you will permit this Madisonian to think there may be some connection between one thing and the other, it is a fact that the welfare profession has provided over a shocking erosion of welfare payments and said little about it, a curious silence after years of invoking the fear of right wing reactionaries who might come in and have a 10 percent across the board cut. There has been a 30 percent cut, as it were, presided over by the people responsible.

The income of the dispensers of welfare has not dropped 28 percent in the last 4 years, and had it done, you would hear a lot more.

Well, I am not going to keep you, but inasmuch as one of the things that has interested persons in this room and others are the Federal

Interagency Daycare Requirements, I am going to put into the record the summary of a recent HEW report on The Appropriateness of the Federal Interagency Daycare Requirements, produced by the Office of the Assistant Secretary for Planning and Evaluation. But first allow me to read a sentence or two from it.

If you would like to know about the illiterates you are governed by, listen to this. The subject is "Caregiver qualifications," one word, caregiver. "Limited research data exists on the differential effects of various types of education, credentials, experience, and inservice, training on caregiver, behavior. Research data and expert opinion reveal, however, that (1) specific caregiving skills are needed to support the well-being of the child; (2) training can be used to develop these skills; and (3) training is essential to refine and improve current caregiver performance in all modes of care."

What illiteracy. Would you dare consign a child to the care of someone who would write something like this?

Aren't you embarrassed, Mr. Secretary? Come on.

Mr. CHAMPION. I guess.

Senator MOYNIHAN. Relax. Good.

Mr. CHAMPION. Oh, I—

Senator MOYNIHAN. You don't write like that.

Mr. CHAMPION. You also know I am not easily embarrassed.

Senator MOYNIHAN. And you're not easily embarrassed. [General laughter.]

Let me ask you. Would you like a translation, sir?

Senator CURTIS. Yes.

Senator MOYNIHAN. "Limited research data exists on the differential effects of various types of educational, credentials, experience, and inservice training." That's translated to mean they don't know one God damned thing about it, not a thing. This is just explaining that they have never been able to find any correlation between one thing and another in this field.

Is there anyone here who would like to say otherwise or have I said something wrong?

[No response.]

Senator MOYNIHAN. What this says is that research has not been able to find that anything has any predictable effect one way or the other, but still they are going to go ahead and do it.

It is appalling. Still, Mr. Secretary, I'm not trying to bother you, but I didn't know we were going to get this this morning. It's been a long week, and I was sitting down to listen, to hear you. You are a clear, intelligent, and capable man, and this junk, this disgrace, I mean, is it possible that one reason we didn't get welfare reform is that the Assistant Secretary spent his time writing this stuff. Why couldn't he say we haven't been able to prove any relationships in this field, don't know much about it, and the people who provide care—caregiver behavior, oh, oh, civilization is doomed. [General laughter.]

Senator CURTIS. Mr. Chairman, I have enjoyed your remarks, and I think they are significant and something that we should give attention to.

Title 20 goes back to 1962. It would be my hope that if we can't do it out of these hearings today, that we can set in motion something that

will give us an appraisal of what we have accomplished and the relation of one activity under title 20 to the other, so we might determine our priorities and improve the program in the future, and I welcome you, Mr. Secretary, here, and look forward to the hearings.

Senator MOYNIHAN. May I just take one additional moment to say that there was a time when we were all somewhat divided in our responses when we learned in the press that Mr. Champion might be leaving his present job to take over the Social Security system. Certainly, he was certainly needed there, and so we all felt very pleased about that. But then he changed his mind and decided to stay where he is, and we felt pleased about that. So what we need is two of you, Mr. Secretary, and good morning, and would you proceed.

[The prepared statement of Senator Gravel and the summary of Federal Interagency Daycare Requirements follow:]

STATEMENT OF SENATOR GRAVEL

I have a statement I would like to have included in the hearing record.

As you know, Mr. Chairman, Senator Dole and I have introduced legislation to raise the entitlement for title XX over a three year period. Senators Hathaway and Matsunaga have cosponsored this legislation, as have 10 other senators. Similar legislation passed the House overwhelmingly, and it is not surprising that it did. Since 1972 the Federal share of social service program funding has been capped at \$2.5 billion. Almost every state will reach its ceiling allotment by the end of this fiscal year.

Those states that have been at their ceiling have cut back services and in some cases decreased the eligible population. This is not surprising since inflation has wrecked havoc with the financing of this program. The CPI has increased 44.9 percent since 1972, when the ceiling was imposed. Therefore, only half of the services that could be bought in 1972 can be bought in 1978.

This program is a success and as such has experienced increased demands both in terms of expanded services and people needing services. I think its time to increase the funding ceiling and allow this program to function without severe budget and planning constraints.

The history of Federal involvement with the social service programs has been consistently supportive. Partisan politics have not dissipated the support for strong social service programs designed to meet the myriad needs of the vulnerable people in our population. Unlike other Federal matching programs, social service programs have always enjoyed a larger Federal participation.

By 1972, the Federal participation in these programs had mushroomed and no leveling of Federal effort was anticipated. Congress reacted reasonably to this situation by imposing a ceiling on the Federal investment in the social service programs. At the same time, Congress reiterated its overall support for comprehensive services to assist the indigent and vulnerable by maintaining its percentage share of funding.

In 1975, Congress improved the social service programs by creating Title XX, which consolidated a plethora of social service programs under one title. The need for supportive services regardless of income was recognized in the broadened eligibility criteria included in Title XX.

Without doubt, the developing Title XX program is one of the most humanitarian programs on the books and it is one of the most successful. Who can deny the personal and economic benefit helping the elderly remain independent and live their last years with dignity? Title XX provides this assistance. Who would deny innocent children who are the victims of violence and abuse protective services? Who would deny their families the counseling necessary to cope with domestic violence? Title XX provides these services. Who would deny the mentally retarded an opportunity to live outside an institution, in a self-sufficient environment? Title XX provides this opportunity.

To be sure many of us either because of income or because we enjoy stable, healthy lives, will never need Title XX services. But for those less fortunate these services are the helping hand we all recognize can make the difference between an institutionalized existence and a self-sufficient life.

From an economic viewpoint I would rather spend my tax dollars on preventing institutionalization, welfare dependence, criminal prosecutions, custody battles, family dissolution, etc. than aggravate the social and economic costs of subsidizing the above.

Congress, I think, agrees with me. As I stated earlier we have consistently asserted our strong support for the Title XX programs and our sensitivity to the crucial need for these services. It's time for us to once again examine our commitment to Title XX because it is no longer functioning in an acceptable manner.

When we imposed a \$2.5 billion ceiling on Federal participation in the Title XX programs it was assumed that states would have some flexibility to expand and improve their social service programs. Three years later, when Title XX was written the ceiling remained, although the scope of the program expanded. With the increased demand on the program in terms of services, eligible population, and inflation the current ceiling is no longer relevant. Our social mores have changed since 1972. Divorce is on the rise, domestic abuse is out of the closet, and unemployment is critically high. These phenomena have contributed to an increased need for services. But the need cannot be approached, let alone satisfied, when the Federal funding share now buys only half the services it bought in 1972.

Almost every State has reached its maximum allocation under the Title XX formula. This means the Title XX administering agencies must begin to curtail services and/or limit the people who will receive services. In addition, the providers of services can no longer involve the community in designing a long-range program of services to meet the local community's needs. At this point, planning is an exercise of distributing insufficient resources among critical social services. The situation will not get better, until we lift the Federal funding ceiling for Title XX.

Senator Dole and I are proposing a staggered three year increase in the ceiling: \$200 million in fiscal year 1979, \$250 million in fiscal year 1980 and \$300 million in fiscal year 1981. By 1981 the ceiling on Federal participation in Title XX will be \$3.45 billion. These increases fall short of matching 6 years of inflation as measured by the Consumer Price Index, which has increased 44.9 percent since 1972, but they will reinstate effective service programs.

The First year of increased funding will begin to reestablish some of the lapsed social service programs and encourage extending services to the entire Title XX population. With the knowledge of second and third year funding increases, administering agencies can satisfy the planning requirements of Title XX by involving the community in creating a mixture of services designed to meet the specific needs of that population.

I have not discussed this legislation with anyone who has not admitted the necessity of raising the Title XX funding ceiling. In the House of Representatives, 130 members cosponsored similar legislation introduced by Representatives Keys and Fraser. In June the House overwhelmingly approved the three year increases. In addition some of the most representative public interest groups have endorsed this legislation including, the National Governors Association, the National Association of Counties, the National Conference of State Legislatures, the National Association of Social Workers, the National Association of Retarded Citizens, the National Council on Aging, the AFL-CIO, Goodwill Industries, Epilepsy Foundation of America, the Appalachian Child Development Advocates, the National Association of Retired Persons, the League of Women Voters, and the Easter Seal Society.

THE APPROPRIATENESS OF THE FEDERAL INTERAGENCY DAY CARE REQUIREMENTS

REPORT OF FINDINGS AND RECOMMENDATIONS

U.S. Department of Health, Education, and Welfare

Office of the Assistant Secretary for Planning and Evaluation

EXECUTIVE SUMMARY

Day care has become an increasingly important part of family life in the United States. Today, 11 million children under the age of 14 spend a substantial part of their week in childcare arrangements. How they spend their time in these formative years is a legitimate concern of the public and of public policy.

For 2.5 million infants and toddlers, enrollment in day care marks their first separation from their parents during years that are critical to their total development. For 3.7 million preschoolers, day care has the potential to expose them to beneficial experiences that will better prepare them for their first years in school. For slightly more than 4.9 million school-age children 13 and under, their experiences in day care before and after school may be intertwined with school activities. Children aged 10 to 13 are less likely than those in other age groups to be in day care because many parents consider them to be old enough to look after themselves when not in school.

The Federal Government—mostly the Department of Health, Education, and Welfare (HEW)—subsidized approximately \$2.5 billion of childcare arrangements in 1976. In 1975, parents spent \$6.3 billion for privately purchased day care.

As a Department concerned with the well-being of all children, HEW has a fundamental responsibility to assure that the children and parents assisted by its programs are well served and that day care funds entrusted to the Department are well spent. HEW has a special responsibility for young children who cannot protect their own interests.

Most of the day care arrangements financially assisted by HEW funds are regulated by the Federal Interagency Day Care Requirements (FIDCR), which are published Federal regulations authorized by Congress. The FIDCR were promulgated in 1968; in 1975, the FIDCR were modified and incorporated into Title XX of the Social Security Act.

In 1975, Congress also mandated the Secretary of HEW to evaluate the appropriateness of the day care requirement imposed by Title XX. This report responds to that mandate. It concludes that:

Federal regulation of federally-supported day care is appropriate.

The FIDCR can be rewritten, based on 10 years of experience, to improve their ability to protect and enhance the well-being of children.

This report is the result of 3 years of extensive study by HEW of research in the field of day care; of 21 state-of-the-art papers specially commissioned for this project; and of comments from practitioners, parents, administrators, and other parties interested in day care.

As this report was being completed, the Secretary of HEW announced that the Department was beginning the process of revising the FIDCR. Details of this process are described in Chapter 5.

CHAPTER 1—A PERSPECTIVE ON THE FIDCR AND DAY CARE

The largest single Federal day care program is carried out by HEW under Title XX of the Social Security Act. In 1976, about one-third of federally supported day care was provided under Title XX, underwriting care for more than 600,000 children.

The planned Title XX day care expenditures remained relatively constant in fiscal years 1976 (\$759 million), 1977 (\$742 million), and 1978 (\$772 million), even though Congress enacted supplemental appropriations of \$200 million above the ceiling in both 1977 and 1978 to help States meet the requirements imposed by the FIDCR. Many States, however, decided not to increase day care expenditures.

THE VARIETIES OF DAY CARE

There are three types of day care: in-home (provided in the child's own home); family (provided in the caregiver's home); and center (provided in a center serving more than 12 children).

Providers of each type vary widely in background, experience, and expertise. They range from grandmothers and other close relatives to homemakers with children of their own to small business entrepreneurs to professionals with graduate degrees in child development. Their duties are the same, however: to protect the child from physical harm, to feed the child and minister to the child's health needs, to set disciplinary limits for the child, and to nurture the child in his or her development.

This study concludes that appropriateness must be evaluated in terms of what the FIDCR are intended to accomplish. This study concludes that, although the principal purpose of day care is to help parents to work and to achieve self-support, the principal purpose of the FIDCR is to facilitate the appropriate social, emotional, physical, and cognitive growth of children in Title XX day care.

Chapter 2 of this report examines research, expert opinion, and consensus of practical experience on the effects of the FIDCR components on reducing risk of

harm and on promoting the well-being of children in care. Chapter 3 presents estimates of what certain FIDCR provisions cost. Chapter 4 analyzes the efforts by the Federal and State governments to implement the FIDCR. Drawing on the data presented in the earlier chapters, Chapter 5 discusses the kinds of policy choices confronting the Department and presents preliminary findings and conclusions, recommendations, and HEW's plans for developing new FIDCR.

CHAPTER 2—IMPACT OF THE FIDCR ON CHILDREN IN DAY CARE

The FIDCR cannot be tested with laboratory precision because they lack clarity and specificity, and are not uniformly in operation in the field. But their appropriateness can be assessed, based on experience and available research. The basic criterion for assessment is the effect of the regulations on the well-being of the children in care. Chapter 2 discusses the FIDCR components and assesses them in terms of that criterion.

GROUPING OF CHILDREN

Child-staff ratio and group size are the regulatable aspects of day care that are most directly related to the amount and nature of personal attention that caregivers can give children. Evidence shows that small groups of children and caregivers best promote competent child development. Group size should vary according to the ages of the children in care and whether there are children, such as the handicapped, with special needs. Small groups are especially important for children under age 3.

Low child-staff ratios and small group sizes may in themselves guarantee very little about the quality of care children receive, because they interact with other components of day care—such as caregiver competence. Any revision to the FIDCR should take this interrelatedness into account.

Important natural variation in group size and child-staff ratios occurs in a center or family day care home during the day and throughout the year. This variation must be accommodated by any administrative regulations.

CAREGIVER QUALIFICATIONS

Limited research data exist in the differential effects of various types of education, credentials, experience, and inservice training on caregiver behavior. Research data and expert opinion reveal, however, that (1) specific caregiving skills are needed to support the well-being of the child, (2) training can be used to promote these skills, and (3) training is essential to refine or improve current caregiver performance in all modes of care.

EDUCATIONAL OR DEVELOPMENTAL SERVICES

Educational (or developmental) services should lay the groundwork for continued cognitive, social, emotional, and physical development. This can best be achieved by clearly defined program objectives, quality caregiving, and age-appropriate materials. This is important for all children, regardless of age.

Data indicate a disproportionate prevalence of developmental risk among children of low-income families. Over time, that risk impairs their ability to thrive. The optional nature of, as well as the broader developmental goals intended by, this component must be clarified and refined.

ENVIRONMENTAL STANDARDS

There is no assurance that State and local safety and sanitation codes adequately protect the well-being of the child in the day care environment. Many codes were written for facilities other than day care, and these codes do not cover the safety of play equipment.

The type of space is not the only important aspect of environment. Also important are play materials and privacy.

HEALTH SERVICES

A considerable portion of children in Title XX day care at risk with regard to their health. The present standards address all the areas of concern regarding the child's health status both within and outside the day care setting, but there are problems associated with their implementation. Day care providers can more reasonably be expected to be responsible for quality control and preventive functions for health problems than to deliver health care services.

NUTRITIONAL SERVICES

It is important to provide children with nutritious meals and snacks in day care to help insure that their overall diets are nutritionally sound. As many as a third of the children currently eligible for federally funded day care are likely to be at risk in terms of inadequate caloric intake and vitamin deficiencies. Many family day care providers lack a basic understanding of good nutrition and resources to provide adequate nutritional services to the children they serve.

PRESENT INVOLVEMENT

Underlying the Parent Involvement component is the belief that children in day care will benefit from the participation of their parents in the program. The data available on parent involvement in day care generally indicate relatively low levels of parent participation in such activities as policy planning and budget review. Educational workshops that provide childbearing information appear to be popular among parents. Several research and demonstration projects show that when parents receive rigorous training in caregiving skills and tutoring techniques, their children show significant social, emotional, and cognitive developmental gains. Parents become more sensitive to their children's needs and interact with their children in cognitively appropriate ways.

SOCIAL SERVICES

This FIDCR component impacts only indirectly on the child in care. It is nonetheless important because many childcare experts believe no short-term intervention program can succeed in supporting the competent development of a child whose family is overwhelmed by its socioeconomic plight or other problems. Most parents want referral services that will help them select appropriate day care for their child. This need is largely unmet across the country. As with the Health Services component, the emphasis of this component should be on information and referral to other social services.

ASPECTS OF DAY CARE NOT ADDRESSED BY THE FIDCR

Chapter 2 also examines four aspects of day care not currently regulated by the FIDCR.

Continuity of care

A great deal of research describes the negative effects on children of all ages—and especially on young children—of caregiver instability and inconsistency in caregiving environments. Continuity of care apparently is not enhanced by current regulatory/administrative practices. Although evidence suggests that this variable could not be easily regulated, the impact of Title XX policies—including the FIDCR—on continuity of care should be considered in developing new FIDCR.

Age of entry into day care

There are no data that specify the earliest age at which a child can be separated from the primary caregiver (usually the mother) for an extended period each day without suffering negative developmental consequences. There is insufficient evidence to suggest that this component should be regulated.

Hours in care

Parents who seek childcare arrangements because of employment probably think of the hours of service more in terms of their own needs than of the impact on their children. The impact of hours in care on child well-being has not been adequately assessed to suggest if this variable should or can be regulated.

Program size

Data on the relationship between program size and quality of care are meager, but the results suggest that the bigger the program, the bigger the problems. Some of these problems, which include negative interaction patterns between teachers and children and high levels of staff turnover, are indicators of poor quality care. Many problems of size can be overcome by proper management. At present, however, the evidence is insufficient to justify regulating this variable.

CHAPTER 3—COST IMPLICATIONS OF THE FIDCR

Three major questions concerning the cost of the FIDCR are:

Does meeting the FIDCR raise costs significantly above those of private-pay care?

What is the cost of bringing all Federal financial participation (FFP) day care facilities into compliance with the FIDCR? (FFP facilities are those receiving Federal funds.)

How much do the comprehensive services now provided in FFP care add to its cost?

The chapter addresses FIDCR related costs for the three major types of child-care: center, family, and in-home. Centers receive the most emphasis because they are more likely than other facilities to be federally supported and because more is known about center care than the other two.

FIDCR COSTS FOR DAY CARE CENTERS

The FIDCR are minimum requirements that States must enforce to receive Federal funds for childcare. The additional cost of care that results from meeting those requirements might be measured in several ways. This report uses cost estimates of the minimum compliance effort, based on a reasonable reading of the Monitoring Guide of the Administration for Public Services. States and providers may choose to go beyond the minimum requirements, of course.

Of all nine FIDCR requirements, only that regulating child-staff ratios permits a specific numerical estimate of the additional expenses of meeting that requirement. However, technical and definitional problems make even these estimates subject to significant differences in interpretation.

Using the National Day Care Study-Supply Study data and a relatively lenient method of measuring compliance, it would appear that meeting the ratio requirement would increase the average cost of care per child an estimated \$19 a month or \$227 a year compared to non-FFP centers. This means that FFP children in centers meeting the FIDCR will receive care that is significantly more expensive than that purchased by parents in centers serving only private pay children. Moreover, it is likely that the majority of the non-FFP centers could not meet the cost of the FIDCR child-staff ratio requirement and continue to serve private-pay children unless some subsidy were available for all the children in their care.

It appears that meeting the non-staffing requirements of FIDCR, using the minimum compliance interpretation, adds little to the resources generally offered by private day care or already mandated by most State licensing standards.

A 1976-77 survey estimated that 5,500 more full-time caregivers were needed nationwide to bring into compliance the FFP centers not meeting FIDCR child-staff ratio requirements. Estimates of the total cost to hire those caregivers range from \$33 million to \$44 million a year, depending on the wages and fringe benefits offered.

Many FFP centers complying with the FIDCR have staff beyond what the regulations require. The 1976-77 survey estimated 12,400 such staff. To the extent that any of the 12,400 staff now employed in excess of the FIDCR requirement could be reduced through attrition or shifted to non-complying centers through transfer, the net cost of meeting the staff ratio requirements would be reduced. Transfers would be most practical in centers operated by school districts or other governmental units (about 10 percent of all centers). Each thousand extra full-time equivalent staff reassigned or eliminated results in an annual reduction of \$6 million to \$8 million in salary costs.

Finally, nonprofit FFP centers often provide comprehensive services (e.g., meals, transportation, and social services) that appear to go beyond those required by the minimum interpretation of the FIDCR and beyond the services offered by for-profit FFP providers. These extra services, lower child-staff ratios, and higher wages push the total average monthly cost per child up to \$190. That is \$70 more than in nonprofit centers serving only private fee-paying parents, and considerably more than low- or middle-income families are likely to pay without Government financial assistance.

The higher cost of care in FFP centers is only one factor—but an important factor—in explaining why FFP children in day care tend to be separated from those in non-FFP care. At present, 40 percent of nonprofit, nonwaiverable centers serve only FFP children. Another 20 percent serve between 75 and 99 percent FFP children. It is likely that roughly 50 percent of FFP children in centers are in exclusively FFP facilities. Enforcing the FIDCR would probably result in some increase in the separation of the FFP and non-FFP children.

Of course, other factors lead to separation of FFP and non-FFP children. Examples of such factors are a center's location and State and local Title XX agency policies (e.g., New York City contracts with organizations to provide care exclusively for FFP children).

FIDCR COSTS FOR FAMILY DAY CARE

More than 5 million children are cared for in homes other than their own for at least 10 hours a week. In contrast to the center market, federally funded care is a small fraction of total family day care; only about 140,000 children received FFP family care for the fourth quarter of fiscal year 1976.

According to the FIDCR, FFP family facilities must be licensed. The individual licensing and Title XX policies of each State determine in large measure the impact of the FIDCR on family day care. For example, State policies determine whether relatives and friends can be certified to care for a Title XX child.

A section-by-section analysis of the FIDCR shows that none of the key family day care provisions (e.g., on the number of children in a home, training, licensing, monitoring, etc.) necessarily mean that reimbursement per FFP child would be substantially above the average fees charged for private-pay care. However, some State and local policies lead to substantial costs for training, support services, licensing, and monitoring.

IN-HOME CARE AND THE FIDCR

Nineteen percent of FFP children are served by in-home care. Little is known about its cost and characteristics. Until much more is known about wage rates and other aspects of in-home care, the additional costs (and benefits) of support services and training for these providers cannot be determined.

CHAPTER 4—ADMINISTRATION OF THE FIDCR

There are vertical and horizontal layers of regulation affecting day care programs. Vertically, the Federal, State, and local governments regulate day care. Horizontally, several Federal departments and agencies are involved and the States and localities also have several regulatory bureaucracies concerned with day care.

The administrative issues surrounding the FIDCR include:

The relationship of the FIDCR to State licensing standards.

The record of the Federal Government in developing, implementing, and enforcing the FIDCR.

The ability of the States to administer the regulations.

STATE STANDARDS

State licensing standards prescribe minimum standards of performance that must be met by all State day care programs to operate legally.

It is difficult to compare State standards with the FIDCR because of the lack of research data on the State standards and because State standards often include local code requirements. States also differ in respect to what components of a day care program they regulate and in how they apply the standards.

State standards for center programs come the closest to regulating the same day care components as the FIDCR. Almost all States regulate child-staff ratios and the environmental, administrative, health and safety, and educational aspects of day care center programs. They are less unanimous in including requirements for staff qualifications and staff training and regulating group size. On the whole, States do not support establishing licensing requirements for social services, parent involvement, and program evaluation.

For family day care, both the FIDCR and State standards establish child-staff ratios, and facility, health, and safety requirements, but other areas of the FIDCR have little similarity with State standards. However, for five States, standards apply only to federally funded programs.

Only 20 States have any requirements for in-home care. FIDCR do not include standards for in-home care, relying on States to develop this type of regulation.

The fact that a State standard addresses requirements for the same components as the FIDCR does not speak to either the adequacy or specificity of that standard. States do not always regulate the same aspects of a particular component, and it is frequently difficult to determine if the elements being regulated are comparable in importance.

In conclusion, although State licensing standards have become more stringent in the past 10 years, the evidence indicates that these standards still do not insure a minimum level of program performance when judged by their comprehensiveness.

FEDERAL IMPLEMENTATION

The problems the Federal Government has experienced in designing and implementing a Federal day care regulatory policy are not unique. Many of the difficulties are inherent in any regulatory process. This report examines the FIDCR within the broader context of the state of the art of Federal regulation. The implementation of the FIDCR can be assessed in terms of six basic factors that influence the success or failure of Federal regulation in general.

Clarity of goals of regulation

There has been confusion since the drafting of the 1968 FIDCR as to what they are intended to accomplish. This confusion has existed despite the clear regulatory nature of the FIDCR. The regulatory goals are unclear with respect to the purpose of the FIDCR, the degree of compliance required, and whether the FIDCR are consistent with the goals of Title XX.

Clarity of language

The language of the FIDCR and the lack of supporting materials have made the application of critical FIDCR components a difficult task.

Public involvement

The public affected by the FIDCR—day care consumers, providers, and State administrators—did not participate in the development of the FIDCR and is not informed that it has a role to play in the regulatory process.

Regulatory climate

The Federal Government has not shown strong leadership in building and maintaining a consensus of support for the FIDCR.

Conflict of loyalties

The process of implementing regulations can create conflicts of loyalty among those responsible for insuring that the goals of the regulations are carried out. In the case of the FIDCR, these conflicts can occur when State officials are responsible both for providing a day care service and for terminating a major source of funds if day care programs do not meet the FIDCR. Conflicts can also occur when State licensing personnel play the dual role of consultant and program monitor. A related problem can occur when the regulator is also the purchaser of the day care service. A shortage of available day care can influence the judgments made about the adequacy of the existing resources.

Enforcement policies

Generally, the Federal Government has shown little commitment to enforcing the FIDCR, or to imposing penalties for noncompliance.

STATE IMPLEMENTATION

The States have encountered difficulties in administering and enforcing the FIDCR because the regulations are vague and ambiguous in specifying what administrative tasks are required.

It is difficult to determine the success or failure of States in insuring program compliance because of the lack of reliable data. Available evidence indicates that, in States judged to be successful, agency staff spent a significant amount of time with the day care provider, agency staff developed technical assistance and guidance materials, and the program operated in a climate that supported the implementation of the regulations.

Objective evidence cannot determine whether States should continue to assume the responsibility for administering and enforcing the FIDCR. At the hearings held to review a draft of this report, there was no support for having Federal monitors take over current State roles. What appears to be clear is that there is a recognized need to have HEW support State efforts to implement Federal day care requirements.

CHAPTER 5—SUMMARY, RECOMMENDATIONS, AND NEXT STEPS

Congress has taken the view that day care is an important part of the lives of millions of children and, if federally supported, should be regulated. HEW agrees.

In developing the new FIDCR, HEW will face difficult choices in balancing competing values. The decisions made will reflect in part a view of the proper scope of Federal intervention and in part the strength of the evidence justifying the intervention.

THE NEED FOR MAKING DIFFICULT CHOICES

Perhaps the most fundamental aspect of a regulatory scheme is the inevitability of trade offs, the necessity of choosing between competing values or goals. Resolving these dilemmas requires sacrificing some of one objective to obtain some of another. Some of the choices that must be made concern the comprehensiveness of the FIDCR, their extensiveness, their specificity, and sanctions for noncompliance.

Comprehensiveness

The spectrum of possible coverage of the new FIDCR ranges from quite narrow, extending to only one or a few of the current components, to quite comprehensive, including all of those now covered plus others. Comprehensiveness also affects differently the various kinds of care that are regulated—center care, family care, or in-home care.

Extensiveness

For each aspect of care covered by the FIDCR, it is possible to prescribe standards that are more or less extensive or stringent. For example, the Environmental component of the FIDCR could prescribe standards designed to insure only the most minimal elements of physical safety or protection against abuse or emotional harm. At the other end of the spectrum, the requirement could attempt to insure an environment that will guarantee a wide variety of experiences designed to promote every aspect of a child's social, emotional, physical, and cognitive growth.

Specificity

No matter how comprehensive or narrow, requirements can be drafted with varying degrees of specificity. Many of the existing FIDCR are general.

Sanctions for noncompliance

For any given requirement, it is possible to impose a broad range of sanctions. The possibility of graduated sanctions is already receiving serious HEW attention. Compliance systems could provide early warnings, consultation, training, or other assistance and time-phased graduated goals for providers who are conscientiously seeking compliance.

ALTERNATIVE MODELS FOR THE NEW FIDCR

The decisions that are made concerning the comprehensiveness and specificity of the new FIDCR and sanctions for noncompliance will not resolve all the important questions. Perhaps the most important issue that will remain is the extent to which the Federal Government will rely on States to prescribe the content of specific requirements and to enforce them.

In general, three models of Federal-State relationships in this area continue to surface in discussion of the FIDCR:

The first model relies heavily upon States to define the specific content of requirements, to upgrade their standards, and to administer and enforce them.

A second model would entail a more directive Federal role. Under this model, the Federal Government would establish minimal Federal requirements for a few critical components (e.g., group size) that appear to be important to the well-being of children in day care.

A third model would involve the most extensive Federal role. The Federal Government would draft comprehensive and specific day care requirements, applicable to both the State and to the day care provider.

FINDINGS AND CONCLUSIONS

Purpose

The purpose of the FIDCR is to define a set of day care characteristics that protect and enhance the well-being of children enrolled in federally funded day care programs. For most children in federally funded day care—children without special physical, cognitive, or social problems—insuring well-being means pro-

viding the elements of care that are needed to nurture the growth of any healthy child. Children with special problems need individual assessment and provision of care over and above those required by all children.

Scope of application

By law, the FIDCR apply to some but not all federally funded programs. In practice, they apply to some but not all types of day care. For example, the FIDCR apply to Title XX-funded care and, in some situations, to the Department of Agriculture's Child Care Food Program. They do not apply to the Head Start program (which has its own standards that individually equal or exceed the FIDCR), to AFDC-funded care, or to CETA-funded programs.

If the FIDCR represent the basic elements that the Federal Government believes are necessary for the well-being of children in some forms of federally funded day care, and if one of the basic purposes of the FIDCR was to bring uniformity to Federal childcare requirements, logic would indicate that the FIDCR should apply whenever the Federal Government subsidizes day care. This belief was expressed repeatedly during the public meetings to review the draft of this report.

It appears, however, that some situations may call for additional requirements to meet the needs of a special category of children. Head Start, for example, may require additional standards to fulfill its objectives of compensatory education. Furthermore, new legislation would be required for the FIDCR to apply to all federally funded day care.

As amended by Title XX, the FIDCR relate to family and group home day care and center care. Title XX also requires that in-home care meet standards set by the States. In practice, however, these requirements have not been uniformly applied to in-home and family day care.

The FIDCR are not simply Federal regulations for providers of care; they also apply to administrative agencies. Unfortunately the FIDCR are often unclear as to the division of responsibilities. New regulations must distinguish among the administrative entities and affix clear responsibilities for specific administrative functions.

Content

In regard to the appropriateness of the FIDCR, this study recommends the refocusing of some of the requirements, the elimination of several elements within individual FIDCR, and the consideration of the new FIDCR promoting continuity of care.

Grouping of children.—Findings on the importance of group size suggest that this factor should receive more relative emphasis in the regulations. This shift does not necessarily mean that ratio should be omitted from future regulations but rather that group size should be regarded as the principal regulatory tool for assuring adequate interaction, and that ratio will be influenced or determined by the group size requirement.

Caregiver qualifications.—The current FIDCR do not include a separate component for caregiver qualifications although elements of this subject are addressed briefly in several of the other components.

It appears to be important to differentiate between supervisory personnel and caregiving staff because the skills needed by these two groups differ. Supervisors need budgetary and management skills, in addition to child development skills. The revision process should consider the advisability of separate requirements for center directors, lead teachers, or directors of family day care home networks.

Research data and expert opinion clearly show that specialization in child development areas improves the ability of caregivers to promote child growth and development. Although inservice training of caregivers could be broadly regulated, such regulations should not cover the extent and type of training.

The present FIDCR, as well as HEW policy, recommend that ". . . priority in employment be given to welfare recipients . . . and other low-income people." To insure the well-being of children, the new FIDCR should require that welfare recipients hired to work in a day care program possess adequate skills, ability, and motivation to work with children, consistent with other entry-level caregiver qualifications.

Educational or developmental services.—HEW believes that developmental activities constitute a core component in day care. All children need developmental experience whether at home or in day care. Experts believe that there should be clearly defined developmental goals and program objectives for children

in day care facilities. Sufficient age-appropriate learning and play materials are also important. The success of this component depends on qualified caregivers and program supervisors. Goals and objectives also serve to inform the parent about the program and to support caregiver behavior. Developmental activities should be an integral part of the day care experience.

Environmental standards.—This is a core element that assures the physical well-being of children while in care. The current FIDCR references local codes in this area. However, local codes are often contradictory and sometimes inappropriate to day care. Local codes also often focus on building safety but not on the safety of toys, playground materials, etc. HEW should use technical assistance to help State and local governments to upgrade their codes to make them more appropriate for protection of children in day care.

Health services.—All children need health services whether they are in day care or at home. It is essential for the well-being of children that both center and family care homes serve a "quality control" function in maintaining the health of the children in their care.

Nutrition services.—The provision of nutritious meals is a core element necessary for the well-being of a child in care. The current FIDCR do not describe how many meals or snacks must be served nor what criteria should be used to determine nutritional quality. Many experts recommend that standards be developed.

Parent involvement.—The present FIDCR stress parent involvement in policymaking in group facilities. Although parent involvement in policymaking should be encouraged, the emphasis should be on open two-way communication between parents and providers.

Social services.—In general, the Social Services component should serve a "quality control" function. The day care agency or facility can be a link with social services agencies for severely disturbed or disadvantaged families. The agency and facility should also provide information and referral for parents requesting it.

Administration and coordination, and evaluation.—These two components are combined in this discussion. For the most part they apply to the administering agency, not to the provider.

The new FIDCR should completely separate requirements for administering agencies from requirements for the various models of care. Furthermore, the FIDCR administrative requirements should be combined with the other title XX requirements that specifically relate to the administration of day care.

The Evaluation component also contains provisions for the provider to do periodic self-evaluations. Organizational self-assessment such as this should continue to be encouraged. The extent of the self-assessment will have to be tailored to the size and nature of the day care provider. The major emphasis on evaluation should be to provide assistance and technical support, and should be placed on the States rather than providers.

Continuity of care: A Non-FIDCR component.—Continuity cannot be easily mandated. Qualified caregivers cannot be forced to remain in their jobs and parents cannot be required to keep their children in one care arrangement. However, agency placement practices could be reexamined, reimbursement rates improved, and sliding fee schedules promoted to reduce unnecessary shifts in arrangements. Enforcement of regulations should be sensitive to the impact of abrupt changes in group size or personnel on the continuity of care for the particular children involved.

Implementation and administration

It is extremely important for HEW to work to create a supportive climate for the FIDCR. HEW must be sensitive to the different interest groups concerned with day care regulation and work to establish and maintain public—parent, taxpayer, provider, legislator, and administrator support.

RECOMMENDATIONS

The FIDCR should be revised to improve their ability to protect the well-being of children in center care, family care, and in-home care and to assure consistent and equitable interpretation. The revision should:

Reflect current research and expert judgment on elements critical to the well-being of children in care.

Clarify roles and responsibilities of providers and State and local administrators.

Educate as well as regulate. This can be done by writing the regulations in clear language, by clear distinguishing between legal requirements and recommendations, by giving examples of satisfactory compliance, and by defining a compliance, and by defining a common terminology.

Provide separate and unique requirements for:

Different forms of care: in-home, family home, group home, and center care.

Children of different ages in care.

Children with special needs or handicaps.

Different administering agencies.

Accommodate the rich diversity in childcare needs and arrangements which exist in our pluralistic society.

Include participation of all interest individuals in the process of writing and implementing the new regulations.

To minimize disruption in the day care field the Department also recommends that Congress extend the current moratorium on the FIDCR until the Department publishes final day care regulations.

In addition, the FIDCR revision process may lead HEW to propose legislation addressing:

A clarification of the congressional intent above the goals of federally regulated day care.

Desirability of one set of Federal regulations to apply to all federally funded day care.

Repeal of statutory provisions that require that particular Federal day care programs conform to the 1968 FIDCR.

Desirability of a wider range of sanctions than now exists for noncompliance with the FIDCR.

Desirability of additional funds for training for caregivers.

NEXT STEPS FOR THE DEPARTMENT

In order to stimulate public participation in the development of the new FIDCR, the Department will undertake two major activities:

Nationwide dissemination of this report for public review and comment.

Discussions between HEW central and regional staff and State officials about administrative considerations.

By the end of the summer of 1978, the Department should have received congressional and public comment on the FIDCR appropriateness report as well as the results of major research now underway. HEW should then be in a position to make decisions on the division of responsibilities between the Federal and State governments. With those decisions made, the Department intends to draft the proposed revised FIDCR for public comment. This approach carries out the Secretary's plan to obtain as many public and professional opinions on the FIDCR as possible before publishing proposed as well as final revisions.

Later in the year, the sequence of events for publication is expected to be as follows:

Briefings in Washington, D.C., and at regional meetings and workshops in all the States.

Publication of a Notice of Proposed Rulemaking (NPRM) in the Federal Register.

Nationwide dissemination of the NPRM through mailings and through placement in publications of organizations concerned with day care. HEW will seek to use innovative methods of dissemination of the NPRM.

Formal hearings on the NPRM in Washington, D.C., and on a regional basis.

Field briefings of representatives of the day care community about the proposed regulations.

When HEW has fully considered all public and professional views on the proposed new FIDCR, it will publish the final revised regulations in the Federal Register.

STATEMENT OF HON. HALE CHAMPION, UNDER SECRETARY, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Mr. CHAMPION. Thank you, Mr. Chairman.

It is a pleasure to discuss these matters with you, Mr. Chairman, and

Senator Curtis this morning, and to present the views of the Department of Health, Education, and Welfare on amendments to title XX of the Social Security Act, and those contained in H.R. 12973. I might say with respect to the document you were referring to earlier that having looked only briefly at it, I don't know why you have put yourself through that ordeal when I have spared myself. Fundamentally, the argument over daycare has been going on a long time. The issues are very clear. It has also been impossible to obtain a consensus so people have written vast volumes instead of dealing with the problem. Those volumes will continue to come until the problem is resolved. That is not an apology. It is my view of how those things happen.

Senator MOYNIHAN. And you deal with the great flow of paper that is produced by your Department by the simple expedient of not reading it.

Mr. CHAMPION. No; I read probably more than I should, but on that particular subject—

Senator MOYNIHAN. When you see something not worth reading, you can spot it, is that it?

Mr. CHAMPION. Yes.

Senator MOYNIHAN. I get you.

Mr. CHAMPION. I would suggest that—

Senator MOYNIHAN. Is it generally your experience that anything that comes out of the Office of Planning and Evaluation is to be put in the not-to-be-read file?

Mr. CHAMPION. No. There are very valuable documents that come out of that—

Senator MOYNIHAN. I thought you would say—

Mr. CHAMPION. But like all large productions, some are better than others.

To proceed to the title XX program, your statement in the Record when you introduced the administration proposals on title XX at our request, and again when you called this hearing, raised the legitimate longstanding questions about the State allocation formula in title XX and the XX's relationship to welfare reform. And your remarks this morning with respect to welfare reform are pertinent to an issue that concerns us all. The administration has made every effort it could, including not only working for its original proposal, and we held many discussions with all affected parties in attempts to get a welfare reform measure out of the House. You as much as anyone are aware of the problems and difficulties in doing that in the executive branch. This is clearly a case where the Executive proposed and Congress disposed.

We will be glad and have been glad, and will continue to be glad to work with anybody who will move this kind of proposal. The administration will be back next year on this subject. We think, as you do, that it is urgent. However I don't think we can tie it in any direct way at this point to title XX. As in every hard-won compromise, title XX clearly contains formulations aimed at achieving majorities rather than absolute equity. And, as in every Federal-State formula, it also exists in the context of other legislated financial relationships, not only of welfare reform and fiscal relief, but of such other major programs such as revenue sharing, medicaid, and title I of ESEA, Elementary and Secondary Education Act.

These all deserve, as Senator Curtis said, periodic and careful reexamination, but in my experience, such reexaminations lead to actual change only when there is enough additional funding to achieve majorities as well as equities.

This is not such a period. The Senate has just voted by a substantial majority in favor of a balanced budget in fiscal 1981. That would indicate to me little chance of substantially revamping major Federal-State financing formulas, beyond those already agreed on this year, such as in title I of ESEA, and to some extent, in Head Start.

It also seems to us to support the administration's modest fiscal position on revamping of the title XX program. To turn to the specific legislation pending before this committee, let me first go into what it does as it passed the House. The proposals in H.R. 12973 do several things. They provide a 3-year increase in the permanent title XX social services ceiling; and include several provisions of the administration's title XX urban initiative proposal. The bill would more closely involve local elected officials in the public planning process; enable States to plan their service programs for up to 2 years; permit States to provide shelter as a protective service to adults as well as children in danger of harm or exploitation; and establish a separate entitlement authorization for the territories.

To discuss each of these provisions briefly; first, the bill passed by the House would increase the permanent ceiling from its current \$2.5 billion to \$2.9 billion in fiscal year 1979, \$3.15 billion in fiscal year 1980, and \$3.45 billion in fiscal year 1981 and thereafter. The bill also extends the temporary provisions of Public Law 94-401, which is the \$200 million for day care. Within the proposed ceiling increase, the bill provides also for a separate authorization of \$16.1 million for social services in Guam, Puerto Rico, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands. This allotment to the territories would increase proportionately as the ceiling increased.

We strongly oppose the large increases in the ceiling contained in H.R. 12973. That bill would add \$50 million to the budget above the administration proposals in fiscal year 1979, \$300 million in fiscal year 1980, and \$600 million in fiscal year 1981. These increases to the President's budget are unacceptable. We urge the committee to provide a 1-year ceiling increase to approximately \$2.85 billion and a separate entitlement for the territories, which by the way, conforms fairly closely to the first year of the House bill. We share your concern about reducing rather than adding to the Federal deficit in the outyears.

We believe the increases proposed by the administration will enable the States to provide services at an adequate level despite increased costs. We propose extending the temporary \$200 million for child day care available through Public Law 94-401 through fiscal year 1979. We also propose an increase of \$150 million for 4 years in the ceiling as an important element of the President's urban initiative. That increase is intended to help especially hard pressed areas improve their social services, as opposed to the more general increases proposed in H.R. 12973. We would provide a separate authorization of \$16.1 million outside the ceiling for the territories. Thus, for fiscal year 1979, total funds available for title XX services would be, as I noted before, \$2.866 billion, which is very close to the House figure of \$2.9 billion.

The need for separate authorization for the territories is a strong one. Under current law, the territories only receive funds after the States certify to the Secretary that they will not use their entire allotment. The territories then have access to the unused funds up to a ceiling of \$16 million. The problem has been twofold. First, the States have been slow to provide this certification because they expect to spend their full allocations. And second, the territories do not know early enough in the fiscal year to be able to plan for the most efficient use of funds. For example, this year only one state certified that it would not use its full allotment, so the territories were notified that they would receive a lower allotment than last year. They planned and acted accordingly. However, in June, the Department was notified that there would be additional funds available from the States, and the territories would in fact be able to receive their full allocations then, 3 months before the end of the fiscal year. We propose to provide a separate entitlement authorization outside the ceiling so that the territories would be guaranteed that funds would be available on a timely basis.

Let me turn now to the urban initiative sections of the legislation before you. The bill mandates consultation between the title XX agency and the chief elected official of cities, counties, and other units of local government in the development of the State plan. The proposed plan will then contain a summary of these consultations. Organizations representing local officials endorse this provision. During the discussions developing this proposal, the administration became convinced that local officials needed better formal access to the planning interests in various communities. Good social service strategies, I think all of us would agree, should be local in character, and only sometimes are. For instance, the urban elderly have often found that local officials are much more understanding and responsive to their needs than State offices, and the urban elderly coalition has asked us to express their strong support for this kind of local involvement.

Second, as title XX was implemented across the country and we began to learn more about its operation, we found that requiring an annual services plan from the States, a comprehensive annual services plan, which might have been too restrictive a requirement.

First, planning for title XX services was not necessarily synchronized with State budgeting, especially in States where the legislatures met every 2 years. Second, many States found the process mandated in the law a severe drain on staff resources, particularly when tight funding situations precluded any substantial changes in their plans. So we proposed a multiyear services plan to alleviate these problems and permit the States to put more of their resources into actual service delivery. We proposed a 3-year maximum on these planning efforts. The House-passed bill permits State plans every 2 years.

From its inception title XX has permitted States to provide emergency shelter as a protective service for children. However, the law did not permit the same emergency shelter to be provided to adults. We believe that this is a serious omission; adults subject to abuse, neglect, or exploitation, such as the victims of domestic violence, have the same need as children for emergency shelter. We are especially concerned that families could not stay together if they were the victims of abuse or neglect. For the children, shelter was available; for

the adults, it was not. If this proposal had been law, emergency shelter could have been provided also to many homeless adults who, because of the weather, were in danger of physical harm. Our proposal would aid adults in both these situations by allowing the States to use title XX funds to provide up to 30 days of emergency shelter in a 6-month period.

The bill would also extend for 1 year the temporary provisions of Public Law 94-401 which waive the staffing ratios for children in out-of-home care, and authorize \$200 million a year above the permanent title XX ceiling to encourage States to improve their child care programs. States may use their allotments under the \$200 million only to the extent of their expenditures for child care. When the funds are spent for child care programs, States are not required to provide matching funds. Public Law 94-401 also permits the States to make grants to child care providers to employ AFDC recipients.

We believe these provisions of Public Law 94-401 should be continued for an additional year. That concludes my statement, Mr. Chairman, and I thank you for the opportunity to testify this morning.

Senator MOYNIHAN. Thank you, Mr. Secretary.

Senator CURTIS.

Senator CURTIS. I will be happy to yield to the chairman if you wish to propound questions.

Senator MOYNIHAN. Well, may I just put one question which might help form our questions generally.

First, as we understand your bill, you are opposing the title XX ceiling increases in the House bill on the belief that we ought to consider these large increases in relation to what we are doing in welfare reform and in fiscal relief. As you know, we haven't been able to get either yet this year. As you know, we still have legislation here on the Senate side which we hope might get some support from the administration.

Senators Long and Cranston and I have introduced a measure which provides a measure of fiscal relief and some general changes. Have you had a chance to review that legislation?

Mr. CHAMPION. Only in general, Mr. Chairman. The administration's position is in opposition to that proposal.

Senator MOYNIHAN. It is in opposition and you hope that next year you will be able to get a comprehensive bill.

Mr. CHAMPION. We would hope to do that.

Senator MOYNIHAN. Yes. Well, in that case, you pointed out that the House-passed bill contains a first-year ceiling of \$2.9 billion, and then you suggested that what with one thing and another, your own numbers came out to \$2.866 billion, which if you round in the manner of Federal statistics, comes out to \$2.9 billion. If we passed a 1-year bill, we would be in harmony with essentially what you propose and with what the House proposes for the first year, wouldn't we?

Mr. CHAMPION. Relatively, yes.

Senator MOYNIHAN. That seems to me to be an important point which we might take into account as we commence.

Sir.

Senator CURTIS. Thank you, Mr. Chairman.

Mr. Secretary, would you just briefly name off the various social services that come under the head of title XX?

Mr. CHAMPION. The services that are covered in title XX?

Senator CURTIS. Yes, XX.

Mr. CHAMPION. Well, the short list, without characterizing them—

Senator CURTIS. Yes; I want the short list.

Mr. CHAMPION. Right. Child care services, protective services for children and adults, services for children and adults in foster care, services related to the management and maintenance of the home, both homemaking and training for homemaking purposes, day care services for adults, including the retarded, and some elderly arrangements, transportation services of various kinds in order to give people access, training and related services, employment services, information, referral, counseling, preparation and delivery of meals in some cases, certain health support services, sometimes combinations of services designed to meet the needs of a particular family. Basically these are the services we offer.

Senator CURTIS. Was it not the original intent of the social services program established in 1962 to alleviate dependency and reduce social welfare rolls?

Mr. CHAMPION. That's correct.

Senator CURTIS. And to what extent in your judgment has that been met?

Mr. CHAMPION. I think that progress has been made, and I think in the process, that not only has there been some decrease in dependency for some individuals, but a lot have received services that they very badly needed.

Senator CURTIS. But it was supposed to be services as distinguished between food and shelter and what might come under the term "general relief," was it not?

Mr. CHAMPION. Well, I don't think those two can be fully separated, Senator.

Senator CURTIS. No; I realize that. You can't draw the line entirely, but nevertheless, in a general way it was intended that this should be a program of service to people who were either welfare recipients or potential welfare recipients in order to better help them so they might better help themselves, isn't that correct?

Mr. CHAMPION. Yes. I think it was also deeply involved in the effort to deinstitutionalize, in some cases, to make services available in the community so that people did not have to be in institutions in order to be able to receive them.

Senator CURTIS. How much leeway is given to the States in deciding how they will spend this title XX money?

Mr. CHAMPION. In this respect, title XX I think is perhaps one of the best of the statutes in that the States are given very substantial leeway. As I said in my earlier remarks, I think all of us feel that good strategies, good social service strategies are basically local and State in character. We need to do research. We need to help fund. We need to do demonstrations. But basically the best programs in social services have a local base. And the statute I think provides all the latitude required for that purpose.

Senator CURTIS. Well, now, have any of the States had any studies done in reference to the cost-benefit ratio if they spend a certain num-

ber of dollars, say, in a program for the retarded as compared to a certain number of dollars that they spend from one of these other categories? Have the States done much of that?

Mr. CHAMPION. I am not familiar with what they have or have not done. I will be glad to see what we have and provide it for the record.

Senator CURTIS. And what has been done on the national level in the way of studying the cost-benefit ratios as to the performance of these various types of programs?

Mr. CHAMPION. We have done some in the Department. We will be glad to provide any material of that kind.

Senator CURTIS. Well, don't you think that where we are spending something in the magnitude of \$2.7 billion, that we should have a pretty clear idea of the cost-benefit relationships that exist between the various components of the program?

Mr. CHAMPION. Yes; I think we should. I think there is other important information in terms of the evaluation of those services' quality and what it means to the people involved, but we certainly should also have cost-benefit relationships.

Senator CURTIS. Has there been a cost-benefit analysis performed on the various parts of title XX?

Mr. CHAMPION. I am not aware of any.

Senator CURTIS. Now, there are many worthwhile activities that can't be and shouldn't be included in title XX, isn't that correct?

Mr. CHAMPION. Yes.

Senator CURTIS. Many very commendable activities that do not fall within that category. I am wondering about what you said about the temporary home for adults, 30 days out of every 6 months. Are those older adults you have in mind?

Mr. CHAMPION. Yes. There are two kinds of situations here. Many States have not been able to make their deinstitutionalization plans work properly with services so that we have the phenomenon of many homeless adults who are out of institutions, they don't really need to be in institutions, but they have not had adequate care and they sometimes need shelter. We have another case, in fact, there is legislation before Congress now to deal with it, of the victims of domestic violence where people need shelter away from their homes while those situations are dealt with. That is another kind of—

Senator CURTIS. I am not arguing that those aren't situations of need, but should they be competing with these other activities that are already in title XX for title XX money?

Mr. CHAMPION. I think what we do with a statute of this kind is just make it possible for States to make up their own minds about that. States are not required to spend money for those purposes. They make the determination. If they would like to do it, this legislation would let them do it.

Senator CURTIS. But it seems to me if there were some cost-benefit studies done, required of the States, that they would arrive at some information to share with their sister States that might be of great value.

Mr. CHAMPION. It is a matter that we should explore, Senator Curtis, and I will.

Senator CURTIS. It seems to me that providing temporary shelter is not a social service, but it is administering welfare, and on the other

hand, services to a retarded child might have a lasting benefit that goes all down through the years that they live, isn't that true?

Mr. CHAMPION. That is certainly true.

Senator CURTIS. And I think we should give some consideration to that phase of it.

Now, there were 31 States, only 31 States that are at the close of the year anywhere near their ceiling, is that about right, according to your understanding?

Mr. CHAMPION. My understanding is that most of the states are spending up to their ceilings. At this point I think there may be only one or two which will not achieve their ceilings. I will be glad to check that, but that was my impression.

Senator CURTIS. Well, it is my understanding that if you consider up to 98 percent of the ceiling as using substantially all of it, there's only 31 states.

Mr. CHAMPION. I will review that and report back to you. According to Department estimates, 45 States will spend there full allotment.

Senator CURTIS. And that the total expenditures in 1978 are expected to be only \$2.3 billion, even under the \$2.7 billion authorization. Is that about correct?

Mr. CHAMPION. That again is not my understanding, but I would be glad to review that. We expect it to be at least \$2.45 billion.

Senator CURTIS. Well, I want to ask this question about timing and administration.

If the Congress chose to give direction as to what should be done with unused money, not claimed by the State, what would be the timing element making that available to the States who would make good use of it.

Mr. CHAMPION. You are speaking of the separate entitlement provision for the territories?

Senator CURTIS. No, no, no. I am—

Mr. CHAMPION. Oh, for redistributing to other States?

Senator CURTIS. Yes. In other words, if here is a State that is doing a good job in a particular category and other States are not using their money, if we chose—

Mr. CHAMPION. Senator Curtis, my understanding—

Senator CURTIS [continuing]. To put into the law a provision for distributing the unallocated to those that are using it, what would be the time element problems?

Mr. CHAMPION. Well, obviously, as people came closer and closer to expending their full ceilings every year, it gets later and later in the year. It is my understanding that that is a disappearing problem, that practically every State is now approaching its ceiling. So the distribution of any significant amount of money from one State to another, is a nonprospect as they are increasingly using their total entitlements.

Senator CURTIS. I went into this matter within the last year, and I was surprised to find out how many hundreds of millions of dollars had not been used.

Mr. CHAMPION. Well, as I said, I will review that. It doesn't conform to my understanding of what is currently happening.

I know, for instance, that Illinois, which for a substantial period of time did not, has now resolved its problem and is using almost its full entitlement, and I think they were the single major example.

Senator CURTIS. Now, I agree very much with the general provisions that we should grant latitude to States because not only do States and localities and climates differ in their needs, it makes it possible to write rules and regulations that are less complicated when you write them for a small geographical territory, but can you tell me how the decision is made at the State level as to how State allocations will be established?

Mr. CHAMPION. There is this plan which is developed now on an annual basis which sets forth—

Senator CURTIS. Who in the State makes the decision?

Mr. CHAMPION. I think the—I assume that it is done by the State social services agency. There are different kinds of agencies in different States, but it has to be approved, as all such budgets, in conjunction with the State legislative activity.

Senator CURTIS. You don't know in how many States the Governor makes the decision and in how many it is submitted to the legislature?

Mr. CHAMPION. No, I couldn't. I don't have any analysis of the decision process in each State.

Senator CURTIS. Well, Mr. Secretary, I think that before we project what we do here into years beyond 1 year, that we should have a better analysis of just what has happened, including a cost-benefit study.

How much has been spent on social services since the inception in 1962?

Mr. CHAMPION. I will have to provide that for the record. I don't have it.

[The following was subsequently supplied for the record:]

Senator Curtis, it is very difficult to give you a good accounting of how much has been spent. Between 1962-1967, social services were considered as administrative costs and were included in state totals for AFDC. After the 1967 amendments, which separated income maintenance from social services, states still reported their expenditures in the aggregate. For fiscal year 1973, expenditures were less than \$1 billion. They have steadily increased since then and have totalled approximately \$10.2 billion through fiscal year 1977.

Senator CURTIS. That is all, Mr. Chairman.

Senator MOYNIHAN. Thank you.

Senator GRAVEL.

Senator GRAVEL. May I make a request? I have a statement. I wasn't here in the beginning but I would like to have it put in the record following your remarks.*

Senator MOYNIHAN. We would be happy to.

Senator GRAVEL. Thank you, Mr. Secretary, do we have a national social services policy?

Mr. CHAMPION. Senator, I am not sure in what sense. The policy as I understand it and as set forth really by title XX, and as I expressed earlier, is that the character of social services, strategies are basically State and local matters under title XX, as indeed we believe they should be. Now, whether that is a national policy, I don't know, but that would seem to be what title XX says.

Senator GRAVEL. Well, I would submit that it is probably a little inadequate to just let it pellmell percolate up from the State level,

* See p. 27.

particularly with the President's urban initiative regarding title XX, where they are asking for additional services in distressed areas, coupled with what is happening budgetarywise.

Now, as you know, we have experienced about a 44-percent increase in the cost of living since the inception of the program, and we had a ceiling at inception of \$2.5 billion. Since then we have laid on other services—but here are the gyrations that I see the administration coming up with: \$2.5 billion you are requesting for fiscal 1979, plus \$200 million, and then another \$150 million which comes to \$2.85 billion, and as Senator Moynihan pointed out, that is very close to our figure and the House passed figure of \$2.89 billion. One of the additions, of course, is for day care centers, the \$200 million, but in 1980 you dropped the money for the day care centers, and so the amount of money in fiscal year 1980 that you are coming up with is \$2.65 billion. This, of course, is at variance with what the House passed and what I would recommend. I would recommend a continued increase in 1980 to \$3.1 billion.

Now, what I would like to know is—what is the rationale behind inducing people into day care, getting States to go ahead and try and set up a plan and then cutting the money off on them? How can they intelligently plan for any kind of a program with what appears to be just a windfall for 1 year?

Mr. CHAMPION. Senator, I think that is right. The reason that we have asked only for a 1-year continuation is not that we would expect that there would be a discontinuing, but that we would hope that the long arguments over day care and the FIDCR could be resolved, and we would then make a proposal in keeping with that resolution. The reason for a 1-year formulation is simply to hold that question in abeyance until we can bring it to a conclusion in the coming year. But there should obviously be a continuing provision for day care of some kind. The question is determining it in a year when we would hope to know more or to have more consensus as to the appropriate way of doing so.

Senator GRAVEL. Well, I would still submit that even given resolution of the existing conflicts, having no money on the table is certainly no inducement from the State's point of view, to accomplishing any intelligent planning as you try to resolve those differences.

Mr. CHAMPION. Senator, you know, I agree with you it would be desirable, but the fact is they have gone from year to year with this \$200 million I think quite satisfactorily.

Senator GRAVEL. But you are still telling them that you are not putting anything in there.

Mr. CHAMPION. Yes; I am, Senator.

Senator GRAVEL. You are telling them that you are not putting anything in.

Mr. CHAMPION. Yes; we have not recommended beyond one year.

Senator GRAVEL. Yes. Well, within the constraints of the policy established by the administration, I don't think you can say anything else. But, I do think any reasonable person would recognize that, obviously that is not good policy. This is the reason I asked you if we had a national social services policy, and it is more than evident that we don't. We are trying to let it percolate up. Evidence of that is, of course, in the figures.

How many States now charge for services?

Mr. CHAMPION. I don't know that, Senator.

Senator GRAVEL. Would you get that for the record?

Mr. CHAMPION. Yes; I will be glad to do so.

[The information referred to follows:]

According to an analysis done by HEW on the final CASP plans submitted by the States for fiscal year 1978, 39 States charge fees for title XX services. Thirty-six States charge fees to recipients with incomes below 80 percent of the State median income for a family of four.

Senator GRAVEL. Have any of the States decreased their eligibility standards of late?

Mr. CHAMPION. I am not aware of that. Some may have. There is no question that there has been pressure. However, I think in most States they are at this point approaching the ceiling that were available or in some cases have had it for some time. In some cases they have gone ahead and handled the additional burdens themselves. I am not aware of cutbacks, but there may well have been some.

Senator GRAVEL. Would you try to secure some information for the record in that regard?

Mr. CHAMPION. Yes. I will try to do a comprehensive job.

[The information referred to follows:]

COMPARISON, FISCAL YEAR 76-78

States have made extensive changes in their eligibility criteria over the three program years, primarily due to increased flexibility provided by regulatory and legislative changes in Title XX. The regulatory changes (final regulations dated January 31, 1977) permit states to delegate to their geographic areas, the authority to set eligibility levels for services. Public Law 94-401, signed into law September 7, 1976, permits states to use group eligibility.

The summary above indicates the broad shifts in eligibility criteria for services. But the summary is incomplete because states using group eligibility, a primary category for this analysis, also have other eligibility criteria for services. In point of fact, states are increasingly using a variety of eligibility criteria for services, e.g., New York, which uses group eligibility, varies eligibility by geographic area, service, and category of individual. A chart is attached at the end of this section which indicates the variety of eligibility criteria states will use in fiscal year 1978. It shows the following:

6 states provide all services to a specified level of median income.

39 states vary eligibility by service.

38 states vary eligibility by category of individual.

9 states vary eligibility by geographic area.

22 states use group eligibility.

Please note that *none* of these categories are mutually exclusive.

Another trend has been for states to decrease the income level for services. Since fiscal year 1976, 14 states have decreased maximum eligibility levels for services. Other states, like Colorado and Michigan, have maintained eligibility levels but now only provide services to those levels when the individual meets certain non-income criteria, e.g., has a disabling condition, has a special need, or requires services for protective intervention. For those states which permit geographic areas to set eligibility levels, the state set maximum income levels have often remained the same while geographic areas set eligibility at a lower level. With the exception of Washington, all states which vary eligibility by geographic area provide services below state maximums in specified geographic areas.

In summary, eligibility levels between fiscal year 1976-78 have decreased or become limited by other non-income criteria. In juxtaposition to this, states provide an increasing number of services without regard to income in protective cases of abuse, neglect or exploitation. Please refer to Technical Note #12 for a discussion of this phenomena.

Senator GRAVEL. I think we are in a situation where we have brought States to a threshold of activity and attention to some vital needs in society and then, just by the ceiling alone forced them to scale down their activity, and with the increasing, cost of living, almost half of what they have been providing must be cut out. So, every year they have got to scale down, and I think any reasonable person would say that the need has not scaled down. An example is the whole family abuse question, which the Federal Government was not sensitized to in the earlier years, is now, so to speak, out of the closet, and that now has to be attended to.

Mr. CHAMPION. I might say that part of where that burden should fall depends upon ability, and if you look at the deficit of the Federal Government and the general condition of State governments, while they have their problems, too, and I would not deny them, they are somewhat less than the Federal Government's.

Senator GRAVEL. But what you are telling me is that what you are recommending is more of a fiscal constraint than a need constraint in our society.

Mr. CHAMPION. There certainly is—there are lots of things that could be done in this society if the Federal Government had more money, that is true.

Senator GRAVEL. No question, but we have a choice of trying to attend to these needs at various levels. Now, we can wait until a person goes to prison, when we have to incarcerate him, and then pay the cost of that—which is a lot more expensive than putting a person up in an expensive hotel—or, we can try and deal with the problems before they get to that level.

So maybe a little less constraint at this level might save some money in the fiscal budget, particularly when we are talking about a three, you know, a period that is stretched out.

What you do view as the role of the Federal Government in the social services area? Since we don't have a plan, I would like to get your view.

Mr. CHAMPION. Well, as I said earlier, I think the Federal Government should be supportive, should attempt to provide research, transfer, dissemination of information, should try to support within its fiscal capacity those efforts broadly, but I really do think that its fundamental role should be to stimulate and help to spread good local strategies in social services. I think there are not very many of those in this country today, that we have isolated cases in many, in various areas, sometimes of single services that are fairly good, but I think it is a defect in our present understanding of how to do these things that we haven't done a very good job. I do not think, however, that it is a job the Federal Government can do. I think the Federal Government has to provide conditions that are conducive and encouraging, but the successful social service efforts I have seen have fundamentally had a community, even a neighborhood base.

Senator GRAVEL. Well, that is certainly an appropriate goal. Whether it is an adequate goal or properly shows the sensitivity of the Federal Government to the problem I think remains to be seen. I think the evidence is such that in the 1978 budget, we have got an increase, in effect, of \$200 million, and in the 1980 budget—

Mr. CHAMPION. Precisely for that purpose. That is the urban strategy, the hard-pressed areas strategy.

Senator GRAVEL. Well, if I were at the other end of the urban strategy, I would be thinking that I was playing a shell game with somebody because in 1980 you decrease that to \$150 million. I—and I think any reasonable person would expect inflation to take place between 1978 and 1980. So in positive terms you are decreasing the dollar amount, and obviously in relative terms the dollar amount will be decreased.

So I would question, just on the empirical evidence that you have agreed to here, that our Federal Government is not terribly sensitized to this issue and just saying that, well, the States should do more is not enough. You have testified that most of the States are at their ceiling, and I am sure that when you bring in the information that I have requested, with respect to eligibility standards, and the fact that States are now starting to charge, that the information will be a further indictment of the insensitivity of the administration in this regard.

I don't want to minimize the constraints of budget. I think this is something we all are sensitive to and aware, but—

Mr. CHAMPION. Senator, I would like to make clear that we are talking only about a 1-year authorization. We are not saying that the outyears should not come into play when we are in fact budgeting those outyears. What we think it would be a mistake to do is to commit to a 3-year increase under present fiscal conditions.

Senator GRAVEL. Well, I don't—I can't see anything on the horizon, and it is something I have spent a fair amount of time studying—that is going to decrease the budget deficits. Maybe the tax cut will have some advantage, but the tax cut is not going to address itself to these problem areas. It is going to address itself, we hope, to middle America. But here again, we are playing, very fast, with the ability for State governments to plan this. So, we have no plan at the Federal level, and we are guaranteeing that there will be no plan at the local level because nobody is going to institute a plan when they don't see the moneys coming in unless they go for budgetary increases themselves.

Mr. CHAMPION. My response again would be that we think States, just as the Federal Government, have to look at their own resources and weigh their priorities. They should not be solely responsive to Federal stimulus.

Senator GRAVEL. Well, Mr. Secretary, all I can say is the empirical evidence that I have presented does in my mind show a lack of sensitivity, and I am hopeful that the Congress will do more in this regard, or follow the House's leadership.

I thank you, Mr. Secretary.

Mr. CHAMPION. Thank you, Senator.

Senator MOYNIHAN. Thank you, Senator.

Senator DANFORTH.

Senator DANFORTH. First of all, may I say to Senator Gravel, you have got to say this for Hale Champion. When the answer to the question is yes, he says yes. Did you notice that? When was the last time somebody from any administration has said yes or no?

He is new here.

Senator GRAVEL. I want to share that. I think it is very easy to determine when he is uncomfortable with an answer, too. And I think

he has followed the dictates of the instructions he was given when he was told to march up here and talk with us. But by the same token, I think that he hasn't lied to us, and I think the empirical evidence outweighs both his answers and my questions.

Mr. CHAMPION. I have said nothing I don't believe, Senator.

Senator GRAVEL. Thank you.

Senator DANFORTH. Well, I think you know from previous conversations with me that I enthusiastically support your comments about local government. I think you are exactly right.

Do you think that the mandated consultation that would be required between State government and local governments in devising plans is necessary to serve the purpose of furthering the cause of local involvement in the planning process, or do you think that there is a possibility that it turns into just an additional step that everybody has to go through, sort of dreading it but fulfilling a Federal requirement?

Mr. CHAMPION. Senator, there is always that danger, as we are well aware, but it does appear to me to be a need to insist on some more local participation. I hope it would not become formalized and politicized to the point where it does become that kind of obstacle to getting a plan and to getting things resolved, and I think there is that kind of danger, but I think it is outweighed by the need to stimulate it, and that over time, if that starts to happen, that it ought to be dealt with. It is very clear from talking to people in local situations, where they have an opportunity to do various kinds of integration or channeling of social services, that sometimes the States have been insensitive to those possibilities. They have their own arrangements and their own relationships, and that they should be brought into it, and they should have a right to be in it. Now, how those arrangements are worked out would probably depend a good deal on the individuals involved.

Senator DANFORTH. Of course, this would not direct a particular result. As I understand it, HEW would not turn into an arbiter of grievances between Federal and local, or between State and local governments as a result of this process.

Mr. CHAMPION. We certainly would hope not to be, and I think the resolution of that is in the planning process. We certainly would not want to.

Senator DANFORTH. Do you think it is necessary to write this kind of consultation process into the law? I mean, can't we sort of say that it would be nice if everybody consulted, but without having some sort of formal consultation process?

Mr. CHAMPION. No; I think at this point the formal consultation process is desirable; having detailed regulations setting up how many shall be on each side of the table, who all should be there I think would be an error.

Senator DANFORTH. Can we watch that?

Mr. CHAMPION. Yes; we can indeed.

Senator DANFORTH. And just follow a rule of reason and without some very detailed format that everybody has to follow.

Mr. CHAMPION. As a matter of fact, I would think that normally we would not be involved at all unless local people felt left out and came to us and said the law is being ignored, and then we would have to look at it. And I think that kind of recourse may be necessary in some cases.

Senator DANFORTH. Now, with respect to the duration of the funding limits, how many years out we go, it is my understanding from Senator Moynihan's question that he would prefer or at least like to consider going only 1 year with this, with title XX, and my understanding of the reason for that is that he is interested in welfare reform, fiscal relief, and we can get more money to New York, and [general laughter] as a result of that, he would rather have this program just go 1 year so we can reopen the bidding and use this as a possible chip or something to be considered down the line. And it is my understanding that the administration's position is no; it should not be 1 year. It should be permanent, is that right, or 4 years?

Mr. CHAMPION. No; we are satisfied with a 1 year resolution of this.

Senator DANFORTH. Oh, really?

Mr. CHAMPION. Not for all of the same reasons as the chairman may have, but—

Senator DANFORTH. Yes.

Senator MOYNIHAN. I think we would want to increase the ceiling to \$2.9 billion, which is what the House does. You would agree to that?

Mr. CHAMPION. Yes, Senator.

Senator DANFORTH. Well, the ceiling is now, what, \$2.5 billion plus \$200 million, is that right?

Mr. CHAMPION. Yes; plus the proposal for \$150 million plus the proposal for \$16 million, gets us close to the \$2.9 billion set in the House bill.

Senator DANFORTH. Now, let me see. Your position is the same as Senator Moynihan's?

If you will look at this little handout we have, for S. 3148, it is \$2.85 billion, then \$2.65 billion, then \$2.5 billion for 1983 and after.

Now, is it your proposal that we just finesse the 1980, 1982, and 1983, and just have a 1-year funding ceiling; is that it?

Mr. CHAMPION. That or—clearly, there are two things which have longer term concerns but which are not necessarily permanent. The administration's request is to, on the day care, that you only authorize, you only authorize \$200 million for 1 more year while we are still looking at day care issues.

Senator DANFORTH. I understand that.

Mr. CHAMPION. That would be open.

Senator DANFORTH. That is your issue with Senator Gravel, but—

Mr. CHAMPION. That's right.

Senator DANFORTH. I am talking about title XX; I mean, the main bulk of title XX.

Mr. CHAMPION. Yes. We asked for the \$150 million, in addition, to be for a 4-year period, but again, that was not permanent. It was for a 4-year period. And that's why it says down to \$2.5 billion in 1983 and thereafter. But we would be quite satisfied with a 1-year resolution of all these issues, with a further consideration next year.

Senator DANFORTH. Just going to 1 year with the understanding that we will open it up again next year.

Mr. CHAMPION. Yes.

Senator DANFORTH. What are the minuses in that?

Mr. CHAMPION. Well, there is, as Senator Gravel said, that is not the kind of permanent expectation that people would like to have where working with programs. I think they understand it is the intention

to do something about day care and to continue the urban initiative over that period of time, and it does leave them with some uncertainty, and that's a disadvantage. We would, of course, be perfectly happy to have our original 4-year proposal on the urban initiative, but I think we would be satisfied with a 1-year across-the-board approach to the problem.

Senator DANFORTH. Let me ask you this. How does title XX interrelate with the questions of welfare reform or fiscal relief? Title XX is a block grant program, correct?

Mr. CHAMPION. Yes.

Senator DANFORTH. Now, if we are going to reopen this in the context of welfare reform, does that mean that we are going to start moving away from this block grant concept and to perhaps use the funds that are presently authorized for title XX for some other type of—

Mr. CHAMPION. No. Senator, I think Senator Moynihan may want to speak to that, but let me give you my view of what relationship there is there, which is not an organizational or block-grant one. I think it is the tension on limited funds between providing services and providing cash to poor people. Senator Moynihan when he started pointed out that there had been a loss in terms of effective cash in the hands of poor people, and we are talking about putting more cash into social services, and there is a tension there, and when those two things are discussed, I think it is more financial than organizational. I don't speak for Senator Moynihan, but that is my view of the connection.

Senator MOYNIHAN. Well, can I just say that would be mine. I think title XX is a well-established Federal function under Social Security and would go on quite regardless of what we might change in other areas. It is a question of how much it goes on. The point is that it started out at a modest level, and the next thing we found one State or another proposing that its highways ought to be funded under title XX, because you couldn't get to a hospital if you didn't have a road, and therefore it was a social service.

Mr. CHAMPION. We happily resolved all those problems earlier this year.

Senator MOYNIHAN. And if I may say this was much to your credit, sir. It was a great negotiation. A huge amount of money was involved in the final settlement, and it was exceptionally well done.

Senator DANFORTH. Now, with respect to the fiscal relief continuing negotiation, it is my understanding that title XX allocations are made solely with respect to population; is that right?

Mr. CHAMPION. That's correct.

Senator MOYNIHAN. Although half the moneys are required to be spent on welfare, on AFDC recipients, the proportion of AFDC recipients in the population has no bearing on the distribution of those moneys.

Mr. CHAMPION. What has happened is that there has been less, that that formula has become more rigid.

Senator DANFORTH. Is that concept up for grabs, in your opinion?

Mr. CHAMPION. Well, I spoke to that earlier. I don't think it is in the present fiscal situation. Formulas get changed when you can keep the majorities that put them there in the first place and achieve some better equity with more money, and there is no more money to achieve that different approach.

Senator DANFORTH. Thank you.

Senator GRAVEL. I have one brief request.

Senator MOYNIHAN. Please.

Senator GRAVEL. Could you provide us also, Mr. Secretary, with a list of the States that are providing more than their 25-percent share so we can get a feel for how much of an effort they are making?

Mr. CHAMPION. Yes; I would be delighted to, and there are some.

[The following was subsequently supplied for the record:]

TITLE XX—FINAL CASP PLANS, FISCAL YEAR 78

"SOCIAL SERVICES EXPENDITURES ESTIMATES"

Summary

The following data represent a summary of Title XX planned expenditures for fiscal years 1976, 1977 and 1978, based on information available in the state final Comprehensive Annual Services Program (CASP) plans.

	Total title XX expenditure estimates (millions)	Federal share estimates (millions)	Federal share as a percent of the \$2.5 billion allotment
1976.....	\$3.354	\$2.429	97.2
1977.....	3.409	2.444	97.8
1978.....	3.725	2.492	99.7

Overview

Estimated total expenditures for Title XX social services reflect a \$371 million increase, or +10% over the three fiscal years. State estimates for increased use of their federal allotments and estimates for the use of P.L. 94-401 funds account for only \$143 million or 38.5% of the total increase. The other \$228 million are additional state funds being used to supplement the Title XX program and increase the availability of certain services.

States which indicate in their plans that they will provide Title XX services with state funds above those necessary for the federal match include:

Alaska	New Jersey
California	Pennsylvania
Connecticut	Oregon
District of Columbia	Vermont
Massachusetts	West Virginia
Montana	Wisconsin

California, Massachusetts and Wisconsin account for the majority of additional funds being provided for Title XX services. California will provide an additional \$112 million for Child Day Care and In-Home Supportive Services. Wisconsin and Massachusetts will provide \$40 million and \$37 million respectively but distribute the funds across all services. The remaining states make up the other \$40 million.

Other states which indicate the provision of additional state funds for Title XX and other social services which are not included in the Title XX budget estimate include: Alaska, Arizona, Colorado, Florida, Minnesota and New York.

The growth of supplementary state funds for Title XX services is significant in that a number of these states (e.g., West Virginia and Montana) were formerly (pre-Title XX) spending below ceiling. Although there are many influences, clearly Title XX seems to have stimulated the growth of state social service programs.

Comprehensive Plans

The planning provisions of Title XX encourage states to take a comprehensive view of their human services programs. Many states did develop plans in fiscal year 78 which include information on other social service programs. In four states, Colorado, Maine, Minnesota and South Dakota, the fiscal year 78 plans incorporate other federal funds for Title XX services (e.g., IV-A, CETA, and

WIN). With the exception of Minnesota, which provided the data for this analysis independent of the plan submitted to HEW, the data for these states are derived, using the applicable Title XX match rate of 75/25 percent or 90/10 percent (in the case of family planning). Comprehensive Title XX and non-Title XX estimates of clients served are excluded from the totals on the charts which indicate estimated number of persons served by service.

Use of the Federal Allotment

As in fiscal year 76, there were discrepancies between planned and actual use of federal Title XX funds in fiscal year 77. However the gap is narrowing. The comparison below illustrates this.

	Planned use of Federal allotment (percent)	Actual use of Federal allotment (percent) ¹
Fiscal year 1976.....	97.2	84.4
Fiscal year 1977.....	97.8	89.0

¹ State OA-41 submittals for fiscal years 1976 and 1977 as of Feb. 15, 1978.

Senator MOYNIHAN. Mr. Secretary, we have just a list of questions which we would like to submit for the record and get some answers.¹

Senator MOYNIHAN. Could I just say that you are nice to take the point about the decline in the real value of payments to welfare families which in New York has been about 28 percent since 1974. It would be interesting to know what you think it has been nationally.

Do you think we could get some judgment? That is not a hard calculation.

Mr. CHAMPION. That certainly ought to be possible.

Senator MOYNIHAN. The new Census report has come out on money and income and poverty status in American families for 1977, and I just was doing some simple arithmetic with the median family income. Since 1970, the median family income has only increased by 3.9 percent in constant dollars. I mean, that is almost a medieval rate, in a decade to go up maybe 5 percent: You know, this country hasn't been working very well in these terms, and real income of people who are dependent has been going down for the first time in the 20th century. I don't think there is any other time that this has been the case.

Mr. CHAMPION. Those that are not on indexed programs. As a matter of fact, many people have been moved out of poverty during that same period by the indexing program.

Senator MOYNIHAN. Right. The majority of persons living in poverty as of 1977 were in what used to be called female-headed families and are now called female householder, no husband present. There is no longer a head of family. There is a male householder and a female householder. Those will be the terms in the 1980 census. But the majority of poor people are in female householder, no husband present, families. These are the poor people of this country, and none of them are going to get any bit of this \$2.9 billion. This \$2.9 billion is not going to them, and you know that. That is our problem.

But we thank you and I hope we can work something out. Clearly in the closing days of the session, there is a chance of getting a 1-year extension conforming to what the House has done and to what you want. That we could do.

¹ See appendix on p. 165.

The other thing is to say that you say that you can't support our welfare bill this year. Well, all right, but you know you are thereby undertaking to pass a comprehensive welfare bill next year. Is that going to be along with the comprehensive health insurance legislation?

Mr. CHAMPION. We will be proposing comprehensive—

Senator MOYNIHAN. And the comprehensive social security reform legislation?

Mr. CHAMPION. I would point out that the plan for health insurance calls for the first increase in budget in 1983 and—

Senator MOYNIHAN. All right. Could I just say that if you are going to put welfare reform over to the next Congress, you are sort of duty bound to make it your first priority since we weren't able to get it this Congress, right?

You don't have to answer that.

Mr. CHAMPION. We have multiple priorities. That is certainly in our—

Senator MOYNIHAN. Multiple priorities. Oh, my God, you sound like the Office of Planning and Evaluation.

Mr. Secretary, get out of here.

Mr. CHAMPION. Every man lives in his own environment.

Senator DANFORTH. Mr. Champion, you know there are several Republicans, Senator Baker, Senator Bellmon, and myself, and at least one Democrat, Senator Ribicoff, who are just all set to help you along on welfare reform. You can accomplish virtually all of your objectives and just breeze right through the Senate if you are of a mind to work with us in that regard. So we are there with our smiles on our faces and our helping hands extended to you just waiting for you to clutch on to us.

Senator MOYNIHAN. Mr. Secretary, will you please get the hell out of here? It is not going to get any better. It is going to go down from there.

[General laughter.]

Mr. CHAMPION. Thank you, Mr. Chairman.

Senator MOYNIHAN. Now, we have the pleasure of having the Honorable Gregory Cusack, who is an Iowa State Representative, appearing today on behalf of the National Conference of State Legislatures.

Mr. Cusack, we welcome you.

Mr. CUSACK. Thank you, Mr. Chairman, members of the committee.

Senator MOYNIHAN. I am going to have to point out that we must ask our witnesses to confine themselves to a 10-minute period. There are four Senators present and they will want to ask questions, and the morning is going by rather quickly. Good morning. We welcome you.

STATEMENT OF HON. GREGORY CUSACK, IOWA STATE REPRESENTATIVE, ON BEHALF OF THE NATIONAL CONFERENCE OF STATE LEGISLATURES, ACCOMPANIED BY DICK MERRITT, STAFF, NATIONAL CONFERENCE OF STATE LEGISLATURES

Mr. CUSACK. Good morning, Mr. Chairman and members of the committee. I will try to honor that time limitation.

The gentleman with me is Mr. Dick Merritt, from the NCSL staff.

Mr. Chairman, I am a State representative, as you mentioned, from Iowa. I am chairman of the house budget committee in the State. I am a member of the ways and means and rules committees, as well, and resources committee. I also have in the past served as chairman of the subcommittee which does appropriate dollars in our State for social service purposes. In addition, I am presently cochairman of the subcommittee on aging of the NCSL. The work product is not necessarily equal to the titles, however, on all occasions.

Senator, if I might, since I understand you have a copy of the written testimony, I would like to initially respond to some of your comments on the relationship between welfare and title XX if I might, and first of all, by saying that I basically agree with most of your comments.

I would like to call to your attention and to the committee that I think one of the relationships between title XX and welfare reform that we ought to keep in mind is that ideally, title XX and other like programs that may be coming down the pike in the future would help us deal with people before they become totally dependent upon welfare, get the persons, whether as individuals or members, or family units who have some problems that we can, as a partnership of State and Federal and local officials, meet before it becomes the kind of total dependency that then gets them all too often in a cycle we have trouble breaking them out of.

And one of the problems we have right now with the existing cap on title XX dollars is that many people who have been aided by title XX dollars before, because that real income is declining, have been forced into more true welfare-type programs.

We also, Mr. Chairman, await with you as legislators some kind of genuine welfare reform in this country. It has been our continuing disappointment to see that one Congress after another has not dealt with that. Obviously in the States we do try our own initiatives, but we are severely hampered by both Federal dollars, since we need them so much, and the Federal regulations that come with them.

The degree to which we can initiate our own welfare reform is severely curtailed by whatever the Congress does or does not do.

If I might also, Mr. Chairman, Senator Curtis did to the previous speaker ask a couple of questions to which I would like to address myself for just 1 second.

That is, he had a question regarding the State planning under title XX, and Senator, that does vary tremendously among States. In my own State we have over the last several years involved more local officials in the planning process before. It began as almost a total executive program with some initial brief review by the legislature. In recent years we have been involving ourselves more in the allocation of dollars and the actual format of the plan itself.

Some States under a very strong executive system have an almost total executive planned process in title XX. Others have substantial legislative review, and I am not sure there is any more pattern than that.

Second, the question was raised, too, in terms of the number of States that are experiencing or approaching the limitation on caps in their funds. Our information, Mr. Chairman and members of the committee, is that in fiscal year 1977, there were 30 States at or near

their cap limitation. In fiscal year 1978, practically every one of them will be near or at the cap limitation in their existing title XX authority.

The specifics of the title XX bill before you, gentlemen, we have no quarrel with congressional intent for cost containment. I might add that that has been something that I became difficult to live with once I became budget chairman of the House, but it did contain some of my otherwise spending implications, but it is important both for the Congress and for us that we do have responsible fiscal management. After all, it is not only a way to guarantee that programs are in fact delivered, but it is also one way to guarantee that the public support of these programs will continue.

We also regard title XX as one of the most valuable programs the Feds give us, in part because that concept of partnership both on your part and ours, the initiative allowed to the States to develop our plans, and the implied relationship between the State legislatures and the local officials in planning is to us a very definite positive element.

The proposed language, therefore, in H.R. 12973, which I understand is before you for markup, we also endorse in total, and we specifically call your attention to our support of your language asking that local officials be involved in the planning process. We do regard that as positive. Hopefully most States in some respect already do involve local officials. Your making it more explicit is one that we did not regard as a problem, and we welcome it.

We have two major concerns, Mr. Chairman, with the existing title XX limitations. First, that we feel that the funds, the cap limitation on funds either should be lifted entirely or increased. We realize the former is not very likely, so we would like to support the increased limitation. And secondly, that multiyear planning be allowed. I would like to speak briefly to both of those.

The States now are experiencing, as I mentioned, that cap limitation crunch. In my own State it has meant we have started to transfer substantial dollars from the general fund, at least substantial to the State of Iowa, to support programs that title XX heretofore supported entirely. In the last 3 years, as we have been at our cap limitation, we have appropriated \$2.5 million from the State general fund to go to assist local governments so they don't have to pick up the entirety of the crunch being faced by the State of Iowa because of the cap limitation.

Inflation has eroded the existing dollars we have, not only in my State but in all the States of the Union. Therefore, if cap limitations remain constant, the real dollars available for expenditure decline.

Lastly, the result of this cap limitation has been that either we have had cutbacks in services, which has been the case in some States, or we have had greater financial burdens placed on State and local governments.

That, of course, since we are all facing budgetary problems, is something that causes us much concern.

We have found, too, in our experience, at least in the State of Iowa, and I think this is true of a lot of other States as well, that what was felt to be under initial title XX passage an opportunity to address new identification of local programs, we in fact spent most if not all of those dollars picking up what heretofore had been borne by the previ-

ous categorical assistance programs. So in our State, we went through a great many planning processes which identified new needs and new ways to deal with persons having those needs, and yet found when the dollars were finally allocated that we did not have the money to address new needs, in fact, had to scramble to keep existing programs going. Thus, we have through our States identified more things we need to do, yet do not have the money with which to do them.

The previous gentlemen from HEW spoke about the relative comfortable situation that States find themselves in with dollar surpluses. I can only point out, Mr. Chairman and members of the committee, in our own State where 3 years ago we had a budget surplus of \$200 million, we will at the end of the present fiscal year, be down to \$40 million, and that is because we have deliberately channeled those dollars either into properly tax relief or local education programs, increased State support, or as has been the case most recently, into increasing programs to aid our elderly citizens. As you may know, Iowa ranks No. 3 in the country per capita number of elderly and we are trying to address as a State with our own dollars what needs to be done for them.

Also, in the last 3 years, our ADC costs, State share, increased by \$15 million. Our title XIX budget has doubled, up to \$80 million State share. That obviously is a further drain on what surplus we have left, and does somewhat hinder what we can do in picking up the lag in title XX needs.

There has been, Mr. Chairman, in your initial remarks and your initial statement about this hearing, some question, as well, about Federal formula changes, whether in fact there should be such. While I can understand the need to reexamine that, and while NCSL does not have an official position on that, I would only point out to the committee that such changes can have impacts on existing States who are receiving these dollars, and we could be in the interesting situation where a Federal formula could be changed, you could increase the cap limitation, and many States would nonetheless see an actual reduction in dollars they would be able to use locally.

I would ask if you are going to investigate a change in the Federal formula, that you might want to consider a hold harmless clause, so that if you do make such changes, at least States now receiving dollars will not realize an actual dollar reduction.

Last, Mr. Chairman, and because I am trying to be brief in my remarks for your constraints on time, and because you do have the written testimony, I would like to say that we in the State legislatures look forward to increasing experiments with our Congress in ways to try and demonstrate more programs at a local level. I think we can, at the State level, be a little more flexible precisely because we are close to the people. We recognize your concerns that we address the matters you identify as priorities. We recognize that we need to be responsible with cost containment measures, and in terms of being accountable to you for the purposes that you identify in legislation. We do feel that if you give us increasing flexibility, being able to meet these programs in our own areas, we can demonstrate for you that we in fact can be innovative and experimental. I think in the long run it is a real plus for the federal system.

Senator MOYNIHAN. We thank you, Mr. Cusack, for well-spoken and direct and concise testimony, very much within the time period.

Senator Curtis.

Senator CURTIS. No questions. We thank you.

Senator MOYNIHAN. Why don't we defer to—I know Senator Danforth will not be either distressed or surprised if I say Senator Long.

Senator LONG. No; thank you.

Senator MOYNIHAN. Senator Danforth.

Senator DANFORTH. No; thank you.

Senator MOYNIHAN. Mr. Cusack, you have said such sensible things, but I just would like to ask you one question.

It is widely alleged that one of the principal effects of title XX is that lacking any maintenance of effort requirement, that it has encouraged the substitution of Federal funds for State funds that were being used.

Do you have a judgment on that? Tell us what you really think, if you indeed have some view.

Mr. CUSACK. Mr. Chairman, I am not sure that I can as a judgment say that it is true across the board.

Are you suggesting it has been the case throughout the States?

Senator MOYNIHAN. Yes. I mean, how do you feel about this? I mean, you are speaking for the State legislatures. Have you got any feeling about this?

Mr. CUSACK. Well, part of it comes, Mr. Chairman, with the fiscal constraints we have already, and when title XX funds are constrained, if I understand your question correctly, we do have to look for what resources we can use. We have found in our State that some people are going into title XIX support programs that otherwise would have been eligible for one perhaps funded by title XX. It is a logical use of Federal resources that we see.

In addition, now, we have tried to pump State dollars and increasing amounts of local dollars in to pick up some of that slack. So if I understand your question, I am not sure that in every instance we are going toward more Federal dollars in lieu of title XX, where that is falling short. In substantial areas, the State and local governments have picked up what the capitation has done.

Senator MOYNIHAN. Well, I follow your point, and thank you for the information, and thank you, Mr. Cusack, and we thank your associate.

[The prepared statement of Mr. Cusack follows:]

STATEMENT OF STATE REPRESENTATIVE GREGORY CUSACK, IOWA

Mr. Chairman and members of the subcommittee, my name is Gregory Cusack, State Representative from Davenport, Iowa. I am currently chairman of the Iowa House Budget Committee, and serve on the Ways and Means and Human Resources Committees. During the 1976-1977 legislative session, I chaired the Human Resources subcommittee which dealt extensively with social services legislation. I am also currently a member of the Human Resources Subcommittee on Aging of the National Conference of State Legislatures. I appreciate the opportunity to appear here today on behalf of both the National Conference of State Legislatures and my own State of Iowa to discuss with you the need to increase the current ceiling on Title XX social services programs.

The House has passed a bill, HR 12973, which will accomplish many of the objectives that NCSL supports in the way of increased funding over a period of years, multi-year planning, extension of needed services, and greater program

flexibility. It is our hope that the Senate Subcommittee on Public Assistance will seriously consider the provisions as passed by the House in HR 12973 and give them your support when the full Senate Finance Committee convenes to mark-up the Title XX legislation.

Because of the time limitation, I will keep my remarks brief, requesting the opportunity to submit an extended version of my testimony for the record. As you are aware, the greatest concern that we have facing us in the states today with regard to Title XX is the federal spending cap of \$2.5 billion. Five years ago, a ceiling was needed to close the run-away spending on programs under Titles IV-A and VI of the Social Security Act. However, in the course of those five years, many economic and social factors have come into play which have made the need for an increase essential. To cite a few examples:

1. High unemployment and the effects of the recession have placed an increased burden on all human service programs over the past few years;

2. Inflation has eroded the real purchasing power of the \$2.5 billion to approximately \$1.7 billion in 1977, which shows no real growth in spending since 1972 when total Federal outlays reached \$1.68 billion;

3. Entry level salaries of State social workers and supervisors increased about 7.5 percent per year between 1973 and 1975, and have continued to increase to the present time;

4. Over 30 States had reached their ceiling cap in fiscal year 1977, and almost every State will have reached their limit by the end of this fiscal year (1978);

5. Shifts in population away from urbanized/industrialized areas with high concentrations of social services recipients have decreased the individual allotments of many States, just when they should receive more money for expanded service needs.

These factors have contributed to several negative effects about which State and local officials have expressed concern. Improved planning and management of consolidated social services programs have been blunted by lack of funds, citizen participation has been undercut, the development of innovative approaches to the delivery of social services has been restricted, and States are beginning to carry an increased proportion of the social services burden.

Another negative effect, from the State legislative point of view, is that the Federal spending cap has prevented State legislatures from becoming more active in the planning process and distribution of Title XX funds. One of the key issues that the Title XX legislation addressed five years ago was that of more state legislative involvement in the planning and oversight processes of social service programs. State legislatures viewed this as an opportunity to foster better state-federal and state-local relations by becoming more active in assessing the social service needs of their constituents. By holding public hearings, gathering information from social service organizations and program recipients, and determining where the most serious needs were going unmet, the state legislature could exercise its oversight authority in distributing Title XX funds to the programs they deemed appropriate to meet citizen priorities. The federal spending cap, in essence, has stalled this state legislative role by reducing the resources to develop innovative programs to meet a wider range of needs.

Besides cutting services, states which have reached their ceiling have had to resort to other means to stretch their allotted funding. Fourteen states as of 1976 had lowered the income level which families must meet to become eligible for services, thereby reducing the eligible population. Some states have also begun charging fees for services that were previously provided without charge, or charging fees for services provided to families at lower income levels. According to the Department of HEW, 92 percent of the states are now charging fees for designated services provided to families in this lower income group.

Certainly it is clear to the Members of the Subcommittee here today that an increase in Title XX funding is both necessary and warranted—states must have adequate funding resources to carry out the mandates of the Title XX legislation to the maximum extent possible to reach those in the most need of services.

Another concern of state and local officials has been addressed in H.R. 12973—that of a multi-year planning process. Although we would like to have seen the three-year concept accepted by the House, we are pleased that a compromise was reached whereby a state has the option to establish a Title XX program planning cycle of two years. One of the main goals of Title XX is to promote comprehensive social service planning and coordination of all social service activities within the states. This can only be accomplished if there are adequate procedures and mechanisms to identify, plan and coordinate expenditures for

all interrelated social service activities within the state. We believe the multi-year planning concept gives states more flexibility to meet the planning and coordination needs of their particular social service programs, and we urge you to consider the advantages of multi-year planning when you mark-up the Title XX legislation.

Other features of the House bill which NCSL has supported include appropriate consultation with local officials on proposed Title XX plans, the extension of special provisions relating to day care services, and allowing funds to be used on a permanent basis for services for drug addicts and alcoholics and emergency shelters for abused adults and children. We believe these features will further strengthen an already effective social services network. We also believe, however, that to efficiently and effectively administer the Title XX program in the states, there must be an increase in the federal spending ceiling over the period of at least 3 or 4 years, and a multi-year planning process to better coordinate services and maintain the flexibility in Title XX programs which allows states to provide social services in accordance with their individual needs and priorities.

Thank you for this opportunity to appear before you today, and I will be happy to answer any questions you may have at this time.

Senator MOYNIHAN. And now Mr. William Murphy who is the County Executive of Rensselaer County, N.Y., who is appearing on behalf of that most indefatigable of all organizations, the National Association of Counties.

Mr. Murphy, we welcome you.

You have some associates with you?

Mr. MURPHY. Yes, I do.

Senator MOYNIHAN. Would you introduce them to the committee?

STATEMENT OF MR. WILLIAM MURPHY, COUNTY EXECUTIVE, RENSSELAER COUNTY, N.Y., ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES, ACCOMPANIED BY JOHN BEDOIN, COMMISSIONER OF SOCIAL SERVICES, RENSSELAER COUNTY, N.Y.; AND JAMES KOPPEL, LEGISLATIVE REPRESENTATIVE, NATIONAL ASSOCIATION OF COUNTIES

Mr. MURPHY. On my right, Senator, is Mr. John Bedoin, who is the commissioner of social services for Rensselaer County.

Senator MOYNIHAN. Good morning, Commissioner.

Mr. MURPHY. And on my left is Mr. Jim Koppel from the National Association of Counties where he is a legislative analyst, and our key person in this area of title XX and other related social services programs.

Senator MOYNIHAN. You are very welcome, gentlemen.

Mr. MURPHY. Senator, let me say that the national association is very grateful for this opportunity to address you and the other members of the committee on what we ascertain to be one of the most important issues that faces local government in this Congress. Certainly it is an issue which is secondary to overall welfare reform, and we appreciate the efforts of the Senator on this matter. And let me say that as a member, Senator, of the opposition party from New York State, that we are very grateful for your efforts in this arena since you have been down here, and we are also very proud that you have picked up on this particular issue, and carried the burden, if you will, because I know that you recognize what a very difficult burden it is to New York counties. I recognize and my constituents recognize, Senator, as well, that your efforts on our behalf here are greatly appreciated. So we thank you.

Senator MOYNIHAN. Thank you, Mr. Murphy.

Senator DANFORTH. Don't overdo it.

Mr. MURPHY. If necessary, Senator, I will repeat that in 1982.

Senator MOYNIHAN. You are very generous.

Mr. MURPHY. Senator, we are here today to ask you and urge the support of your committee behind H.R. 12973, which increases the title XX ceiling over the next 3 years, and in addition, provides for greater locally elected official participation in the State planning process.

I am not going to bore you with all of the material that I have in here, and I am reminded of your admonition to the Under Secretary, I believe, that he didn't have to present it and because he did, you asked him some rather pertinent questions, and so I think what I will do, if you don't mind, Senator, is go right to the conclusions at the end of the testimony and leave the other information for you to read at your leisure.

Senator MOYNIHAN. And we will place that in the record as if read.

Mr. MURPHY. Yes; and summarize our main points.

One, a 3-year increase in the title XX ceiling would raise the ceiling to \$2.9 billion in fiscal 1979, \$3.15 billion in fiscal 1980, and \$3.45 billion in fiscal 1981. These increases will help offset past and future inflation and help counties maintain their current level of services.

Second, the amendment requiring State officials to consult with the chief elected officials of local government in the development of the State's comprehensive services plan is one which we are very much in favor of. In many instances, county officials spend much time and effort putting together an accurate service plan for the county only to have it disappear at the State level. The required consultation and summary of local input in the service plan will greatly improve the planning process, not to mention the fiscal process in some instances. I am sure you are aware, Senator, that under the Packwood-Mondale bill of 2 years ago, New York State was given additional sums of money. None of that money was in fact passed on to local counties, and was all retained at the state level.

Third, States can adopt a comprehensive plan for a 2-year period rather than a 1 year as under current law, is something again that we are very much in favor of.

We also support making permanent the temporary provision allowing States to use title XX funds for services to alcoholics and drug addicts.

And last, allowing States to use title XX funds to provide up to 30 days of emergency shelter for adults, which is not now permissible under this plan.

We urge that all of these changes be permanent changes, and the basic reason for this is simply that States and counties can't adequately—or effectively—plan for the future, when title XX requirements are permanent rather than temporary.

Senator, I would like to now, if I can, present to you a case picture of Rensselaer County, N.Y., and how we have related to the title XX plan in our particular county.

For the benefit of you gentlemen from outside New York, Rensselaer County has a population of about 150,000 people. It is perhaps a microcosm of the United States in that we have a very large and old

urban center, the city of Troy, and that happens to be surrounded by a rather large and affluent suburban belt, and outside of that, perhaps 70 percent of the county is rural, a lot of farming, a lot of agricultural products take place and are manufactured there.

Let me say that since the title XX ceiling has been in effect in Rensselaer County since the fiscal year of about 1973, we have seen a 50-percent increase in our ADC caseload. Our ADC caseload has gone up about 2,000 cases, which represents about a 50-percent increase over that period of time. We have seen inflation go up over that period of time about 35 percent. We have seen the title XX allocation to Rensselaer County over that same period of time go down about 8 percent, because as New York State lost part of its allocation due to population considerations and other related factors, Rensselaer County similarly was cut. We also saw the tax rate in Rensselaer County, the real property tax rate in this county, go up 66 percent over that same period of time, so much so that the local share of social services now consumes a full 91 percent of the real property tax levy of my county.

Gentlemen, we cannot continue to provide these types of services mandated by the State government, funded in part by the Federal Government, and continue to remain viable as a local government entity. Now, we have a perfect illustration here with the title XX program, because under the title XX program, not only do we administer the services required and submit our plans as required, but the Federal regulations require us to advertise these services. It requires us to publish our plans. It requires us to make the people aware of our program. As a result, advertising has one objective in mind, and that is to increase demand, and that is exactly what it does. For every dime that we go over the title XX ceiling, it must come out of our real property tax levy, a levy that is already confiscatory and already too high.

By the same token, we find that the commitment to title XX being a year at a time is totally inadequate for us to be able to adequately plan and implement the programs that we are going to deliver in the form of the social services. I submit to you that having an annual plan is a waste of time and a waste of money. What we need is an annual evaluation of the plan to be able to determine whether or not our objectives and needs have been met, and what we need is some kind of realistic increase in their ceiling as contained in the House bill that will allow us to continue to maintain the services that we are now providing and not curtail them, because the net result of the title XX program has been just the opposite of its intent, and its intent was to expand services to the indigent to be able to make them more reliable, Senator Curtis, as you pointed out, more self-sufficient, and get them off the welfare dole. The fact of the matter is that just the opposite has occurred because we do not have sufficient resources within the title XX ceiling to be able to provide those kinds of services, and inflation alone has robbed us of 35 percent. The Federal allocation formula has robbed New York of substantial amounts of money.

So where we would like to be able to put money into programs designed to make people more self-reliant and get them off the welfare roles, the ceiling on the title XX program, and the lack of 3-year clear commitment to funding at an increasing rate, and the overall inflation rate, has made that impossible.

So gentlemen, this is really a very simple request. We need some more money. We are not asking for a lot. It has been pointed out that if just inflation were applied to the original \$2.5 billion, we would be talking about an allocation of about \$3.6 billion right now. We are not even asking for that next year.

Senator MOYNIHAN. That is an exactly correct statement.

Mr. MURPHY. Thank you, sir.

Senator MOYNIHAN. The bell has rung, and I am sorry it did because you have been making such extraordinary good sense, Mr. Murphy. I really mean that.

Senator CURTIS.

Senator CURTIS. Well, I appreciate your statement.

Just one question. How large, populationwise, is Rensselaer County?

Mr. MURPHY. It is about 150,000, Senator, as of the 1970 Census.

Senator CURTIS. And what is the nature of the population there? Are they workers in industry or—

Senator MOYNIHAN. Trojans.

Mr. MURPHY. The work force is comprised of about 72,000 people. Of the 72,000 people, approximately one-half work for the State of New York, as the capital is just across the river in Albany itself. I would guess about 10 percent of the population or less is engaged in agriculture, even though about 70 percent of the land could be classified as agricultural land.

So we are talking about a relatively stable population. We are talking about a relatively old population. About 1 in 6½, 1 in 7 is over the age of 65, which puts us above the national average, national percentage in that particular category. By the same token, about half the population is under the age of 21.

We have a population, an indigent population, of somewhere in the vicinity of 5,000 to 6,000 and that right now consumes 60 percent of the \$55 million budget that makes up Rensselaer County government.

Senator CURTIS. And that is spread to how many people?

Mr. MURPHY. Pardon?

Senator CURTIS. And how many people share in that?

Mr. MURPHY. Pardon?

Senator CURTIS. And how many people share in that?

Mr. MURPHY. Somewhere in the vicinity of 5,000 receiving actual public assistance grants. You could probably add another 5,000 on receiving all types of services, including medicaid eligible and some other types of services.

Senator CURTIS. Do you have any significant trends in population?

Mr. MURPHY. No; we do not, sir.

Senator CURTIS. Do you have an opinion as to which one of the various activities, which ones of the various activities under title XX, are doing the most good for the dollar spent?

Mr. MURPHY. I certainly do. I would say adoption services are providing a tremendous place for us to be able to create alternatives for people who desire to have alternatives to abortion. The day care certainly is providing a very useful service to the people because it allows the working mothers to be able to leave their children in secure places and know that they are going to be well cared for.

Foster care is primarily one of the more important things that takes place under our title XX program. It is also one of the most difficult

things for us to be able to accomplish because it is becoming increasingly more difficult to place children in foster care these days, at a time when we should be developing alternatives to putting children in institutions. We are talking also about the home-related services because they save us money. Instead of having to institutionalize people, we are able to go into their homes and provide meals and things of this nature for them, help them maintain their own good health.

So if you ask me which services are the most vital, those services are probably.

Senator CURTIS. That's all, Mr. Chairman.

Senator MOYNIHAN. I would just like to take a moment to say that what Mr. Murphy has said, Senator Curtis, is that Rensselaer County is an old county of New York and borders over on Massachusetts, the Hudson, where the Mohawk enters the Hudson. It is an important industrial center, and an early one, and it is being reduced to beggary by Federal programs. I think you said, Mr. Murphy, that 91 percent of the property taxes collected in Rensselaer County go to providing social services.

Mr. MURPHY. That's exactly correct, Senator.

Senator MOYNIHAN. That's 91 percent. I mean, everything they collect in property taxes goes to providing one or another mandated Federal program, but when we come along with the welfare reform that would return some of that money in fiscal relief, Secretary Champion can't be for that, and the Federal Government requires you to advertise and say that if you haven't spent enough of the tax money, spend some more.

It is not as if this wasn't a place that is trying to abide and do its duty; it does and yet it is being broken in the process.

Senator Long?

Senator LONG. Let me say that it bothers me very much to see those in the bureaucracy trying to hold the State and local governments hostage, to try to make them advocate something that those people don't have much enthusiasm for. I really don't think that this is the move of the President or the Secretary. It is those below that level who are going to be there no matter who wins the next election or who wins the next election or who wins the next election. Some of them have been there a very long time already.

Now, the fiscal relief is apparent. We ought to permit the States and counties, where they can save some money by better administration and by moving some people into jobs, to keep the money that they save and put it to whatever useful purpose they can find for it. But this idea of trying to run up the cost of a program by excessive Federal regulations and redtape, and then tell these people, in effect, that when you come in here and advocate our program and support it, we will give you some relief, and not before, is little short of extortion in my judgment. Sometime ago one of the welfare administrators told me that one of the officials out at the Department of HEW heard his complaints and said, "Now, let me just tell you frankly, we are going to make it hurt, and hurt, and hurt still worse until you people come in here and advocate this guaranteed income plan that we want to put over."

Now, I don't know what your views are on that proposal, and I am not speaking to that at this moment. It just seems to me that for the

time being, while the Congress and the Executive are resolving their different points of view about what the welfare approach of the future will be, that we ought to provide the State and local governments with the tools it takes to do a job. We ought to provide some relief from all this bureaucracy and all the needless costs forced onto State and local governments by the redtape of Federal regulations which require State and local officials to comply with first one thing and next another until they are absolutely driven up a wall trying to find some way to comply with all those rules.

Mr. MURPHY. It certainly does, Senator, and more than drive you up a wall, it puts you in the unenviable position of having to go before your taxpayers and your voters and saying that I have to raise your taxes 66 percent over a 3-year period because of programs that are mandated upon us by the Federal and State governments and I have no input into those programs. That is really what we are saying here.

We applaud your efforts, Senator, on behalf of fiscal relief. And let me say what fiscal relief means to me as an elected county official who must face the people on October the 20 and present yet another budget to them for this year. It means that just maybe the percentage of increase in their tax rate will be less than it was last year. It doesn't mean that we are going to have a windfall. It means that the amount of money that I am going to have to take from the pockets of the people who pay the bills will be somewhat less than it otherwise would.

We need that fiscal relief, we need it desperately, and we really can't wait for it.

Senator LONG. Well, now if you people could do just one or two things to help us help you, we could do it more effectively. Now, it seems to me that we ought to pass legislation—and maybe we can in what remains of this session—to provide you at least a 30-percent increase in Federal funding and to put it on a flat grant basis in place of a matching basis. It is just a grant of the amount that States now get in Federal matching plus as much additional as we can provide. Now, if we do that and make it more or less of a block grant, your people ought to be able to point out to us some of these regulations that really don't do anything useful. Perhaps we can strike down a bunch of that stuff or else, out of 5,000 pages of regulations, we could designate about 3,000 pages of it to be purely advisory. In other words, if you want to do it, you can do it, but you would not be required to comply with those rules.

I don't know how you people at local and State levels are expected to comply with all that fiasco that is dreamed up in these departments as regulations for you.

Mr. MURPHY. I can only say that certainly I concur and we would be very happy to provide you with the information you need as to which of the regulations fall into that category. I hasten to say I think most of them will.

Senator LONG. Well, I suspect that would be the case, too. I am sure some of the regulations have good commonsense behind them and ought to be followed, but even with a lot of those, it would do no harm if you had the discretion to decide for yourself whether you want to do it.

I can think of some cases where the States really ought to do something but where it would do no harm if they had the option to decide

that for themselves. Take the regulation that requires you to have a merit system, for example. I think that even without that regulation, States wouldn't dare go back to a pure spoils system—one where they hire people without any regard to qualifications at all. Just because they supported a successful candidate. It seems to me that that is one of the more desirable regulations, but I think a lot of other regulations have a very minimal advantage, even though the intent behind them is good.

Mr. MURPHY. I think we have demonstrated through two programs, really, first, the Federal revenue sharing program, that when the Federal Government does give us money and does not provide stringent requirements on how it should be spent, that we spend it wisely, and let me say that if it were not for the Federal revenue sharing program, I am sure that I would have resigned as county executive at least 3 years ago because it would have meant another almost 30-percent increase in the tax levy for the people who are already overburdened.

And the other program, and I would like to put a little plug in for it because I think county government has done an outstanding job in administering it, is the CETA program, and I recognize that some of you may have reservations about the way the CETA program is being administered, but let me say that in my county, CETA program has meant 1,200 jobs to people who would otherwise have been unemployed. And we have had your Federal auditors in and they have looked us over and they said we have done a good job.

I think you will find that that is the norm and not the exception throughout the United States.

Senator LONG. Do you believe, Mr. Murphy, that, if additional funding were provided for day care for AFDC recipients, you would be able to place more in employment and reduce welfare expenditures?

Mr. MURPHY. Well, Senator, I guess the best way to answer that is to say we oppose the concept of earmarking what is supposed to be a block grant to specific purposes, but if this must be continued, if the \$200 million requirement must be continued, then certainly we are prepared to accept that. If that money is expanded, yes, it would allow us to put more money into day care services and ostensibly work up more working mothers for jobs.

Senator LONG. Well, we passed a bill last year that would do a number of things, one of which would let States set up a work demonstration project, and so far the administration has successfully killed that by just not issuing the regulations. In the future we might do better to put a provision in all these bills to say that these changes are effective immediately without any Federal regulations.

Mr. MURPHY. We would applaud that, Senator. Thank you.

Senator LONG. And we could require that the regulations would have to be approved by us so that you could go ahead and do what you think we meant for you to do and let the regulations come along later.

Mr. MURPHY. Or maybe have the input of the people affected by the decisionmaking as well. If there could be some way that a commission were established or just an arm of the Congress established in the Senate providing for local input from those people who are going to have to implement the program. I think we are in a unique position to be able to bring things to your attention, Senator.

Senator LONG. Thank you very much, Mr. Chairman

Senator MOYNIHAN. Thank you, Mr. Chairman.

Senator Danforth?

Senator DANFORTH. No questions.

Senator MOYNIHAN. Well, Mr. Murphy, we thank you very much, and we thank your associates. You have given us a touch of reality here and it helps. Thank you.

Mr. MURPHY. Thank you, Senator.

[The prepared statement of Mr. Murphy follows:]

STATEMENT OF WILLIAM MURPHY, COUNTY EXECUTIVE, RENSSELAER COUNTY, N.Y.
ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES¹

Mr. Chairman, members of the subcommittee, my name is William Murphy, County Executive, Rensselaer County, New York. I am chairman of the Income Maintenance Subcommittee of the Welfare and Social Services Steering Committee of the National Association of Counties (NACo). I am accompanied by James Koppel, legislative representative with NACo.

We are here to urge your support of H.R. 12973 to increase the Title XX ceiling over the next three years and to provide for greater local elected officials participation in the state planning process.

County officials in New York and across the country have both fiscal and administrative responsibility for welfare and social services. In 1977, counties spent nearly \$8 billion on welfare and social services—more than on any other county service. Over 1,250 counties administer welfare programs which serve half of the recipients of aid to families with dependent children (AFDC). Counties are also the major providers of social services at the local level. These statistics display the county commitment and vital role in providing income maintenance and social services to poor and low income families and individuals. The Title XX block grant concept has allowed state and county governments to plan for a comprehensive approach to service delivery. However, the permanent ceiling of \$2.5 billion over the past six years has had regressive effect on the efforts of state and local governments.

Title XX of the Social Security Act provides block grants to states for social services on a 75/25 matching basis. States and counties like this block grant approach because it allows them to tailor their programs to their unique needs and priorities. Counties provide a variety of services under Title XX including:

- (a) homemaker services for old or handicapped people to keep them out of institutions;
- (b) meals on wheels;
- (c) protective services for children including counseling for abusive parents, day care for abused children and emergency intervention services;
- (d) day activity centers for mentally retarded children;
- (e) family planning; and
- (f) day care for working poor families.

The Main thrust of H.R. 12973 is to increase the Title XX ceiling over the next three years. This increase, which NACo strongly supports, would raise the ceiling from the current \$2.5 billion level (plus the \$200 earmarked for daycare) to \$3.45 billion in fiscal year 1981. The inflation rate alone would have caused the Title XX ceiling to rise to \$3.8 billion now. By 1981, the three year increase to \$3.45 billion will be far behind the inflation rate. Still the increase will help maintain the current level of services and, more importantly, allow states and counties to plan for the future knowing new money will be available. This will result in program stability to allow more emphasis on quality of services and evaluation of services.

The Administration's bill and H.R. 12973 are similar but the major distinction is a one year versus multi-year funding increase. The administration's bill, S. 3148, does not provide an adequate or realistic increase in the Title XX ceiling.

¹ The National Association of Counties is the only national organization representing county government in the United States. Through its membership, urban, suburban, and rural counties join together to build effective, responsive county government. The goals of the organization are: to improve county governments; to serve as the national spokesman for county governments; to act as a liaison between the nation's counties and other levels of government; and, to achieve public understanding of the role of counties in the federal system.

Its increase of \$150 million is authorized for just four years and it extends the \$200 million earmarked for day care for 1979 only. The bill makes only a feeble attempt to meet the needs of those providing and receiving services under Title XX.

We urge the Finance Committee to focus on H.R. 12973. The House voted overwhelmingly (346-54) for H.R. 12973 with the three year increase. Senators Dole and Gravel have offered an amendment providing a three-year increase which already has 14 co-sponsors including Senator Hathaway and Senator Matsunaga of the Finance Committee. I understand that this amendment has now been introduced as a bill and on behalf of county officials across the country, I want to thank Senator Gravel and Senator Dole for their continuing efforts.

Before moving to the technical amendments, I would like to briefly discuss efforts aimed at welfare reform and fiscal relief for welfare costs. County officials are grateful to Senator Moynihan and Senator Long, and Senator Cranston for their efforts to take the tremendous welfare financial burden off county property taxpayers. I believe, however, that welfare fiscal relief and welfare reform efforts are separate issues from increasing the Title XX ceiling. Increased Title XX funding will help counties to maintain their current level of social services. Fiscal relief will provide much needed property tax relief to local taxpayers. We urge you to continue your efforts to provide fiscal relief, expand the earned income tax credit and provide tax credits to those who will hire welfare recipients.

County officials who run our nation's present welfare "non-system" will not give up in this Congress or the next on trying to achieve meaningful reform. Providing us with fiscal relief this year, will not divert us from achieving reform next year. Be assured of that.

NACo supports all of the technical amendments included in H.R. 12973 and urges the committee to include them in the legislation. These technical amendments include:

(1) The amendment requiring state officials to consult with the chief elected officials of local government in the development of the state's comprehensive services plan. In many instances county officials spend much time and effort putting together an accurate service plan for the county only to have it "disappear" at the state level. The required consultation and summary of local input in the service plan will greatly improve the planning process.

(2) States can adopt a comprehensive services plan for a two-year period, rather than one year as under current law.

(3) Making permanent the temporary provision allowing states to use Title XX funds for services to alcoholics and drug addicts.

(4) Allowing states to use Title XX funds to provide up to 30 days of emergency shelter for adults.

All of the changes we support should be permanent changes. The basic reason for this is states and counties can plan for the future more effectively when the Title XX requirements are permanent rather than temporary.

NACo opposes earmarking or targeting of funds in Title XX. This earmarking or targeting would work against the block grant concept upon which Title XX is constructed. Such earmarking also contradicts the emphasis placed on state and county governments to plan for services reflective of the needs of their population. Therefore county officials oppose the continuation of earmarking of \$200 million for day care. This amount should be made a permanent part of the ceiling. We also do not support Senator Hathaway's proposed amendment which would earmark one percent of the funding increase for planning for regional councils. This may apply to Maine, but is not appropriate for many states and would take a significant amount of money away from much needed program funding.

In conclusion, I would again like to emphasize the tremendous need for a three-year increase in the Title XX ceiling. This funding would provide the necessary increases for states and counties to continue to meet the service needs of the poor and low income population. We hope the Finance Committee will schedule and report out this legislation as soon as possible. I thank Senator Moynihan and members of the subcommittee for this opportunity and would be pleased to answer any questions at this time.

SUMMARY OF MAJOR POINTS

NACo supports H.R. 12973 which includes the following:

(1) A three year increase in the Title XX ceiling. The amounts would raise the ceiling to \$2.9 billion in fiscal year 1979; \$3.15 billion in fiscal year

1980, and \$3.45 billion in fiscal year 1981. These increases will help offset past and future inflation and help counties maintain their current level of services.

(2) The amendment requiring state officials to consult with the chief elected officials of local government in the development of the state's comprehensive services plan is one we are very much in favor of. In many instances county officials spend much time and effort putting together an accurate service plan for the county only to have it "disappear" at the state level. The required consultation and summary of local input in the service plan will greatly improve the planning process.

(3) States can adopt a comprehensive services plan for a two-year period, rather than one year as under current law.

(4) Making permanent the temporary provision allowing states to use Title XX funds for services to alcoholics and drug addicts.

(5) Allowing states to use Title XX funds to provide up to 30 days of emergency shelter for adults.

All of the changes we support should be permanent changes. The basic reason for this is states and counties can plan for the future more effectively when the Title XX requirements are permanent rather than temporary.

Senator MOYNIHAN. Now, we next have, I am going to ask Mr. Jerald Stevens, who is secretary of human services of the State of Massachusetts, who appears on behalf of the National Governors'—it says here Association.

Have you changed your name?

Mr. STEVENS. Have we changed our name?

Senator MOYNIHAN. You've changed your name. You can't depend on anything any more.

It's the National Governors Conference as far as the chairman of this subcommittee is concerned, but you are welcome in any guise, Mr. Stevens. We welcome you.

Mr. STEVENS. Thank you, Mr. Chairman.

I have prepared written testimony and I will not refer to it except for my brief introductory remarks.

Senator MOYNIHAN. Thank you. We'll put it in the record as if read.

STATEMENT OF JERALD L. STEVENS, SECRETARY, EXECUTIVE OFFICE OF HUMAN SERVICES, STATE OF MASSACHUSETTS, ON BEHALF OF THE NATIONAL GOVERNORS' ASSOCIATION

Mr. STEVENS. I am here on behalf of the National Governors' Association, and as you know, we do support the bill that is before you.

I would like to make some comments regarding title XX, and my experience with it, and then focus quickly on several of the issues that we think are important for your committee's deliberation as well as things that have been discussed this morning.

First of all, in the 4 years that I have been in State government, it seems clear to me that title XX has accomplished a number of important things. I came just at the point where the conversion from 4A to XX was occurring, and many of the issues that you spoke of today I think were occurrences that were happening under 4A, and I think title XX was seen as a remedy to some of those problems.

It certainly has provided, I think, an appropriate planning vehicle which has allowed us to be testing, Senator, some cost-benefit issues around services. In our State, for example, we have expanded significantly elderly services, alternatives to people going into nursing homes, and have come up with a blend of services out of both health

dollars and social services dollars that we think we can demonstrate is a far better social purpose and also provides services a lower cost.

It also has provided, I think in our State, and I believe in other States, an appropriate way to standardize contracting for services, which again in many States is a complex, needlessly expensive process. And along the way, in providing certain standardization, it has provided tools that I think increasingly people can use to evaluate programs. Finally, it has brought together a number of State agencies, both the single State agencies and others, to work together, which I think is an appropriate goal.

What we would like to draw your attention to are what I think are the two key issues in the bill before you. One is the increase in dollars. The administration has spoken to their support for that increase for 1 year. We see a desperate need for increases both in this year and in the coming year, and if I could cite again, areas where there is a clear and apparent need for both elderly, for day care, for protective service cases, we cannot stand by and allow those needs to go unattended. We cannot allow the pressures of proposition 13 and others to blind us to the needs that will not be met unless you act and the Senate act this year to support an increase.

I am a little confused by the Secretary's testimony. In response to Senator Gravel he said that he thought that the basic policy, social policy was the bottoms up planning process. It seems to me entirely inconsistent to say that and not support a 3-year commitment to increase moneys, because it seems to me impossible to ask citizens and local government and other people to come together and be uncertain as to what the next year's funding will be. So if that was the administration's social policy, it seems to me—and I think that was said very clearly by Mr. Champion—it seems to me completely inconsistent not to support the 3-year cycle, increase funding to support that local government planning cycle that I think we can all speak to.

Finally, I would like to comment on something that I know is the chairman's attention, the allocation formula. We believe with the chairman—and now I am speaking for the State of Massachusetts as distinguished from the National Governors' Association—that allocation formula should be changed. We believe also, though, that that could not be accomplished this year or it would be very difficult to be accomplished this year, and so I would state that most firmly that there needs to be a new allocation formula. Our State, for example, is losing money each year under title XX, when it is clear to us that the needs are growing higher, but rather, that be looked upon as next year's agenda.

But this year's agenda should be the bill before you. It should allow for an increase over the next 3 years in title XX to meet what we think is a clear and apparent—a clear need, and one which I think we can increasingly and proudly say that we know what we are doing, and that we feel that we are accomplishing good, sometimes at less cost.

One final comment. If you don't act on this, I think that you will encourage a refinancing of a kind that one of the previous speakers spoke to, and I think it has some pernicious effects, that is, a refinancing of needed services into health and into the title XIX which is not a capped entitlement program. What is happening, I believe, is

that certain services—I'll speak to homemaker services, but among others—are being funded by title XIX rather than title XX. They are getting more expensive as we include physicians and others to sign the necessary papers, nurses to sign the necessary papers to get those services, and so what the Federal Government I think is being faced with is an increase, substantial increase in the medicaid program where much or at least some of those services are actually going to social services or something that we would otherwise be funding through this title XX program.

So I think if you don't increase this money, you will find the increases coming in another part of our program without accomplishing some of the good of the coordination, some of the good of the improved services that the title program in my experience has brought about.

Thank you, Mr. Chairman.

Senator MOYNIHAN. We thank you, sir, for a very direct statement. You came in under your time. Yours is the fastest time today. There ought to be some reward for that, don't you feel?

Mr. STEVENS. Thank you.

Senator MOYNIHAN. Senator Curtis.

Senator CURTIS. No questions. The testimony was very helpful.

Senator MOYNIHAN. Mr. Chairman?

Senator LONG. As you know, the administration's welfare reform bill is not going to pass this year. The chairman of this subcommittee can tell you that; I can tell you that as the chairman of the full committee; Mr. Corman can tell you that as the chairman of the subcommittee on the House side; and Mr. Ullman can tell you that as chairman of the full committee over there.

Now, there are certain parts of that bill, certain aspects of it that could become law. For example, on the tax bill that is in our committee we could expand and make more workable the tax credit for the working poor, known as the earned income tax credit. That would help make work more attractive than welfare. We can also improve on what we have in the law, and improve on what the House has sent us, in the way of a tax credit for employers to provide work opportunities for the poor. We can make it more attractive for them to hire these low income people and thus move them out of dependency and into the work force. We could also provide some fiscal relief, as Senator Moynihan and myself and others are trying to get together on, to provide the States with some of the fiscal relief that they have been led to believe that they were going to get. And further, in view of the fact that the program is not going to be federalized anytime in the near future, we could provide the States their money more as a block grant so that if they can save some money they could have the benefit of keeping that money and reallocating it, if they want to, to whatever social purpose they think desirable. They could save money by better administration, by the child support program which forces absent parents to make a contribution to the support of their abandoned children, and by things of that sort.

Now, all of that would be improvements of the program, and all of that would be welfare reform even though it doesn't add another 22 million people to the welfare rolls. Right now I think the public would revolt rather than see that happen.

Now, why shouldn't we do that rather than just stew in our own juice, you might say, for another year until we start the fight on welfare reform all over again? Why can't we pass the parts that people can agree have merit and that I would think the States would favor?

Mr. STEVENS. You are not in your comments speaking against the bill that is before you but rather to speak to, I assume, an alternative welfare reform package. This is, I believe the merits of this bill stand on their own.

Senator LONG. What I am talking in favor of doing is some of these things you are talking about, but some of these other things, too.

Mr. STEVENS. I understand. All right, fine.

It seems to me—and we have had some experience. I work for a Governor, Mike Dukakis, who is very much involved, as you know, in the welfare reform package. We have had some experience in providing incentives, including work and work requirements, and we believe that those will demonstrate that there is an appropriate use of some kind of linkage to work activities.

It seems to me, though, at the same time, Senator, that the kind of package that we had or thought we had 1½ months ago met many more of the needs of those people who cannot work in the future and those who can and should be given incentives to work than any patch, if I can use that abrupt word, patch as you suggest in your comments a minute ago.

I believe that we can accomplish a much more aggressive transition of people from a welfare role to a work environment. I believe that the welfare reform package that we thought we had put together a month and a half ago accomplishes that in a much more sure way than what your thoughts suggest.

Senator LONG. Well, I think of that old song that was popular back in my youth, "All or Nothing at All."

Mr. STEVENS. Well, I don't think that was all in any way.

Senator LONG. It seems to me that we should be talking about what we can do. That is, what we can do right here, this year. We can improve on the employment tax credit and make it something that can be administered for more effectively both for the working poor and for the employers as well. We can provide fiscal relief and we can move to a block grant approach, all of which ought to greatly improve the program. That much we know we can do—we could do it if we get behind it.

Now, if your people want to tell you: "Oh, no, we want to hold on and wait for the program where the Federal Government is going to take it all over."—well, let me tell you this: When that thing comes up here, the fur is going to fly. My guess is that if you talk about difficulties in passing the energy bill, if you think that is a problem, you just wait until they bring this other thing in here.

With the taxpayers' revolt going on, you just watch the fur fly when they try to move on a welfare reform program to increase the cost of government by \$20 billion and add 22 million more recipients to the rolls.

Now, as far as this Senator is concerned, my State—Louisiana—is not really hurting. We have more unemployment and less people on welfare all at the same time. That is because the various things that

we have done to help move some of these people into the mainstream of employment has reduced our welfare rolls, so we don't really have to have help.

Massachusetts, on the other hand, is having some difficulty and I know some other States are having some problems. We would be glad to help, but—

Mr. STEVENS. We appreciate that offer, Senator.

Senator LONG. But let me suggest to you that getting that help is not just a matter of saying that you are going to hold your breath until you get that all or nothing at all proposition. You will have to wait for the ice cap to come off the North Pole and come down to provide you—

Mr. STEVENS. Well, I would characterize what had been worked on a month—excuse me. I am sorry, Senator. I would characterize that a month and a half ago as not an all or nothing, but rather representing a significant give and take and the costs, at least, that I know that that had, was more on the order of 10 billion rather than 22 billion. There were alternatives being discussed that were rejected in that compromise. So I think it was more appropriately meeting your standard of reconciling some significant difference and providing a good, integrated program rather than patched together program.

Senator LONG. Well, let me just tell you my experience about this, and I have been around here for 30 years. My impression about this sort of thing is that, if you want to get something that you think is a good thing, you should do what you can do now. Then come back next year and do what you can do the next year. And then come back the next year, and do what you can do then. And, over a period of time, you will have a lot to show for it.

Now, I compare that to the situation in health insurance. We have some very well intentioned people who take the attitude that they don't want to move on health insurance until we are able to pass a program that completely provides for Federal medical care of everybody from the cradle to the grave and in every aspect of their medical needs. Now, that same group has been advocating that thing for about 40 years, and they have had something in their party platform for at least 30 years. The only time they ever got anything done in 30 years was when they came up to some of us and said:

It looks like we had better make a start somewhere, so how about passing this Medicare. We will just start out by providing medical care for the aged. And then when we get that done we will go from there to see what else we can do. But we ought to have some credibility instead of looking like just a bunch of ineffective nuts or whatever. We think it would be good to do something to show that we are capable of doing something. How about passing Medicare?

So we passed it and the old people have their medical care. And while we were at it, we decided to do something for the poor at the same time. So in the same bill we put in the medicaid plan. These two programs between them provide a great deal of medical care to the aged and to the disabled and to the low income people. And we could, if those people who want all or nothing would just get out of our way, right now, pass a bill for catastrophic insurance for every citizen in America. But we have got that bunch of people who are an impediment to getting anything done—the all-or-nothing-at-all crowd.

Now, Lyndon Johnson had been the most effective legislative leader in the history of this Nation, getting things done that other people

couldn't pass through a Congress. It was my privilege to work with him on some of these things, as a committee chairman and as a party leader, and he used to say that politics is the art of the practical, or legislation is the art of the achievable. You have got to think in terms of what you can do rather than all this highminded principle of holding out, of waiting until the turn of the century rather than settling for something a little less.

There's been many a mother concerned about her daughter because her daughter had set her sights too high. It makes me think of that old story about the man who proposed marriage to a young lady. She said, "How much money do you have?" and he said, "Well, all I have is \$100." And she said, "I promised my father I would never marry a man who didn't have at least a million dollars."

So he came back a year later and proposed marriage again, and she said, "How much money do you have?" and he said, "Well, I've got \$1,000 now." And she said, "I'm sorry but I told you I promised my father, I would never marry a man who didn't have a million dollars." So the man was gone, and he came back about 5 years later and proposed marriage again and she said, "How much money do you have?" He said, "Well, now I have \$1200." She said, "Well, that's close enough."

Sometimes people have to be willing to settle for what they can get. [General laughter.]

Senator MOYNIHAN, Senator Danforth?

Senator DANFORTH. No questions.

Senator MOYNIHAN. Well, we thank you very much.

Mr. STEVENS. Thank you, Mr. Chairman.

[The prepared statement of Mr. Stevens follows:]

STATEMENT OF JERALD L. STEVENS, SECRETARY, EXECUTIVE OFFICE OF HUMAN SERVICES, STATE OF MASSACHUSETTS ON BEHALF OF THE NATIONAL GOVERNORS' ASSOCIATION

Mr. Chairman, I am here today on behalf on the National Governors' Association to urge your support for H.R. 12973, which would increase the ceiling on federal funding of the Title XX program over the next three years. My testimony also represents the views of my own Governor Michael Dukakis of Massachusetts and Lt. Governor Thomas P. O'Neill, III, who has spent considerable time working with our congressional delegation in an attempt to change the statutory limit on federal spending established in 1972.

At its 1978 winter meeting, the National Governor's Association unanimously adopted a policy resolution endorsing the "basic soundness" of Title XX in that it "provides states with the flexibility they need to cut across traditional program lines to identify the needs of people and then develop the service mix that best meets those needs." In the same resolution the Governors cited the negative impact of the federal spending ceiling as the major impediment to the effective implementation of the law. The Governors called upon Congress to "raise the federal expenditure ceiling for Title XX in a rational manner over a period of years."

The National Governors' Association therefore strongly supports and is extremely pleased with the provision of HR 12973 and a similar measure introduced in the Senate by Senators Dole and Gravel that would raise the permanent entitlement for Title XX from its present \$2.5 billion level to \$2.9 billion in fiscal 1979, to \$3.15 billion in fiscal 1980, and to \$3.45 billion in and after fiscal 1981. These increases, while modest in the sense they represent little more than projected increases in the cost of living, are essential if the innovative planning elements incorporated by the Congress in Title XX are to develop. As you well know, Title XX did not represent a new program as much as it represented a new planning framework in which the federal and state governments were to work

together to bring about more effective and efficient supportive social services. Good planning, however, takes time and money. A three-year increase in the ceiling is essential, in my view, if the Title XX planning process, which is the keystone of an effective service delivery system, is to function. But states have been unable to plan for anything more than cost containment and service reduction. If the ceiling is increased for one-year only, the states will continue to be frustrated in their planning efforts, and a year from now the cycle of cost containment and service reduction will be repeated.

In addition the legislative process of the Congress is not synchronized with the planning process of the states. We have already completed our FY 1980 planning cycle in Massachusetts and have published a plan. And yet we do not know, as of this moment, what our ceiling will be in FY 1980. It is imperative that the states have an opportunity to make Title XX work for them for a period of years without having concerns about the ceiling being paramount in their planning.

My service in Massachusetts state government, first as Commissioner of Public Welfare, and since 1976 as Secretary of Human Services, corresponds almost precisely with the life of Title XX. I would like to tell you what Title XX has meant to Massachusetts, as well as to share with you some examples of its impact on other states.

Clearly, Title XX has spawned progress in the planning and delivery of social services in Massachusetts. Public participation in the planning process has occurred through six regional planning committees and public hearings on the service plan. The 1980 planning cycle also included 40 area hearings in conjunction with an area-based human services planning and delivery concept we are developing in Massachusetts.

The program has increased coordination among the nine state agencies delivering Title XX funded services. Agencies are now using common definitions of services, which has improved accountability and facilitated more cost effective service delivery. Steps have been taken to coordinate services provided to overlapping client groups by different agencies.

The planning process has helped us make budget decisions based on indications of need among services and programs and has also allowed us to assess the flow of funds among areas of the state in terms of their need for services.

Title XX funds have been used in Massachusetts to expand a variety of social service programs. Day care, for example, accounts for the largest single expenditure under Title XX. In 1975 Massachusetts spent \$18.5 million for day care. The program will nearly double in the current fiscal year to \$29.6 million.

Home care services have doubled since FY 1976. These programs offer homemaker and chore services and transportation, primarily to the elderly, and help reduce the need for more costly nursing home or institutional care.

The majority of services under Title XX are provided by the Department of Public Welfare's Office of Social Services. The Department's social services budget for this year increased by \$19 million over 1978, the major portion going into three priority areas: protective services for abused and neglected children, adoption and foster care, and programs for Children in Need of Services (CHINS).

Protective services alone will increase from \$9.5 million last year to \$18 million in FY 1979, including \$250,000 for services to battered women. The Title XX needs assessment process has identified a growing need for services to these women.

We have been living through a protective services crisis in Massachusetts. Several children have died, and those tragedies have heightened public awareness of the problem of child abuse. I doubt that the actual instance of abuse has increased significantly, but we are hearing about potential cases much more frequently now. Neighbors who once chose not to get involved have read too many stories about children being thrown out in the trash by their parents to ignore the cries next door any longer.

Reports of child abuse have risen from 43 per week in 1975 to more than 300 per week now. We will be installing a 24-hour statewide emergency "hotline" by January, 1979, and our experience in parts of the state where a "hotline" is already operational leads us to expect a 200 percent increase in reports of abuse and neglect. These increases will add to the need for day care, homemaker service and professional staff to provide supportive counseling.

We have made good use of Title XX funds, but we need to do more. Since we

reached our federal ceiling in fiscal 1977, our purchasing power has eroded considerably. Once a state reaches the ceiling, every additional state dollar buys only one quarter of services under the ceiling. The \$35 million Massachusetts spent above the ceiling in 1977, for example, purchased only as much as \$8.75 million bought under the ceiling. The expenditure limit thus poses a real obstacle to future expansion of services.

Unlike many states, we have been fortunate in Massachusetts in that we have been able to persuade our Legislature to appropriate additional state dollars for social services to offset the steady decline in federal Title XX funds. But, as is true across the land, our Legislature has lately fallen into the grip of "Proposition 13 Fever," and I fear that their generosity will not continue, if we are not released from the current ceiling, families in need throughout Massachusetts will not be served; children who could be reunited with their families or placed in permanent adoptive homes will remain in foster care; and many elderly persons who, with adequate supportive services, could live useful lives in the community, will remain in nursing homes.

Our experience in Massachusetts is not unique. Virtually every state has now reached the federal expenditure ceiling. A review of the responses of other states to congressional inquiries as to the impact of the ceiling on planning and service delivery indicates an overwhelming need across the nation for increased Title XX funding. Let me share a few excerpts from the responses of the States:

Colorado: The ceiling has, in effect, locked the Department into attempting to maintain programs and services to the same client groups for whom prior commitments were made several years ago with a rapidly shrinking purchasing power. Consequently, no major new programs or groups of clients have been added in the past five years.

Louisiana: Because there are no additional funds to plan for, planning activities have centered on the allocation of resources for existing programs. Since there are not sufficient federal funds available to allow us to keep up with inflation, demonstration and innovative projects have not been implemented.

Kentucky: Lack of additional funds to begin much-needed programs or to expand existing programs has lessened citizen interest in planning . . . planning for the unattainable is not too interesting.

New York: Planning in New York has been more an exercise in cost containment and services reduction than planning. The ceiling and the state/local fiscal crises have prevented innovative program development. In New York we have planned which services to reduce, eliminate or restrict.

Hawaii: Since we are at the Title XX fund ceiling, no additional federal funds are available for our use. There are no supplementary state funds either. We have no choice but to move toward eligibility restriction and service reduction.

Over and over the story is repeated by the states. I believe it is clear that the Congress must act now to resolve what is clearly a universal problem for the states and their people.

Mr. Chairman, I would like to raise one other issue that I know is of concern to you: that is, the present formula under which Title XX funds are allocated to the states. Since the formula is based solely on percentage of population, states like yours and mine whose population is growing at a slower pace than the rest of the nation are penalized. In Massachusetts we lose a half-million dollars a year under the present formula. Our share of the population is expected to decline from 2.785 percent in 1970 to 2.673 percent in 1980 and 2.612 percent in 1985. This long-range decline will further decrease our share of Title XX reimbursements. But the demand for services continues to increase in the face of declining federal revenues.

I believe the Congress ought to take another look at the formula. Population alone does not reflect the need for service among the citizens of a particular state. Other indices such as unemployment rates and public assistance caseloads more accurately measure demand for services. And I think one can make a reasonable argument that those people who are leaving the older urban states in the Northeast for the new opportunities of the Sun Belt and elsewhere are not the ones who need us most; it is those who stay behind because of age or poverty or disabilities who look to the state and federal government for help. I believe we must respond.

So while Massachusetts would certainly benefit from a change in the formula, I believe it would be a serious mistake and a grave disservice to all the states who

are struggling with the restrictions of the present ceiling if our concerns about the formula were allowed to delay action on H.R. 12973. Increasing the ceiling over the next three years must be our prime concern at this time. I hope you will examine the formula, but I hope you will do it, not in the rush toward adjournment when we risk the loss of the more important issues, but rather in the next session while the states are allowed to proceed with the genuine planning process increased funding would afford.

My appearance before you today, Mr. Chairman, will be one of my last official acts as Massachusetts Secretary of Human Services. I will leave the cabinet on September 1. I am very proud of the record of the Dukakis Administration in responding to human needs. There is much more to be done, however, and we need your help to finish what we've started. If my testimony here today could contribute in any way to the approval of a three-year increase in the Title XX ceiling, it would greatly enhance the legacy I hope to leave behind. For I do believe that the future of social services in all of the states depends, in rather large measure, upon your actions in the next few days with regard to HR 12973.

I urge you to act favorably on this vital legislation. I have submitted along with my prepared testimony copies of a paper by Lt. Governor O'Neill which relates in more detail the Massachusetts experience under Title XX.

THE COMMONWEALTH OF MASSACHUSETTS,
Boston, Mass., March 27, 1978.

To: Massachusetts congressional delegation.

From: Lieutenant Governor Thomas P. O'Neill, III.

Subject: Title XX social services program.

I urgently request your support for legislation to increase the ceiling on Title XX Social Services programs. Massachusetts joins with the National Governor's Association in a call for a change in the limit set in 1972. An amendment to H.R. 7200 will be offered in the Senate when the bill reaches the floor in April. U.S. Representatives Fraser and Keyes have filed a companion bill in the House, H.R. 10833.

INTRODUCTION

Title XX, enacted in 1975, redefined the federal role in social services by replacing a series of categorical programs with broad national goals, an open planning process and state flexibility to shape services to client needs. Congress continued the \$2.5 billion ceiling contained in Title IV A, predecessor to Title XX. It also continued the population based allocation which sets individual state ceilings based on their relative share of the nation's population.

The legislation has spawned progress in Massachusetts. Public participation in the planning has occurred through six regional planning committees and public hearings on the service plan. The 1980 planning cycle will include 40 area hearings in conjunction with an area based human services planning and delivery concept being developed in the state.

The program has increased coordination among the nine state agencies delivering Title XX services. Agencies are now using common definitions of services which has improved accountability and facilitated more cost effective service delivery. Agencies have found they often provide the same services to overlapping client groups and have taken steps to coordinate those services.

The planning process has helped the state make budget decisions based on indications of need among services and programs. It has also allowed the state assess the flow of funds among areas in terms of their need for services.

Finally, Title XX has highlighted the need to link service planning across agency and program lines. Social services delivered under Title XX must be planned in recognition of activities undertaken by vocational rehabilitation, mental health and Older Americans Act services. These latter services need not be consolidated into a block grant but they should be planned in a manner that complements related services.

IMPACT ON MASSACHUSETTS

The services ceiling was set in 1972. At the time federal expenditures were approximately \$1.7 billion and few states spent their full entitlement. Five years later, 30 states have claimed their full amount and all states are expected to claim their entitlement in fiscal 1978.

Massachusetts' limit on federal reimbursements has declined steadily because of the population formula. The ceiling has dropped \$2 million in four years, from \$69.5 million in fiscal year 1975 to \$67.6 million in fiscal year 1979.

	<i>Million</i>
Fiscal 1975-----	\$69.5
Fiscal 1976-----	69.2
Fiscal 1977-----	68.6
Fiscal 1978-----	68.2
Fiscal 1979-----	67.6

Population growth in Massachusetts will continue at a slower pace than the rest of the nation. Our share of the population will decline from 2.785 percent in 1970 to 2.673 percent in 1980 and 2.612 percent in 1985. This long range decline will further decrease our share of Title XX reimbursements. Yet the demand for service continues to increase in the face of declining federal revenues.

STATE EXPENDITURES

Inflation, increased demand fueled by high unemployment, better recognition of services needed in communities and the state's effort to expand community based services for those in institutions have pushed social service budgets steadily upwards.

The program has encouraged the nine state agencies delivering Title XX services to develop better systems for administering and accounting for service expenditures. In fiscal 1977, the state spent \$128.3 million for Title XX eligible services. The ceiling limited our claims to \$91 million which, at a 75% match, earned the maximum reimbursement of \$68.6 million.

In fiscal 1978 the state will spend \$164.1 million in Title XX eligible services, a 28 percent increase over the previous year. Without a ceiling the state could receive as much as \$119 million instead of \$68.2 million if all the identified services were accompanied by sufficient documentation. (NOTE: The Comprehensive Annual Services Plan required by Title XX identified \$113 million in fiscal year 1978 and \$122 million in fiscal year 1979 in services under Title XX. The additional amounts were not included in the plan because documentation does not warrant the additional administrative expense. Further, it must be noted that the increases are due both to increased expenditures and better identification and documentation of current spending for services covered by Title XX.)

The federal program was intended to encourage states to provide social services. The expenditure limit poses a real obstacle to future expansion. It has failed to keep pace with the growth in services and states are forced to expand totally on their own.

The federal ceiling has also reduced the purchasing power of state dollars. Once the state has met their ceiling, every additional state dollar buys only one quarter of services under the ceiling. The \$35 million spent by the state above the ceiling in fiscal 1977 purchased only as much as \$8.75 million under the ceiling.

PROGRAM EXPANSION

Day care accounts for the largest single expenditure under Title XX. In 1975 the state spent \$16.5 million for day care. The program will nearly double in fiscal year 1979 to \$29.6 million.

The state has made a commitment to expand community services to the mentally retarded. Programs to operate community residences and cooperative apartments will grow by 148 percent between fiscal 1976 and fiscal 1979. The state spent \$3.1 million for these programs in fiscal 1976 and has requested \$16.3 million in 1979.

Home care services, provided through the Departments of Elder Affairs and Public Welfare, will increase from \$17.9 million in fiscal year 1976 to \$35.4 million in fiscal year 1979. These programs offer homemaker, chore services and transportation primarily to the elderly. They help reduce the need for more costly nursing home or institutional care.

Community residence and day programs for young offenders in the Division of Youth Services have increased from \$7.9 million in fiscal year 1976 to \$11.96 million in fiscal year 1979.

The majority of services under Title XX are provided by the Department of Public Welfare's Office of Social Services. The Governor's budget for fiscal year 1979 for the Department stresses three priority areas: protective services, adop-

tion and foster care, and programs for Children In Need of Services (CHINS). The Governor has requested an \$11.8 million increase in these areas over fiscal year 1978.

Protective services will increase from \$7.32 million last year to \$13.0 million in 1979, including \$250,000 for services to battered women. The Title XX needs assessment process has identified a growing need for services to these women.

The demand for protective services has increased dramatically in Massachusetts. Reports of child abuse have risen from 43 per week in 1975 to 150 during 1977. The Department now receives 1200 calls per month. Implementation of a statewide hotline in fiscal 1979 will increase calls by a projected 200 percent. A similar project in Florida, with extensive advertizing, increased protective services calls by 500 percent.

These increases will add to the demand for day care, homemaker service and staff to provide supportive counseling.

Foster care and adoption services will be increased to fund 100 specialized foster care slots to serve children who would otherwise be placed in costly institutional programs.

There are some who feel the Commonwealth has not done enough to meet the need for social services. Clearly more needs to be done. The Title XX planning unit is completing surveys that will help the state set priorities when additional funds become available. The state has moved ahead of the federal government to expand service. An increase in the ceiling is necessary to support state efforts to provide these services.

CONTINUED NEED FOR SERVICES

Despite these significant increases, there are pressing needs for further expansion. In 1975 families of four earning less than \$9,900, or 69% of state median income, were eligible for Title XX services. Inflation has reduced that income ceiling to 55% of median income. Returning the 1975 level to 69% of median income in today's dollars would increase the number of potentially eligible families by 19% or 513,000 families.

Existing resources have restricted the state's ability to plan for and serve children in foster care. At present, 1,000 children have been referred for adoptive placements, yet a review of the 9,000 children in foster care indicate an additional 1,250 could be referred for adoption services.

The Department of Public Welfare has identified a need for emergency shelter slots to handle runaways and crisis placements. The department has also identified needs for additional legal staff to process adoption referrals and a series of supportive and respite care services for foster parents who care for disturbed children. Family planning services to an estimated 70,000 adolescent girls, 15-19, who are at risk, are needed as well as expended services to unwed mothers.

A personal care assistance program has been proposed for funding in fiscal year 1979 by the Governor. The program will help prevent institutionalization for 300 persons with severe physical disabilities. Many more handicapped persons could use these services.

It is clear that the state has limited resources to meet these and other social service needs. Without additional federal funds, families throughout the state will not receive services; children who could be re-united with families or placed in permanent adoptive homes will remain in foster care; and many elderly persons will remain in nursing homes.

CONGRESSIONAL RESPONSE

In fiscal 1977 Congress appropriated \$200 million above the ceiling for day care. This funding was continued in fiscal 1978. H.R. 7200, as passed by the House and reported by the Senate Finance Committee, would make this a permanent addition to the ceiling.

Both the House Ways and Means Committee and the Senate Finance Committee have included funds to raise the ceiling in their recommendations to the respective Budget Committees. The recommendation would raise the ceiling to \$2.9 billion in fiscal year 1979.

The House Committee's report says, "The Committee believes that this increase is essential to maintain the current levels of services under Title XX. Even with the temporary \$200 million increase which has been in effect since October 1, 1976, the effect of inflation has meant that Title XX funds can only purchase three quarters of what they bought in 1972 when the ceiling on federal funds was established. Some states which have been at their ceiling for a number of years have been compelled to cut back on important services. . . ."

RECOMMENDATIONS

1. The need for a more realistic increase in Title XX funding is clear. I ask your support to see that legislation is enacted this year to raise the ceiling over the next three years. The National Governors' Association has endorsed such a position.

H.R. 10833 and the pending Senate Amendment would increase the ceiling to \$2.9 billion in fiscal year 1979; \$3.15 billion in fiscal year 1980; and \$3.45 billion in fiscal year 1981. These increases barely account for inflation and may not promote service expansion. At these levels, states would be able to maintain the current levels of service. Any expansion would most likely require additional state spending.

2. Congress should also reassess the formula for allocating title XX funds. The law provides that 50 percent of title XX services must be directed at recipients of AFDC, SSI and Medicaid. Yet the population based formula fails to take each State's relative share of this population into account. States with higher caseloads, and therefore greater demands for services, are hard pressed to meet the needs of both recipient and non-recipient groups. As a result many States have adopted a lower income eligibility ceiling than the law allows.

Massachusetts has set eligibility for free services at 55 percent of State median income. The law allows a level of 80 percent of median income. For the first time next year, the State will introduce a sliding fee for day care services to begin serving those with incomes above the cut-off level.

Population alone does not accurately reflect the need for service among the citizens of each State. Other indexes such as unemployment rates and public assistance caseloads more accurately measure the rising demand for service. Congress should evaluate these options.

3. One of the most important provisions of Title XX is its planning process. While it is still evolving and improving each year to increase public participation and influence resource allocations, it should be expanded. Instead of a social service planning process, the focus should be on a wider range of related programs and services. A human service focus need not replace categorical programs but will help build a better service system if these programs can be administered in a way that agencies complement rather than duplicate one another.

Further, planning requires funding. The law does not allow States any additional funding to conduct planning nor does it provide for better information and documentation systems. The law does fund training services outside the ceiling. I urge that similar attention be given to planning functions.

I hope this information will be helpful to you as you consider legislation dealing with social services. If you need any further information, please contact Dr. Robert Mollica at 617/727-7214 or Teri Bergman at 202/628-1065.

SUMMARY

1. *National Governor's Association position on H.R. 12973.*—The National Governor's Association strongly supports the provision of H.R. 12973 which would increase the ceiling from its present \$2.5 billion level to \$2.9 billion in fiscal 1979, to \$3.15 billion in fiscal 1980 and to \$3.45 billion in and after fiscal 1981.

2. *The Massachusetts experience with title XX.*—The program has increased coordination among the nine state agencies delivering Title XX services. Title XX funds have been used to expand a variety of social service programs, including day care, home care for the elderly, protective services, adoption and foster care, and programs for Children in Need of Services (CHINS). Since Massachusetts reached its ceiling in fiscal 1977, the State's purchasing power has eroded considerably. The expenditure limit poses a real obstacle to future expansion of services.

3. *The experience of other States.*—Virtually all States have now reached the Title XX ceiling. The responses of the other States to congressional inquiries as to the impact of the ceiling on planning and service delivery indicates an overwhelming need across the nation for increased Title XX funding. Planning efforts have been frustrated, and many needed services have been curtailed or eliminated.

4. *The allocation formula.*—The present allocation formula, which is based solely on percent of population penalizes those States whose population is growing at a slower pace than the rest of the Nation. Congress ought to take another look at the formula, taking into consideration other factors such as unemploy-

ment and public assistance caseloads. But concerns about the formula ought not to be allowed to delay action on the funding increase, which must be the paramount concern at this time.

Senator MOYNIHAN. We now have a panel of Commissioner Barbara Blum of the Department of Social Services of New York State, and Dr. Blanche Bernstein, who is commissioner of human resources of the city of New York.

I would say to Senators Curtis and Long that we invited our two distinguished commissioners who have the hardest jobs in the country, if not the world in this field, and they have been doing them very well.

Dr. Bernstein is an economist by profession and has brought to the city of New York some rigor which is unaccustomed and perhaps in consequence has got some unaccustomed grief.

But we welcome you both. Commissioner Blum, would you like to begin?

STATEMENT OF BARBARA BLUM, COMMISSIONER, DEPARTMENT OF SOCIAL SERVICES, STATE OF NEW YORK

Ms. BLUM. Yes. Thank you, Mr. Chairman and Senators. It is a pleasure to be here with you today and to support strongly an increase in the title XX appropriation.

In New York State we have perhaps a situation representative of certain other States. When title XX funding began, service programs in New York State were highly developed, and for that reason the title XX funds immediately were allocated to cover services that had been funded previously by title IVA and other funding sources.

As a result, one can very clearly understand that the allocations have not been planned. We are trying at the present time to remedy that problem, with some limited degree of success; however, we do need changes in the appropriation if we are to see some of our counties that are hurting very badly, properly funded for services.

The State of New York, as you know, has gone through a fiscal crisis during the same period that the title XX allocation for that State has been reduced from some \$220 million to \$210 million. During that same period, the inflation rate was greater than 35 percent, so that as I traveled about the State during the past 7 months, at 14 forums which we arranged statewide, I could hear very clearly what the local problems are, and they are diverse. The State of New York is comprised of 58 counties, some very urban, some very rural. But certain needs came clear.

First of all, we need day care to help women work and to help youngsters learn to be more self-sufficient. We need services designed to help our youth, our very large cohort of adolescents, toward employment. We need services to assist in preventing institutionalization in the State of New York, to help retarded and mentally ill persons remain in our communities with proper services. And we need a far greater program for the elderly throughout the State.

Those services aren't going to be created without help from the Federal Government, and we recognize that there are limitations, but we think that the legislation proposed is equitable and would allow us to make a very good start on improving services.

I would support the statement made earlier by one of the Senators that it is better to provide preventive services and intervene at an early time rather than spend our funds for the more restrictive and expensive kinds of services that otherwise have to be provided.

With regard to the legislation itself, I see the service program really as a catalyst to help persons toward independence and higher functioning, so that I think it fits very well with your own fiscal relief package and eventual welfare reform. I would agree with you, Senator, that it takes time to achieve major changes.

I certainly welcome the portion of the legislation that addresses the need to work with county executives and elected officials. We do that in New York State. I think it is sound and necessary.

We feel very strongly that a planning cycle longer than 1 year is essential.

Senator MOYNIHAN. That seems to be a reported view that we have heard.

Ms. BLUM. Yes. The process now is very wasteful. I would really advocate for a 3- to 5-year planning phase. We would be willing to provide any information that would be helpful to you.

I know that Senator Curtis asked about evaluations. We have some good evaluations of work that has been done with preventive services as it relates to foster care. We also have some cost-benefit studies that show the benefits of returning persons to the community from institutions, and that information, of course, would be available to you if it will be helpful.

Thank you.

Senator MOYNIHAN. My, I think you have broken the record previously set by the National Governors' Association. We will get back to you in questions.

Dr. Bernstein.

STATEMENT OF MS. BLANCHE BERNSTEIN, COMMISSIONER OF HUMAN RESOURCES ADMINISTRATION, CITY OF NEW YORK

Ms. BERNSTEIN. Mr. Chairman, Senators, I, too, am very pleased to be here. I think I would like to start by saying that I wholeheartedly support everything that Commissioner Blum has been saying to you.

Let me pick up on some of the things that she mentioned and give you some notion of the picture in New York City. Somehow the belief has developed that title XX provides the funds for all of the social services. It simply isn't so, and certainly not in New York City. This current fiscal year we shall be spending something like \$800 million in New York City for social services, of which about 22 or 23 percent will be funded under title XX, and these are very serious services, the kinds that Commissioner Blum has been talking about, foster care for children and adoption, care for the aged, homemaker, and the home attendant program. Indeed, one of the largest programs in New York City is the home attendant program which permits people who are aged and disabled to stay in their homes instead of staying in hospitals or nursing homes.

Senator MOYNIHAN. This is the theme of deinstitutionalizing—sorry about the term, but getting people out of institutions in title XX.

Ms. BERNSTEIN. And it is also a matter of saving a great deal of money as well as permitting people to live in a less restrictive atmosphere.

Two-thirds of the people whom we are serving with home attendants would qualify for nursing home care, according to a study done by New York State. Now, obviously in New York we have suffered the same fate as other communities in that the effect of inflation has been to reduce the value of the title XX grant, and finally, we have lost money because of the decline in population of the State vis-a-vis other States.

I would particularly like to point to an area of services in which despite the huge sum of money that we spend in New York, we are utterly deficient. We don't provide services to welfare families until there is a crisis or a disaster. If a child in a welfare family needs foster placement, we will take care of that child. If a child gets into trouble and gets into family court, we will be moving that child into some sort of facility. But we have something like 500,000 children in the ADC program in New York City, and we are not in any consistent or regular way taking a look at that family, taking a look at those children, trying to figure out what is it that they need, what does the family need, what does the mother need to help them move toward independence. We do obviously have the WIN program, a small proportion of these women are being moved into CETA jobs, helped in private employment, but we are doing very little to help children in a positive way beyond the day care program itself, and some of our school programs, our programs for adolescents, and recreation programs.

So I do urge an increase in the ceiling. I also urge that it be increased for the 3-year period in accordance with the proposal in the House bill which will only partly make up for inflation, but will be a much needed addition to the funds available for services in New York. It will permit us to do the kind of planning which is necessary—and again, I must reiterate that the annual planning is a dreadful waste of time. We must try to get it onto a 3-year basis, have some notion of what resources will be available to us, and be able to make meaningful use of these increases.

I would just like to say a word on the subject of welfare reform. As you know, when I testified before you some months ago, I strongly supported the Baker-Bellmon proposals. Subsequently when the Cranston-Long-Moynihan proposal was made, I supported that, and indeed wrote a letter to the New York Times, partly answering their editorial, and indicating that for me the bill presented no dilemma. The choice was easy and I hoped it would find overwhelming support.

And I quite agree with you, Senator Long. I think it is unfortunate that there are influential people in the country who take a position that they want a basic welfare reform bill and they think that this is not enough. I, too, think that in the long run we need to get some basic reforms in the welfare system, but I think the proposal that is embodied in the Long-Cranston-Moynihan proposal is one that we should adopt, and I hope in this session of the legislature.

So in conclusion let me say, whatever welfare reform we have, we are going to need services. The poor need not only money. They do need help in dealing with a variety of problems. Certainly in all the studies that I did, I found that there were a great many problems in welfare families. They have suffered from the traumatic experience of a family split or the nonformation of the family. There was a good deal of alcoholism and addiction. There was inadequate education,

there was inadequate preparation for the labor market. I would estimate that even if I succeed in reducing ineligibility in New York City to 3 percent, we will still have something like 750,000 to 800,000 people on welfare in New York. The only way that we are going to help them is by helping them through education, training, work programs, and social services.

Senator MOYNIHAN. If I could say, gentlemen, this is a commissioner who has reduced the number of people on welfare, so it is not someone who is increasing it and saying we need even more than we have.

Thank you very much, and I appreciate your remarks about our welfare bill. Your letter to the New York Times was superb, and at the time I said so.

Senator Curtis.

Senator CURTIS. No questions.

Senator LONG. Let me just thank you very much for your fine statements, both of you.

Senator MOYNIHAN. But may I just—let me make one point here, and perhaps address this to Commissioner Blum.

The States have learned to accept and embrace the block grant concept as respects services. You think it works well. Well, the Long-Cranston bill proposes a block grant approach to the basic income maintenance program as well, and with adjustments for cost of living which if passed would avoid the mistake we perhaps made in title XX, which was not to give you any cost of living increase because inflation is real.

But it just moves in an incremental way, a step further down the social security titles, a concept that you find you can work with.

Ms. BLUM. I believe that you have heard from the Governor as well.

Senator MOYNIHAN. Yes.

Ms. BLUM. We have an interest, and of course, in the future we would like to see further steps taken, but we find this entirely acceptable.

Senator MOYNIHAN. Senator Long, did you hear these two people from New York State say they think you are right?

How many days do three people from New York State say that Russell Long is right?

Senator LONG. Not often.

Ms. BERNSTEIN. It is a unique day.

Senator LONG. Let me just say to you ladies, and also those in the audience, Senator Moynihan, that one of the reasons that Senator Moynihan and I have no difficulty getting along in these areas is that I am willing to give the other person a chance to prove that he is right and I am wrong, provided that he will accord me the same opportunity.

Senator Moynihan and I have no problem about that. As far as I am concerned, I would be willing to pay my share of the taxes to help you people up there in New York prove that I am in error about some part of this, provided that you will accord us the same opportunity to try something somewhere else to see if we can prove that our idea might work better than yours.

The only way you are ever going to know for sure which idea is the best is to try each of them on a broad enough scale—not just in a small test tube—in a broad enough scale to permit you to judge which ideas work and which do not.

Since we have 50 State programs, we should be in a position to let the States try something and see how it works. But, I regret to say that the Lilliputians down there in the Department make it very difficult to do this. I refer to the story of Gulliver and the Lilliputians where Gulliver woke up in a strange land and found himself tied down by a lot of little people who wouldn't let him up until he promised to do their bidding, and that is always how each Secretary of HEW finds himself. He might go over there determined to be independent, but it is not long before he is another Gulliver controlled by the Lilliputians in that Department. Now, those people over there had before them a law we passed that would have permitted States to have work demonstration projects to test out new ideas. But the Lilliputians have succeeded in preventing any State in America from implementing that provision. It is nearly a year since we passed that bill and they haven't yet drafted the regulations to implement it. So the power to write these regulations has meant that nothing has happened. We overlooked one thing when we passed that bill. We should have said it is against the law for HEW to promulgate any regulations in this regard.

Senator MOYNIHAN. That's exactly right.

Senator LONG. If someone, you or anybody else, can prove you have got the answer to all of this, I would be the first one to vote for the money to put that answer into effect.

Now, a few years back we had a difference of opinion. Senator Moynihan was for the family assistance plan which was proposed by President Nixon, and I was not for it. I made this proposal to Mr. Veneman, then the Undersecretary of HEW. I also proposed it to the Secretary, but I recall I proposed it very explicitly to Mr. Veneman. I said:

As far as I am concerned, I will vote to let you try your plan right here in Washington, D.C. where it will be right under your nose and under the nose of Congress. We can see if it works the way you think it would work, and I will vote for the money to do that.

Now, maybe he didn't authorize me to say it, but I guess by now it is all right. It is time I said it anyway. He said: "That is the last place we would try it, here in the District of Columbia." And they weren't willing to try it anywhere else to prove that it would work.

Now, my proposition to them was: "I am willing to let you try your plan and I will vote for the money, provided you let us try something else." But they would not agree to this. Since the Department was unwilling to try out these plans at a Federal level, we are going to let 50 States each decide what they want to do about it. And we shouldn't have thousands upon thousands of pages of regulations and all these people coming up there to tell you that you can't do what makes sense as far as you State administrators are concerned.

Ms. BERNSTEIN. Well, Senator Long, I can only reiterate that I strongly support the efforts that you and your colleagues are making in the Senate, and I honestly hope that you succeed, because we need this assistance in New York State and in New York City, particularly. I think that it is an eminently sensible proposal, and I think that proposal plus any combination of H.R. 7200, which I take it is still up for some discussion, can move us forward a substantial degree this year. And then there is another year to do other things.

Senator MOYNIHAN. Well, we want to thank you very much. You have been marvelous witnesses both, and you have cheered us up. [The prepared statements of the preceding panel follow:]

STATEMENT OF BARBARA B. BLUM, COMMISSIONER OF THE NEW YORK STATE
DEPARTMENT OF SOCIAL SERVICES

Mr. Chairman, Senators, my name is Barbara Blum, and I am Commissioner of the New York State Department of Social Services. It is an honor to have this opportunity to provide testimony concerning H.R. 12973, legislation which would increase the permanent ceiling on Federal funding of the Title XX program.

We in New York State are encouraged that such legislation has received favorable action by one house of the Congress and that now, the Subcommittee on Public Assistance of the Senate Finance Committee, chaired by a member of then New York Delegation, Senator Patrick Moynihan, has chosen to hold hearings on this most critical issue.

As you know, H.R. 12973 would increase the federal ceiling on social services under the Title XX program for a three year period, so as to provide an additional \$400 million dollars in Title XX funds in federal fiscal year 1979, \$650 million in federal fiscal year 1980, and \$950 million in federal fiscal year 1981. New York State's share of these funds would be approximately \$30 million in federal fiscal year 1979, and \$49 million and \$71 million in the remaining two years, respectively.

H.R. 12973 is important to New York State for several reasons. First, we have been severely disadvantaged by the existing ceiling on Title XX services funds. The formula for distributing such funds to the states includes a population factor. Since New York State's population has been declining, our share of the funds has been reduced by several million dollars for the last several years. In 1972, New York State's allotment under the closed-end ceiling was \$220.5 million; for Federal fiscal year 1979 we will receive \$210.6 million. This is a \$9.9 million decrease since the Federal government established a services funding ceiling in 1972. It should also be recognized that the rate of inflation since 1972 has been in excess of 35 percent. As a result, New York's allocation buys far less than the initial \$220.5 million.

But while the federal Title XX services dollars available to New York State have been shrinking for the last several years, the need for services dollars has increased.

As you Mr. Chairman are well aware, we in New York State have spent the last several years effectuating changes to make our welfare and Medicaid programs more efficient and less costly. As a result of a series of measures, we are now able to project in the State's Executive Budget an increase limited to 6 percent in Medicaid expenditures between SFY 1976-77 and SFY 1978-79. Expenditures for public assistance are projected to actually decline in the coming fiscal year. These are major accomplishments, since the annual costs of the Medicaid program alone has escalated as much as 22 percent per year during the past ten years, and continues to escalate nationwide.

The progress which has been made to effectively control and manage these programs has given us now the opportunity and the responsibility to focus upon those programs necessary to minimize long-term dependency. Essentially, if we are to have further impact upon minimizing long-term dependency, we must provide necessary supportive services and preventive services.

Put quite simply, another way to reduce and control costs is by keeping people off welfare. But it costs money to do this—a small amount relative to the costs of long-term dependency. These needed costs are composed of the preventive and supportive services about which I am concerned.

One of the social issues particularly worrisome to me is the fact that a substantial amount of the public assistance caseload in New York State is becoming younger; dependency is occurring at a much earlier age. The reasons for this are numerous including the economy and the failure of our institutions, such as the schools. Job training, counseling and employment become critical. But in addition to correcting deficiencies in these programs, other types of supportive services are necessary. Day care for women on or in danger of going on public assistance is the single largest expenditure of Title XX funds in New York State. While this is a productive way of utilizing Title XX funds to reduce economic dependency, there are other service needs. The existing CETA and

Youth Employment Training Act programs are not targeted toward public assistance populations, nor do they provide for the types of supportive services necessary to acquire and maintain a job.

Another example of the factors expanding our public assistance rolls at young ages is the issue of teenage pregnancy. In New York State, in 1976, there were 64,000 pregnancies among females under age twenty. The rate and number of pregnancies has been increasing over the past five years. Our emphasis must be upon prevention if we are ever to change the existing situation. But we must also provide care and supportive services to pregnant adolescents and young parents so as to minimize permanent dependency for the parent and child.

These are but two examples of the persons who require supportive services. During the last several months, we have been holding social services forums throughout the State and have invited persons to provide testimony on service needs. The response has been overwhelming, but what has been most interesting has been the similarity in needs expressed from county to county.

The need is real, and the need is more acute because of the shrinking services dollars. Besides the fact that H.R. 12973 would expand the availability of services funds and permit states to minimize long-term dependency, the legislation would also provide the expansion of funds for a three year period and thereby permit better planning for social service needs.

New York State has made great strides to improve Title XX planning at both the State and local levels. Certainly there are still real problems. But to be forced to plan on an annual basis with a shrinking budget each year and uncertainty about any additional funds, exacerbates an already difficult process.

The true solution to the problem of ensuring adequate Title XX services funds to states such as New York is to change the formula upon which the funds are allocated. Funds should be distributed based upon indicators of need such as the proportion of the population below the poverty level, and unemployment rates. This must be our long-range goal, and I would certainly be among the first to argue that Title XX requires major changes at the federal and state levels. But I am also a firm believer in gradual change. As you, Mr. Chairman, well know, in the area of human service programs, one can rarely change programs all at once.

Therefore, we in New York would suggest that as a first step, the ceiling on Title XX funds should be raised and should be raised over a several-year period. The second step should be the change in the formula.

The availability of supportive services for New York is a critical and often forgotten element of addressing major social issues and thereby minimizing long-term dependency. We believe H.R. 12973 is vital to that effort. And we encourage this Subcommittee to act quickly and favorably upon this legislation.

STATEMENT OF DR. BLANCHE BERNSTEIN, NEW YORK CITY HUMAN RESOURCES ADMINISTRATOR/COMMISSIONER OF SOCIAL SERVICES

Mr. Chairman, members of the Senate; I am Blanche Bernstein, Commissioner of New York City's Human Resources Administration. On behalf of the City of New York and the City's Human Resources Administration I welcome the opportunity to testify on the vitally important issue of increasing Title XX funding.

We've not studied the balance between New York City and the rest of the country, but in this most illogical world we fall back on the old saw that what we lose on every item we make up on volume.

When Congress imposed a federal service funding ceiling in 1972, New York City was extremely hard hit in the area of social services. Since the imposition of the ceiling the amount of money New York State has received each year has continued to drop.

During the last seven years we have had a reduction of more than \$5 million in federal Title XX money coming in to New York City. At the same time inflation has eroded New York City's share of Title XX funds by more than \$50 million. For this year alone, we are, in fact, more than \$55 million behind where we were in 1972, and that's using a most conservative estimate of the inflation rate.

In the years which followed the imposition of this ceiling and the creation of Title XX of the Social Security Act in 1974, the City has been forced to scramble frantically to shift funding out of Title XX and to cut back much needed programs which continued to require funding under Title XX.

Because of the imposition of the federal ceiling, New York City had all too often been forced to maintain certain vital social services with 100 percent city funds. With the intervention of our fiscal crisis, however, even this measure became virtually impossible, and we have been forced to further curtail our social services programs.

The failure of the ceiling to reflect our needs is best illustrated by our current expenditures.

During the fiscal year 1978-79 New York City expects to spend \$808.7 million dollars on social services. Yet, under the current ceiling less than one quarter of this amount will be Title XX funds.

When we talk about social services we are referring not to meaningless generalities but to specific programs and services vital to millions of people in this country. We are referring to: Day Care, preventive, protective, adoption and foster care for children, home care for adults, family planning, funding for programs at Senior Citizens Centers.

By far the largest share of social service program funds in New York City, \$329 million for this fiscal year, is allocated to children's services. This category includes such crucial service areas as foster care for children who are either currently in or awaiting placement, also protective services for those children who have been reported to us as experiencing abuse and neglect, and finally preventive services for children and their families whose situation requires intervention in such areas as intensive family casework, day treatment for children and arrangement of other services. Of the \$329 million expended on these programs, only \$24.3 million or more graphically 7.5 percent is funded from Title XX.

The next largest item in the social service program is Adult Services, which includes senior citizen centers, family planning, homemaker and housekeeper services and protective services. These services to Adults amount to \$222 million for the fiscal year 1978-1979; \$38.6 million, or only 17.5 percent, of these costs are funded by Title XX.

The third largest item in the HRA service budget for fiscal 1978-1979 is Day Care services for children—a program which permits parents to work or to seek employment so that the family can maintain or eventually achieve economic independence. The expenditure for Day Care, including Head Start, will be \$148.4 million in 1978-79, of which \$113.9 million, or 76.8 percent will be Title XX funding.

The balance of our expenditures for General Social Services and Administration, including information and referral and personal social services planning, are \$109.3 million, of which \$14.2 million or 13 percent is Title XX.

As you know, low income families suffer a host of problems which go way beyond a lack of money. These include drug addiction, alcoholism, and physical violence. Their effects leave their mark not only on the adults in the family but on the children. It is a devastating picture, one which we have tried to impact through programs such as those funded through Title XX. Yet we have constantly found ourselves banging our heads at the wall of a funding ceiling which simply doesn't meet our needs.

New York City has been consistently over its ceiling in the past several years despite the fact that we have shifted funding into other areas.

In 1975-76 the New York City Title XX ceiling was \$206.1 million, including federal, state and city Title XX matching funds. In that same year the City spent \$238 million under Title XX, \$31.9 million over its ceiling.

In 1976-77 the New York Ceiling was set at \$198 million and New York City spent \$206.64 million under Title XX, \$8.6 million over its ceiling.

In 1977-78 the City was allotted a ceiling of \$192.7 million, and expects to spend \$193 million, \$300,000 over its allotment.

In order to bring down these excesses over the ceiling, while still preserving vitally needed programs, we have carried out a number of funding shifts.

One of our major shifts has occurred in home care (homemaker/housekeeper) where the bulk of expenses are now charged under Title XIX. In fiscal 1979 we have budgeted \$200 million of which about 90 percent is now under Title XIX.

Another area where there has been a major shift from Title XX is in foster care administration, where \$27.7 million will be funded through ADC-FC this year.

These shifts, of course, have cost us dearly, since typically the City's share of the total funding jumps from 12.5 percent to 25 percent.

This is another drain on City tax levy funds which in this time of fiscal crisis are already overburdened.

Even with these shifts we haven't always been able to preserve needed programs. Lack of Title XX monies has resulted in substantial cutbacks in our senior citizen and day care centers as well as in other programs.

The bill which you are considering, would increase the total ceiling, in stages, to \$3.45 billion by 1981. These increases are essential to maintain the current level of social services provided under Title XX and to allow for some expansion of certain essential services.

We are constantly confronted with evidence of the extent of the unmet needs of our social services population.

The unavailability of Title XX funds has meant that the City has usually been unable to make homemaking or housekeeping services available to individuals who meet Title XX income criteria but not the extremely low income criteria for Title XIX.

The result is that too many individuals are forced to face the Hobson's choice of spending down to a poverty income level in order to receive essential services. In some instances this has meant the loss of a home, severe stress on family systems or even institutionalization.

We estimate that about 7 percent to 10 percent of the urban, non-institutionalized population 60 and older are at present in need of some form of Adult Protective Services. With the recent thrust toward deinstitutionalization, we in New York State have been attempting to provide for protective services for adults without regard to income. But without additional funds over the present ceiling this means little in terms of real service delivery to the growing population of elderly persons who are at risk of endangering themselves or others as a result of mental impairment.

Our Battered Women's Program is an example of an area in urgent need of expansion. Limited Title XX funds do not make possible adequate response to need. There are now only 100 places for battered women in shelter services in the City. Each of 3 shelters operates continually at capacity and turns away women in severe need on a regular basis. This would be a high priority for expansion if additional Title XX money were available.

Our preventive and protective services for children programs are also in need of expansion. These programs are financially constrained in serving the present population of 25,000 children who have been reported as abused or neglected every year. We are also concerned with how to service children whose abuse goes unreported.

In our Day Care Program we serve 87,700 children annually, but we believe there are far more children in need of this service.

Our waiting lists at any one moment contain over 8,000 children, and in neighborhoods in many parts of the city, there are little or no day care services available.

Day Care Programs are particularly significant because they relate so clearly to one of Title XX's most important mandates: That of maintaining or creating self sufficiency and economic self support.

In addition to delivering a broad and complex program of social services designed to help the needy with food, shelter, clothing and medical care, it is also HRA's responsibility to encourage and help the able bodied but non-working poor to become productive wage-earning members of the community, ultimately eliminating dependency upon government assistance. Title XX programs can be one of our most useful tools in accomplishing this goal.

By mandating self-sufficiency and economic self-support as part of the state planning process, Title XX unlike other social service programs, allows us to go beyond crisis oriented service.

Our social services programs today are too much oriented to disaster relief. We too often can help people only at the point of crisis. For example, a family often comes into contact with our programs only once a child has already become delinquent, or the family has reached such a point of stress that a child can only be helped through foster placement.

An increase in the ceiling, which this legislation proposes, will help us develop new programs of preventive services.

To improve our attempts to meet the needs of our social services population I have, for example, proposed a model income maintenance center in New York City.

One of its goals would be developing self sufficiency and preventing dependency.

We are therefore planning to particularly focus on younger welfare families with children under the age of 12. It is among the children in welfare families that we find the preponderant majority of school dropouts, juvenile delinquents, and foster care placements. Children in welfare families are indeed the high risk children.

Because New York City's need for increased social services is obviously so great, we strongly urge passage of an increase in the Title XX ceiling.

But even this increase may not solve the whole problem of inadequate funds for social services.

Inflation and a declining overall population, have caused a decrease in New York State and New York City's share of Title XX funds relative to the rest of the country. This is despite the fact that there has been a relative increase in the proportion of New York's needy citizens.

A federal formula based on a combination of need and population would be more equitable for cities like New York which bear a disproportionate share of the welfare burden.

The U.S. Department of Commerce, for example, has found that while the population 65 and over represents 10 percent of the total U.S. population, it represents 12 percent of N.Y.C.'s total population. The percentage of those people 65 and over who are below the poverty level in the U.S. represents 13.8 percent in N.Y.C. while this group represents 14.1 percent of the total city population.

In presenting this testimony to you on the urgency of increasing the Title XX ceiling I want to also take this opportunity to reiterate my strong support for welfare reform.

As you may recall I gave testimony earlier this year indicating my support of the Baker, Bellmon Welfare Reform Bill.

More recently, I have expressed my support for the Cranston-Long-Moynihan proposal which would relieve N.Y.C. of approximately 70 percent of the share of welfare costs now met by City tax levy funds.

Both broad-based welfare reform and the "no frills" welfare package, would be much applauded in New York City.

In conclusion, I want to stress that whatever the nature of welfare reform we still will require more money for our Title XX programs and therefore, I urge the immediate passage of this legislation.

Senator MOYNIHAN. And now we have another panel of Mr. Edwin Millard, who is executive director of the Parsons Child and Family Center who is going to appear on behalf of the Child Welfare League of America, Dr. Millard; and Dee Everitt, who is a member of the Governmental Affairs Committee of the National Association for Retarded Citizens, and—

Senator CURTIS. Mr. Chairman—

Senator MOYNIHAN. Sir.

Senator CURTIS. I will be very brief, but I want to welcome Mrs. Dee Everitt to this podium. She is one of our distinguished Nebraska citizens who has given most generously of her time. She has also given thought and been very helpful in planning matters, and is one of the most dedicated individuals in reference to the work with retarded children, and I commend her testimony to you.

Senator MOYNIHAN. Well, her reputation precedes her to this committee room, Senator Curtis, as I am sure you know.

Senator CURTIS. Thank you.

Senator MOYNIHAN. I wonder if Mr. Millard and Ms. Everitt would introduce their associates who have come along.

Mr. MILLARD. Thank you, Senator Moynihan. I will proceed. On my right is Helen Blank who is director of the American Parents Committee, and on my left is Candace Mueller, director of the Hecht Institute, Child Welfare League of America.

My name is Edwin Millard.

Senator MOYNIHAN. Well, we thank you very much. Since Senator Curtis is here, why don't we welcome all of you and ask Mrs. Everitt if she wouldn't have the kindness to proceed at this point.

**STATEMENT OF DEE EVERITT, MEMBER, GOVERNMENTAL AFFAIRS
COMMITTEE, NATIONAL ASSOCIATION FOR RETARDED CITIZENS**

Ms. EVERITT. Thank you.

I would like to preface my remarks by saying that I am the parent of a mentally retarded daughter who is 25 years old who participates in a community-based program work activities center which is funded through title XX, and also lives in her natural home.

I am pleased to have this opportunity to testify before you on behalf of the National Association for Retarded Citizens. Our testimony is also endorsed by the National Easter Seal Society for Crippled Children and Adults, the United Cerebral Palsy Associations, Inc., the American Foundation for the Blind, and the American Association of Workers for the Blind. Supplemental statements on behalf of these other organizations are attached as an addenda to NARC's testimony, and we ask that our statements be printed together in the record.

Senator MOYNIHAN. We would be happy to do that.

Ms. EVERITT. Thank you.

The National Association for Retarded Citizens is a national voluntary organization which represents our country's 6 million mentally retarded citizens, some of whom are significantly benefiting from the title XX social services program. However, the horizon will be bleak regarding social services for mentally retarded people unless there are significant, predictable increases in the title XX entitlement ceiling over the next year.

It is a well-known fact that many States have reached their title XX expenditure ceiling. My home State of Nebraska was at their ceiling when title XX came into being. The lack of increases in the title XX ceiling already has resulted in States having to cut back their social services programs as the cost of salaries and other administrative costs have grown.

Ten states, in their title XX social service plans for fiscal year 1978, specifically provided for services for mentally retarded people. Other States have described these services as being for developmentally disabled people, which includes mentally retarded individuals. Title XX social services have become increasingly important to developmentally disabled people in order to deinstitutionalize this population.

However, States are now telling us that their State title XX administrators have said not to expect any increase in services for retarded persons. Other States have never been able to really get their foot in the door concerning services for retarded people since the original title XX allocations were designated for other needy populations. In Michigan, for example, the requests for title XX moneys exceeded the State's ceiling by \$13 million. In Nebraska, my home State, we receive \$18 million of title XX moneys. This has remained stable over the years. It is the same amount every year, in other words. Of that portion, MR gets \$5.6 million. The problem that we are facing now is that we are currently operating under a consent decree which has been mandated by the Federal courts to deinstitutionalize our one large institution. It is very difficult to compete with title XIX moneys which flow into the institution which do not have a ceiling on them, and to bring these people out of the institution and try to find sufficient

moneys to support programs for them and startup costs in the community, since title XX does have a ceiling. Under these circumstances it is very difficult to deinstitutionalize people.

In Maine, transportation services for mentally retarded people, that were formerly provided under title XX, were eliminated as of July 1, 1978. This is a direct result of changing priorities in Maine's title XX program due to insufficient funding. Maine has also denied use of the group eligibility criteria in order to assure that available title XX moneys go to the most needy. This has resulted in disabled children being eliminated from participation in title XX programs because their parents earn a few more dollars than they should above the income limitations.

Proposals for new title XX services such as preschool programs for handicapped children are being turned down in Maine also. Again, the reason cited is they do not have enough money. This inability to support new services has many devastating effects on the lives of mentally retarded children and adults. For example, children attending the public school programs in Maine who get out of school at 3:00 o'clock have no place to go after they get out of school. The local associations in Maine have attempted through title XX programs to implement aftercare programs for these children—those whose mothers who are working—but it has been very difficult due to the lack of funds.

Another major, often forgotten, result of the lack of increases in title XX ceiling, is the inability of States to maintain sufficient numbers of competent staff and to administer these programs. Not only has the number of personnel operating title XX programs declined, the quality of staff has deteriorated as it has been impossible to increase salaries.

The National Association for Retarded Citizens strongly endorses H.R. 12973 which would raise the title XX ceiling to cover cost-of-living increases and allow for some expansion in services.

Under the current title XX program, with the same amount of money flowing to the States each year, States have been unable to plan ahead for social services. Indeed, there often has been nothing to plan unless it has been for a decrease in services. Without cost-of-living increases, States have found it difficult to maintain even the status quo.

Planned increases foreseeable at least 2 full years ahead are needed annually. Within 2 months all of our States will be launching on their 1980 planning. In those States where legislative action is needed to spend Federal funds or to make available the needed match, budgets for 1980 must be processed by the legislature within the next 4 to 5 months.

States have already been put on notice of some well discussed changes in operation as enacted in the House. Further debate on these points at this late season will cause delays more damaging than any minor improvements that might be squeezed out.

There is going to be a symposium in October in Minneapolis put on by the American Public Welfare Association which is to discuss the key facets of title XX and to develop a set of recommended policy changes for consideration by the Congress and HEW. I think it would be well for this group to recognize that fact, and that perhaps based on the results of this symposium there will be some planning done and some information provided to you.

Senator MOYNIHAN. Well, this might argue for the position Secretary Champion took earlier of having a 1 year act in terms of raising the ceiling, raising the level to the proposal everybody agrees on for 1979 and then thinking what next.

I don't hold you to that, Ms. Everitt.

Ms. EVERITT. No. I am just saying that this symposium possibly could provide some of the answers to the questions that have been asked here as to how title XX is working. There are some States that are using title XIX in the community, and I think that is one of the things they are going to discuss, whether intertitle transfers could be encouraged, and whether participation of special interests and special populations should be encouraged.

I am not so sure about the 1 year because that runs into a lot of problems on the State level when you have legislatures who have to provide match and to do planning. You can get tied into a real bind.

I would like to urge the adoption of H.R. 12973 at as early a date as possible. It is getting late in the year.

Senator MOYNIHAN. Right, and let me say I didn't mean to try to suggest you were cutting back on your proposal at all, but it certainly would argue that we must do something.

Ms. EVERITT. I would like to close by saying that we thank you and the members of the committee for allowing us to testify today, and we feel that a forward step in rendering the title XX program a viable and effective social service program would be increased funding and extension of aid.

Thank you.

Senator MOYNIHAN. Thank you, Ms. Everitt.

Mr. Millard?

STATEMENT OF EDWIN MILLARD, EXECUTIVE DIRECTOR, PARSONS CHILD AND FAMILY CENTER, ON BEHALF OF THE CHILD WELFARE LEAGUE OF AMERICA, INC., ACCOMPANIED BY HELEN BLANK, AMERICAN PARENTS COMMITTEE; AND JANICE MUELLER, CHILD WELFARE LEAGUE OF AMERICA

Mr. MILLARD. Thank you, Senator Moynihan.

My name is Edwin Millard, and I am executive director of the Parsons Child and Family Center of Albany, N.Y., a member agency of the Child Welfare League of America. Parsons Child and Family Center is nearly 150 years old, having been established as an orphanage in 1829. During the past 19 years as executive director I have worked to develop Parsons Center into a comprehensive, community-based social services program for children and their families. We have approximately 270 children in care at any one moment. We also serve over 500 individuals through services to the children's families with a staff of nearly 200 persons.

First of all, I want to thank you, Senator Moynihan, for providing the opportunity to offer our total support to the recently enacted House amendments to title XX embodied in H.R. 12973.

The National Conference of Catholic Charities and the United Way of America join us in offering their support to these provisions. We urge you to support the increase in the title XX ceiling and all of the other amendments to the program, and to recommend to the full committee that H.R. 12973 be reported out intact.

As you, Senator Moynihan, observed, if the title XX ceiling had been increased to keep pace with inflation, it would now exceed \$3.6 billion. H.R. 12973 would modestly increase the ceiling to \$3.45 billion by 1981 and therefore should be supported.

During this time, as Commissioner Blum pointed out, inflation of 35 percent has further eroded the \$2½ billion, and in New York State has had serious effect, with the drop of some \$9.9 million during the last 4 years.

The ceiling on title XX has resulted in increased use of State funds—New York State is a prime example, spending over \$50 million in State and local funds for title XX eligible services and recipients; an increase in the number of persons who, even with very modest incomes, are now ineligible for service; an increase in the use of fees for lower income recipients; and a resultant decrease in both quality and quantity of social services funded by title XX.

In Albany County, for example, eligibility for day care has dropped from 80 percent of the median income, down to 66.34 percent of the median family income.

For example, Parsons Center is currently conducting an institutional care prevention project which is designed to prevent in appropriate placement of children in foster care by providing intensive supportive services to family. Senator Curtis, you mentioned cost effectiveness and I would like to cite some statistics. This program is funded 50 percent by voluntary money, which is all of the voluntary money that our agency has available for this kind of a program, along with 50 percent of State money available under the prevention programs that Commissioner Blum mentioned before.

In the first year, of 31 children served, there was a savings of some \$67,000. In one case, five children and their parents had 86 hours of service at \$2,322. This represents a savings of approximately \$70,000 if these five children had been placed in an institution for 1 year.

In 1979, it is projected that with a budget of \$133,000, \$1,490,700 in institutional care costs will be saved. I would like to remind everyone that 50 percent of that \$1 million is Federal matching funds; and so one-half of \$1 million can be saved by this one program alone in Federal funding.

Even though the New York State proposed title XX plan for 1979 emphasizes the program area of preventive services for children, our local social service districts do not have title XX funds sufficiently available to support this activity, and I think Mr. Murphy pointed that out to you. Other local social service districts have expressed an interest in this successful, well-documented program, and I do have a documented annual report that can give you all the facts, and would like to supply it to you later. But in any event, they have also indicated that title XX funding is not available, nor is any other funding.

[The following was subsequently supplied for the record:]

I. DESCRIPTION OF PROJECT

**INSTITUTIONAL CARE PREVENTION PROJECT—ANNUAL REPORT: SEPTEMBER 1, 1976—
AUGUST 31, 1977**

A. Introduction

The Parsons Child and Family Center and the Albany County Department of Social Services have jointly applied for and received funding to prevent institutional placement from the New York State Department of Social Services,

Bureau of Childrens Services. This grant, with matching funds from the Parsons Child and Family Center, will demonstrate that children and families can be served in their own homes and community in order to prevent, and in some instances, reduce the length of institutional care. This joint effort reflects a growing conviction among professionals in the field of child care that, although institutional placement is often necessary, there are instances when placement in an institution can be avoided by providing specialized, diversified services and programs to families.

The Institutional Care Prevention Project was specifically designed to prevent placement of at least twenty children on referral to institutional or other forms of foster care in Albany County during the year, and to demonstrate a method of intervention which could prevent placement throughout the state over the coming years. Considering that the average annual cost of institutional care for children ranges from \$8,000.00 to \$25,000.00 per child, the prevention of twenty placements would represent a considerable savings to child welfare funds.

B. *The institutional care prevention project team*

A team of workers was hired to provide the assessment and direct intervention services necessary to maintain the child in his/her own family and community. The team's goal was to become involved with the family and child and referring agency at the time the child was being referred for institutional care. Assessment and direct intervention was provided with as much flexibility as possible based on the family's need and feeling of urgency, rather than on a rigid, tightly scheduled weekly appointment system. Methods of direct intervention of the team included traditional family therapy, delivery of "hard services" (such as Legal Aid, financial aid) and the coordination of existing community services.

The total team consisted of the coordinator, a part-time intake worker, a part-time secretary, a supervisor, a clinical social worker, a child social worker, a teacher and consultative services from the Parsons psychiatric consultant. The core team, responsible for direct intervention and provision of services to client families, consisted of the supervisor, clinical social worker, child social worker and the teacher. A summary of their job descriptions is included as Appendix A.

C. *Target population*

The population served by the Institutional Care Prevention Project were children between the ages of four and sixteen in Albany County for whom referral for institutional care or other forms of foster care was seen as the only available alternative. Prevention services would also reach and have an impact on family members other than the parents and referred child, such as siblings and grandparents.

II. INITIATION OF PROJECT

A. *Coordination with the Albany County Department of Social Services*

The Project was designed in coordination with the Albany County Department of Social Services (ACDSS) in consideration of their need for alternative services to institutional care. In June of 1976, representatives from Parsons Child and Family Center initiated monthly meetings with representatives from the ACDSS. The purpose of those meetings was to discuss administrative and management issues related to the Project. When specific case concerns arose at either the Project or county level, these issues were also addressed in the monthly meetings.

The monthly meetings between representatives of the county and of the Project contributed to a positive working relationship between the two agencies.

B. *Monthly reports*

One result of these monthly meetings was the development of a Monthly Report. This report included a summary of the activities of the Project team during any one month and was distributed to representatives from the New York State Department of Social Services, the Albany County Department of Social Services and the Director of the Albany County Department of Probation.

C. *Orientation and visibility activities*

The Project became operational on September 1, 1976. The staff had already been hired and began receiving referrals. Simultaneous to receiving referrals and providing initial assessment and screening, team members were involved in training and in making the Project services visible to the community.

1. Staff orientation and training

Staff orientation was initiated on September 7, 1976. For four days, staff acquainted themselves with the Project goals and the Parsons Child and Family Center policies and procedures. In addition to general orientation to the agency and the project, two special workshop days were held. The first was In-Service Training on Goal-Oriented Treatment Planning and the Implementation of the Measurement Tools as described in the Prevention Project Proposal; training was led by John Carswell, Assistant Executive Director of the Parsons Child and Family Center, also serving as the Project Administrator.

The second workshop day was an orientation to the ACDSS. Project staff were included in an orientation session led by Mr. Arthur Egan and Mr. Peter Miraglia of the ACDSS Staff Development Unit. This session focused on some history of the department, legal mandates the department must follow, present system of operation and some projected further plans for the department. Staff were given a tour of the department with an introductory description of each unit. The afternoon included reading some records from the Under-Care Unit and an introduction to the operation and procedures of the Child Protective Services Unit. The orientation day at the Department of Social Services was especially useful to team members, as it provided preparation for working closely in cooperation with the department and an increased understanding of the various services being provided to clients through that agency.

2. Community contacts

During September and October, 1976, team members and representatives from the ACDSS made the Institutional Care Prevention Project visible to the community by visiting with a number of community agencies and service deliverers who might use the Project as a resource or work in conjunction with the Project. Thirty service deliverers were contacted, ranging from private treatment centers, public health centers, police departments and various school systems in Albany County. During the year, referrals from these deliverers and cooperative working relationships indicated the usefulness of the activity.

3. Public information

In the process of making community contacts, several agencies requested written information relating to the services provided by the Prevention Project and the referral process. In response to those requests, the team developed an informational flyer which is attached as Appendix B.

III. PROJECT GOALS AND REFERRAL SOURCES

A. Project goals

1. To prevent institutional placement of children from Albany County for whom referral to institutional care is the alternative being planned by the Department of Social Services or the Department of Probation.
2. To prevent long-term institutional placement of children from Albany County who are in temporary diagnostic respite or emergency placement.
3. To prevent institutional placement of children from Albany County in situations where foster home care is in jeopardy.

The following chart first reflects the number and type of referrals received (in each category) to meet these goals. Secondly, the chart reflects the number of youngsters accepted to receive Project services:

[Sept. 1, 1976 to Aug. 31, 1977]

Type of referral	Number of referrals	
	Received	Accepted
1. Recommended for institutional care.....	54	26
2. In temporary diagnostic respite or emergency placement (at time of referral).....	1	0
3. Where foster home care is in jeopardy.....	7	5
Total.....	62	31

B. Process for referral

During the development of the Project goals, it became clear that the sources for referral to the Project were not limited to the Albany County Department of Social Services.

A referral process was developed between the ACDSS and the Project team. The process allowed referrals to come directly to the Project's Intake Coordinator from agencies other than Albany County DSS. Project staff would complete the initial screening and subsequently consult with the ACDSS Intake Unit as to a decision to proceed with the assessment phase of service delivery. Following the decision to proceed with an assessment, a ACDSS representative was either involved or informed of the assessment results. The Intake Unit was notified in writing of all cases accepted for Project service.

The following chart indicates the source for all referrals received during the year and the number accepted from each category :

[Sept. 1, 1976 to Aug. 31, 1977]

Source of referral.....	Total	Accepted
1. Albany County Department of Social Services.....	38	20
2. Albany County Department of Probation.....	7	4
3. Others: Albany County Mental Health Clinic; Albany County School Systems; Whitney Young Health Clinic; private.....	17	7

The following chart indicates the number of screening and assessments accomplished and the outcome (decisions) in terms of appropriateness to receive Project services :

Screening, assessment and planning services

[Total September 1, 1976 to August 31, 1977]

Screening and assessments completed of total referrals..... 59

Decisions :

1. Appropriate for project services..... 31

2. Inappropriate for project services..... 28

Of those inappropriate:

(a) recommended to receive other community-based services.. 23

(b) recommended for institutional or group home placement.. 5

¹One case had not completed the assessment process by Aug. 31, 1977. Two cases, recent referrals, had not initiated the assessment process.

As shown, only five youngsters were recommended for institutional care following the assessment phase. Twenty-three were recommended to receive other community-based services. After only one year of operation, the assumption made about this is that the assessment process itself can serve as a diversionary method. The intervention necessary in the assessment phase often tones down the atmosphere of crisis, highlights some of the issues creating the problems requiring placement and generates discussion of alternatives to family separation.

C. Case selection

The first assessment was completed on September 15, 1976. By March 31, 1977, we had attained the first year's objective of working with twenty cases representing up to eighty individuals actually receiving services.

The following chart indicates the total number of children, families and individuals served during the year :

[Total September 1, 1976 to August 31, 1977]

Number served :

1. Referred children..... 31

2. Families..... 20

3. Individuals (including siblings and significant others)..... 107

D. Development of the plan for preventative intervention

During the assessment phase, the problem areas are identified. When the assessment phase indicates that placement might be prevented, an intensive evaluation is made of family strengths and weaknesses, behaviors needing change/modification and actual methods needed to achieve those changes. This evaluation information is outlined on the Treatment Summary and Evaluation Sheet (T.S. & E.) and the Specific Treatment Plan (STP). Examples of these measurement tools are attached as Appendix C. An actual Project case is reflected on the forms, but the information is disguised to insure confidentiality.

A significant component of establishing goals for behavioral change/modification is a breakdown of "short-term", "intermediate" and "long-term" goals. Those problems which require immediate change in order to prevent placement are identified as "short-term" goals. The "intermediate" and "long-term" goals indicate behavioral issues in the family which represent factors causing the symptomatic behaviors, creating the need for placement.

A T.S. & E. and STP are developed for each family receiving Project services and is reviewed monthly to evaluate progress.

E. Description of services

A method of intervention to accomplish the goals is specified on each T.S. & E. and STP form. Methods used to prevent placement were multidiscipline and focused on the specific needs of the child and family in relation to their current situation. Intervention was not confined to the traditional clinical hour in an agency setting. Instead, the interventions were community-based—in the home, in the school, on the front porch, or in transit to another service deliverer, for example. Ninety-five percent of the preventative intervention occurred outside of the agency.

After one year of operation, we have observed that the key ingredients to successful intervention were not so much the specific method, but rather the ingredients of outreach, persistence and consistency. These three ingredients intensified the impact of any method used with a family while, at the same time, increased manpower hours in service delivery.

The general methods used with the target families are: (see Chart No. 1)

1. Casework services by one worker to individual children and family members; casework services also include meetings with sibling groups. During the year, twenty-five children, thirteen adults representing fifteen families received direct casework services from team members.

2. Marital relationship counseling was appropriate for those couples where the assessment indicated the relationship to be a causative factor in the child's problem behaviors. Three couples received direct marital counseling from a team member.

3. Family systems therapy was appropriate in the majority of families. Family systems therapy is defined in a broad range of activities with the families including the traditional family therapy session, coordinating family discussions when more than one family is involved, and assisting in the resolution of financial crises. Twenty families received direct family systems therapy from team members.

4. Group work for interested parents in the Project was available. The focus of the group, held bi-weekly, was to confront problems they, as adults, were having related or unrelated to their children. Ten adults participated in the group.

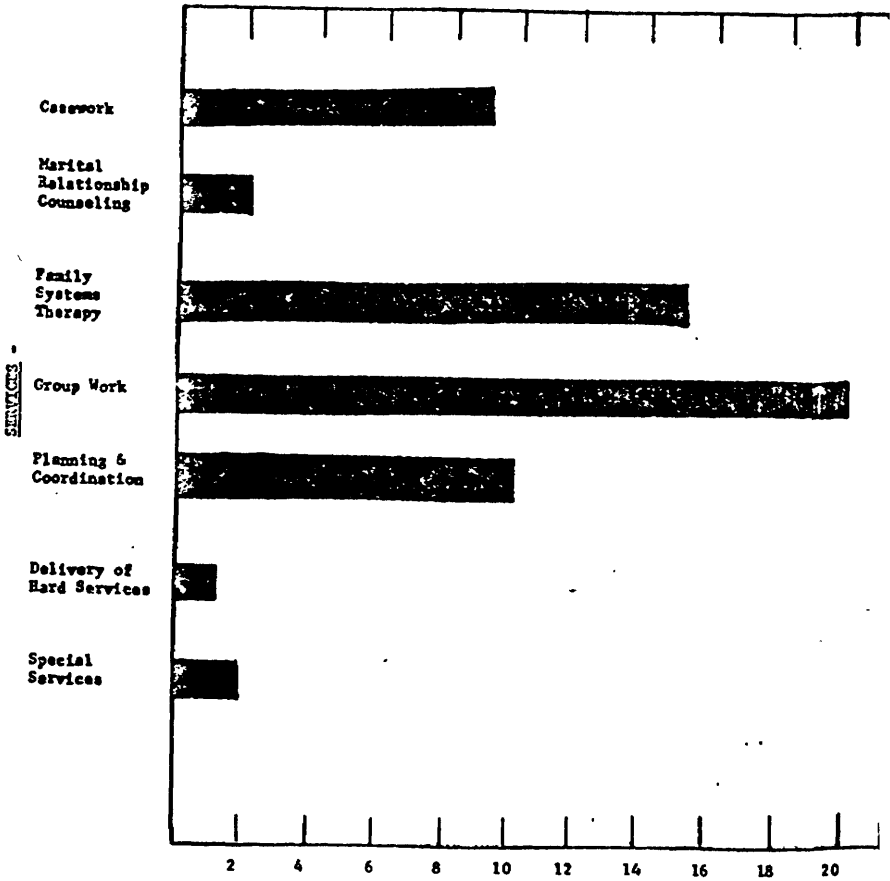
5. Planning and coordination of collaborative services, including the school system, local police departments and health clinics was a significant intervention with many of the families. In order to have an intensive impact on a family, awareness of the components of the total environmental system and active dialogue with those components is essential. All thirty-one cases, representing twenty families, required on-going coordination with another service deliverer. Approximately eleven percent of staff time was in this area of coordination and planning. Regular contact was maintained with the Albany County Department of Social Services and the Department of Probation regarding the status and progress of each case. This included a monthly summary submitted to the supervising county caseworker. Sixty-six monthly summaries were submitted to the supervising county agencies.

6. Special Services included:

(a) Psychiatric evaluation and assessment on each case at the assessment and planning phase. This included psychiatric time directly with the child and/or family.

DESCRIPTION OF SERVICES

Chart #1



- Hours Per Week -

IV. ACTIVITIES TO MEET PROJECT OBJECTIVES

In order to meet the Project's objectives, specific services were developed. This section discusses those services and the amount of each service provided to youngsters and their families.

A. Screening and assessments

Screening includes reviewing all referral cases in order to evaluate appropriateness for Project services. Assessment includes: (1) gathering information from the family and involved community systems (schools, churches, clubs, health clinics, neighbors); (2) a family assessment; and (3) in some cases, an individual psychiatric assessment of the referred child. The assessment is followed by a planning conference involving the family, Project staff, representatives from interested community resources and, in most cases, a representative from ACDSS.

The family assessment is most often accomplished by a Project team member and the psychiatric consultant. In some cases, especially where immediate assessment is requested, a team member accomplishes the family assessment. Most initial assessments take place at the Parsons Child and Family Center. In many cases, however, a home visit is made. We found the home visit at the onset of referral to be useful in gathering current environmental information for assessment purposes and in giving the family reassurance of the Project goals and our outreach component.

Direct psychiatric time with family members represented approximately sixty percent of the psychiatric hours designated for Project use.

(b) Psychiatric consultation was available to staff on a regularly scheduled basis.

(c) Psychological testing and assessment as requested. This service was used for three individual children to provide diagnostic information.

(d) Speech and language assessment as requested. This service was used to provide diagnostic information for two individual children.

E. Discharge summary

A descriptive resumé entitled "*Discharge Summary*" was developed on each case at transfer or discharge and was submitted to the Albany County Department of Social Services or Department of Probation. An example of an actual Discharge Summary is included as *Appendix D*. Names and dates have been disguised to insure confidentiality.

F. Follow-up evaluation

A follow-up evaluation at regular intervals following transfer or discharge to evaluate success of intervention. An example of one follow-up evaluation is included as *Appendix E*. Names and dates have been disguised to insure confidentiality.

V. RESULTS OF PREVENTATIVE INTERVENTION

A. Transfers and discharges

Once the short-term goals are accomplished and the need for institutional placement is no longer an issue, the team assesses community resources for long-term assistance to the family and helps the family establish contacts with those resources. In some cases, those resources were working in a collaborative effort with the family during Project intervention.

Nine cases were discharged from Project services without needing residential placement during the year; four of those required some additional services. It is our observation that at least five additional cases could have been discharged if appropriate resources were available. Although Albany County provides many excellent services to children and families, local deliverers lack the manpower and flexibility to offer the outreach component essential to maintaining these families as a unit.

The following chart reflects the number of children diverted from placement at time of discharge with and without additional services, and the number of children where placement was not prevented.

The number of Follow-Up Studies accomplished and results in terms of request for additional services are also reflected below. Two of the three requesting additional service wanted direct assistance from the Project team.

	<i>Number</i>
Transfer and discharges :	
1. Children prevented from institutional care at time of discharge from project services.....	9
Of those:	
(a) Transferred to other community service for continuation of long-term intervention.....	5
(b) Discharged with no additional service required.....	5
2. Children placed in foster care while receiving Project services.....	1
3. Followup studies accomplished.....	6
Of those:	
(a) Requested additional services.....	3
(b) Requested no additional services.....	3

B. Status of project cases as of 8/31/77

As of August 31, 1977, there were twenty-one youngsters receiving direct Project services. Seven discharges are projected during September, 1977.

C. Statement of savings

Using an average cost for twelve months of institutional care of \$13,505.00 (see following chart), placement is an expensive method of treatment for children. When residential treatment is necessary, and in many cases it is the most appropriate intervention, this cost is reasonable. However, when the child can remain in community-based programs, living in his family unit, there are less expensive treatment methods.

The following chart reflects the number of cases served, the projected cost for institutional care and the Project budget.

[Total ¹ September 1, 1976 to August 31, 1977]

1. Cases served.....	31
2. Projected cost for 12-month institutional care.....	\$381, 655. 00
3. Project budget—Sept. 1, 1976 to Aug. 31, 1977.....	83, 259. 00

¹ These figures are based on an estimated per diem rate of \$37 for residential centers in the Albany area used by the ACDSS. This average does not include fees for medical and educational services.

VI. SPECIAL ACTIVITIES

Project staff recognized an important role of the team to be the education of the community and the sharing of information concerning preventive services with interested groups and individuals.

A. Political awareness and support for preventative services

Considering that local funding for preventative services is limited and the present demonstration projects are funded on a year-to-year basis, the Project team hoped to present useful information to state and federal political systems. The Project supervisor presented testimony to the Joint Health and Social Services Committees of the New York State Legislature in February, 1977 and shared information concerning specific Project activities with the New York State Assembly Child Care Committee.

In March, 1977, the Project supervisor again presented testimony concerning preventative services at the Department of Health, Education and Welfare hearings held in Albany, New York.

B. Northeast Regional Conference—New York State Association for Human Services, Inc.

The Project team was joined by Virginia Sibbison, Ph. D., Executive Director, Welfare Research, Inc., in presenting a workshop at the Northeast Regional Conference on May 13, 1977. The workshop, entitled "Peter is Going to be Placed—What the Family Can Do About It", included an explanation of the current status of preventative services in New York State and the specific goals and methods of the Institutional Care Prevention Project.

C. Albany County public schools

Project team members were also invited to speak to groups of students, parents and educators. In November, 1976, the educational coordinator presented an explanation of how Project staff apply services to the variety of needs experienced by families with problems to a group of parents. The meeting was spon-

sored by North Colonie Central School's Committee for the Handicapped. Several parents at this meeting expressed interest in how family intervention could specifically help them.

In December, 1976, a community mental health night was held at Ravena-Coeymans High School. One of the team social workers and the educational coordinator participated with approximately thirty-five representatives from other social and health agencies.

D. "Alternatives to Family Court"

In June, 1977, the Project supervisor was invited to speak to a group of professionals, students and parents at a workshop sponsored by the Christians United in Mission Task Force.

The participants in this meeting were involved in a discussion of the Department of Probation and Family Court Process and alternatives for receiving services prior to entering the juvenile justice system.

E. Parsons Child and Family Center Fall Institute

In September, 1976 at the Parsons Child and Family Center's 12th Annual Fall Institute, the Project team hosted five agency directors from the Preventative Services Demonstration Project, which was established in 1974. The directors discussed the findings from their projects as published in "Last Chance for Families" (Child Welfare League, Inc.).

During October, 1977, the Institutional Care Prevention Project team, along with Elizabeth Currie (Associate Program Specialist, NYSDSS) and John Sulzman (Director of Protective/Preventative Services, ACDSS), are presenting the results of this year's project at the 13th Annual Fall Institute. The title of the workshop is "Innovations in Preventative Services—Alternatives to Placement".

VII. OBSERVATIONS FROM THE 1976-1977 PROJECT

A. Referral sources

Community awareness of this concept of preventative services and of this resource through the outreach component of the Project proved to be an important factor in the number and sources of referrals during the year. Referrals for Project services came from a variety of sources ranging from the Albany County Departments of Social Services and Probation, public and parochial school systems, health clinics, private physicians and community citizens.

The fact that 28 percent of the referrals came from sources other than the Albany County Departments of Social Services and Probation indicates a community need for treatment alternatives to the foster care and juvenile system as well as a community willingness to use such alternatives.

Project staff plan to increase visits to other community services to evaluate methods of working together during the first year and plans for the second year.

B. Assessment and planning process

As mentioned previously in this report, 82 percent (or 28) of the cases considered inappropriate for Project services were recommended for other community-based resources; only eighteen percent were recommended for care in a residential treatment facility.

During the assessment process, the staff observed that a clarification of problems and need areas led to exploring other community resources (sometimes the referral source itself) for reaching those in the 28 cases considered inappropriate for referral. In a few cases, the need was to delay intervention until there was total family commitment to work on problems; it was then explained to the family that residential placement alone would not likely resolve the problems creating the immediate need for family break-up. In those cases, the ACDSS caseworker, the probation officer or other referral contact continued to be the liaison between the family and resources for intervention. An essential ingredient for useful and successful intervention was a commitment by all members of the family to keep the child in the home.

The assessment and planning process prior to acceptance for Project services used approximately seven hours a week of direct staff time with clients. An important part of the assessment process also included gathering information concerning the family and child's situation from community resources. We considered staff activities during this process to be an actual intervention with the family system which prevents institutional placement.

C. Success of preventative intervention

Effectiveness of preventative intervention is difficult to specifically determine in actual dollars saved since the Project was originally designed to work with youngsters prior to their admission to a residential facility. Therefore, it is only assumed that a child would have been admitted or would have remained in the community without necessary services (with the likelihood of placement some time in the future). Considering this, a plan was proposed with ACDSS to provide the following services during the second year of Project operation:

1. Increased assessments toward the goal of assisting the department in making immediate interventions with families under stress and in establishing appropriate plans for any child and family;

2. increased assessments and intervention with children presently in residential centers in order to reduce length of residential stay; this would be accomplished in cooperation with the department and the agency providing residential care.

Implementation of this plan is dependent on the approval of the 1977-1978 proposed budget for the Project. Increased assessment would require additional psychiatric time, as well as an additional staff member.

D. Outreach component

One of the most significant factors in the intervention with the Project families is the outreach component. We found the families to have experienced so many failures with traditional service deliverers that reaching out to them in their homes, and in their neighborhoods, was the only way to enlist their trust and willingness to work on need areas. Part of many families' difficulty with the traditional agency is the scheduled appointments between 9:00 a.m. and 5:00 p.m., at a distance, in many cases, far from their homes. Meeting in their homes with considerable flexibility around working hours allowed parents to maintain their job security and, in most instances, permitted all family members to be present. Consequently, staff were able to provide direct services to one hundred and seven individuals involved with the thirty-one children referred for preventative services.

Only one child was placed in a residential treatment center while receiving Project services. We observed that the majority of the families benefited from the qualities of the worker's consistency and persistence of outreach. As long as a worker was available to them, families were able to provide the supportive measures necessary to maintain the referred child (and probably siblings) in the home.

Contacts with the workers allowed parents and other adults the opportunity to meet some of their own needs while helping the child.

Once the short-term goals are accomplished and long-term needs related to problem areas are clearly defined by this Preventative team, it is essential that there be resources for continued supportive services, such as a weekly contact by a caseworker to maintain family stability. The supportive services can be less intense, but need to be consistent. Many of these chronic high risk families will need continued service through the child's development as in cases where the child has been placed and returned to the family.

Through the second year, we plan to gather information on the success of the short-term intervention and the kinds of services needed after discharge.

E. Follow-up evaluations and services

In most of the Project families, the underlying dynamics (individual and family) creating the child's overt problems (stealing, truanting, etc.) are chronic. The parents themselves are suffering from inadequate parenting and bring the consequent deficiencies into their own families. These families can easily become dependent, long-term clients of any service which meets their need for consistency, warmth and nurturing. However, when the service is intense and short-term, these families can fall back into previous problem behaviors once the outreach worker who has provided the needed consistency leaves the case at discharge. These phenomena do not fulfill the expectation of the client, the worker or the community that there has been a "total cure", and that the problems are eliminated. And frequently, it leads to a second request for placement.

The option to avoid the long-term dependent relationships or the feeling of failure if problem behaviors reoccur is to create an attitude at the onset of intervention that the service is designed to meet specific goals related to problem behaviors, and after discharge the service is available for future short-term intervention.

The follow-up evaluation included as Appendix E exemplifies a family who requested additional service six months after discharge, when they recognized the reappearance of previous problems. Project staff have developed a contract with this family to see them bi-monthly for a maximum of three months. The staff and the family see the meetings as a refresher course to reinforce changes which happened within the family during the initial intervention.

Project staff expect that follow-up evaluations during the second year will reveal the need for additional service for many of these families. Project staff will again accept these families for a brief assessment of the present situation and, if in the best interest of the child, provide preventative services to maintain the child in the community. This may be necessary more than one time in the history of a family with the Project.

These same families often have a pattern of institutional placement of one or more child at the time of every family crisis. The Project's capability to provide preventative services in crisis periods (when the problems overwhelm the family) is again less expensive than institutional care. For example, in the case mentioned above (Appendix E), the initial cost of preventative service was \$1,940.00. The projected cost for the three month service contract for follow-up services is \$350.00. The total cost of preventative service is \$2,290.00 as compared with an estimated \$13,500.00 for twelve month institutional care.

The significant component of the follow-up evaluations is the family and workers' attitudes and willingness to consider the option of reintroducing preventative services, rather than responding to the existing atmosphere of crisis and failure. During the second year, as more families are discharged, we expect to have more observations concerning the patterns seen in follow-up evaluations.

APPENDIX A—Staff Job Descriptions

Title: Educational Coordinator.

Supervisor: Supervisor of Institutional Care Prevention Program.

Hours per week: 37½ or as needed or assigned.

Days per week: Five or as needed or assigned.

QUALIFICATIONS

BA in Education (Minimum Requirement) combined with someone with experience in human service delivery, i.e., counselling, community services and direct work with families and children.

GENERAL RESPONSIBILITIES

This person is responsible for providing, thru the school system, in conjunction with the community and the family, educational services for the child in question and, in some instances, the family.

It is important that this person be able to relate with all involved parties in a manner therapeutically valuable to the family.

SPECIFIC RESPONSIBILITIES

1. Gathering and assessing of all relevant information for planning around educational needs.

2. Upon intake, this person shall evaluate and diagnose the specific problems faced by the child and family and make a prognosis in the area of education.

3. The worker shall develop and follow through with an educational treatment plan which should include maintaining contact with the school and the child's family and facilitating family's ability to support the plan.

4. Involvement with the family around their role in social issues.

5. Maintaining day, weekly and needed contact between the rest of the Prevention Team around each child in question. This shall include regular recording as required in Program.

6. Follow-up in terms of child's progress in the school as part of the follow-up study.

7. All other duties as needed or assigned.

Job title: Social Worker I.

Supervisor: Supervisor, Institution Care Prevention Program.

Hours per week: 37½ or as needed or assigned.

Days per week: Five or as needed or assigned.

QUALIFICATIONS

BA or BSW minimum requirement, preferably with experience working with children, families in relation to the community and available resources. BA applicant must have at least 2 years of CSW or ACSW supervision.

GENERAL RESPONSIBILITIES

This worker will be the child in question's primary worker with the responsibility of assisting the child to develop successful skills for functioning in the family, school and community.

It is important that this worker be able to relate in a manner therapeutic to the child in the areas of family, school and community (including public and private agencies).

SPECIFIC RESPONSIBILITIES

1. This worker shall assess and evaluate the individual child's needs at the time of intake.
2. This worker shall develop a specialized treatment plan for the child and assist child and family in following through with established goals.
3. Shall provide individual counseling with the child as needed.
4. Shall assist family around the needs and problems the child is experiencing.
5. Shall provide education for parents around child care and management as needed.
5. Coordinating community resources for the child.
7. Maintaining communication, including recording, with other team members as required by the program.
8. As a team member, may take on various prescribed roles, co-therapist, etc., as assigned.
9. All other duties as needed or assigned.

APPENDIX B—PUBLIC INFORMATION

PARSONS CHILD AND FAMILY CENTER

Introduction

The Parsons Child and Family Center and the Albany County Department of Social Services have jointly applied for and received funding to prevent institutional placement from the N.Y.S. Department of Social Services, Bureau of Children's Services. This grant, with matching funds from the Parsons Child and Family Center, will demonstrate that children and families can be served in their own homes and community in order to prevent, and in some instances, reduce the length of institutional care. This joint effort reflects a growing conviction among professionals in the field of child care that, although institutional placement is often necessary, there are instances when placement in an institution can be avoided by providing specialized, diversified services and programs to families.

Goals

The Institutional Care Prevention Project will be located at the Parsons Child and Family Center, 60 Academy Road, Albany, New York and began operation on September 15, 1976. The goals of the project are:

1. To prevent institutional placement of children from Albany County for whom referral to institutional care is the alternative being considered by the Dept. of Social Services, or other referring agency.
2. To prevent long term institutional care by providing intensive treatment to children (and their families) from Albany County who are in temporary diagnostic, respite, or emergency placement and who might otherwise move into long term institutional care.
3. To prevent institutional placement in situations where foster care or adoption is in jeopardy.

Long-term objectives

The main objective of the Prevention Project is to reduce the number of children needing institutional care. Many of the children and their families will need continued supportive services once the conditions creating the need for intensive service are decreased. Considering individual case needs, it will be necessary for some of the cases to be transferred back into the services of other community agencies. The team will offer on-going follow-up and consultation to these cases as needed or requested.

Team composition

A major component of the project is the Institutional Prevention Team which consists of John W. Carswell, Administrative Coordinator; Mary Louise Baum, Intake Coordinator; Diane Norris, Supervisor; Shirley Schlosberg, and Touse-saint Jones, Jr., social workers; Mary Beth Olejnik, Educational Coordinator; and Wander Braga, MD., Psychiatric Consultant. All assessment and consultative services of the Parsons Child and Family Center are available to the Team. The major function of the Team is to offer services such as screening, assessment, child management and caring, home management, etc.

The family, child, educational and community coordination that is available from the Team, however, will be intensive; case loads, for example, will be limited at any one time to 10 per team member.

Referrals

Referrals to the Project will be made on a selective basis through the Albany County Dept. of Social Services. Major considerations for acceptance into the Project are:

1. That the child between the ages of four and sixteen and a resident of Albany County is being referred or is recommended for referral to residential care and that intensive services as provided by this Team might change the need for placement.

2. That it is in the best interest of the child to remain in the present family setting.

3. That there is sufficient parent and or family desire, motivation and ability to maintain the child in the present family setting, and interested in exploring ways to achieve that goal.

4. That the child is able to express his/her choice of being willing to live at home and is able to work out areas of difficulty.

During the intake process the staff at the Parsons Child and Family Center will decide if the intensive services provided by the Prevention Team would probably prevent or shorten the length of time needed in placement. The Team will seek community resources for the family which will include day treatment, day care, mental health clinics, homemaker services, parent and child education, recreational resources and many others.

Procedure for referral

1. A case meeting the above general criteria should be referred to the Albany County Dept. of Social Services or directly to Mary Louise Baum, Parsons Child and Family Center who will notify the Dept. of Social Services of the referral.

2. At the point the referred case reaches Mary Louise Baum, The Team, Albany Co. D.S.S. representative, and referring agency will determine the most appropriate approach with the family. That may include a contact with the family in their home, or an intake meeting at the Parsons Child and Family Center, D.S.S. or the referring agency. The Team or part of the Team will be available to respond to requests requiring immediate attention in order to give some on the spot input as to the possibility of the Project being able to provide services in the present situation.

3. Once the case is accepted the Team will provide direct services to the family and the child with frequent treatment planning and coordination meetings with the D.S.S. worker.

Material requested at intake

1. Referral statement—why a referral is being made to the Institutional Care Prevention Project in terms of how the services of such a team is different from services presently being used by the client. This should also include a statement from the present worker/s involved clearly indicating the prognosis for the client without the input of such service.

2. Social History including (1) physical, (2) psychological and psychiatric, (3) developmental, (4) social-environmental, (5) educational and (6) family composition information concerning the child and his family.

3. Evaluation material from any involved agencies such as school, physical or mental health clinics, ERDS, etc.

There will be occasions where the intake process may begin without the above information; however, it will be important to the Team's plan of intervention that the information be available as soon as possible.

Representatives from both the Prevention Project at the Parsons Child and Family Center and staff from the Albany County Department of Social Services will be available to help familiarize community agencies with the program and its potential for reducing institutional placements.

APPENDIX C

Measurement Tools:

Treatment Summary & Evaluation

and

Specific Treatment Plan

PARSONS CHILD AND FAMILY CENTER
TREATMENT SUMMARY AND EVALUATION FORM

CHILD Joseph Farland DOB: 10/22/60 DOA: 10/15/76 DOT: _____ DOD 3/30/77

Where Discharged: Stayed with family

(2) REFERRAL STATEMENT: Request services for Joseph who has admitted to fire-setting, stealing, and running behaviors - referred by parents and Youth Facility Community Worker.

Secondary referral request to help parents resolve their ambivalence re: their marriage.

(3) DISCHARGE OR TRANSFER PLAN: Eliminate behaviors related to Joseph's referral for services for a period of 9 months and evaluate in June towards Team's continued involvement or transfer to other counseling resources. 1/20/77: Evaluate possibility of termination of

services in March 1977 if progress continues. (Psychiatrist)

(Primary) Adjustment Reaction of Adolescence improved (307.2) W.W. Braga, M.D.

(Secondary) _____

(5) REVIEW AND UPDATING

Date of Clinical Worker Review	Team Coordinator	Date of Consulting Review	Psychiatrist	Date of Clinical Worker Review	Team Coordinator	Date of Consulting Review	Psychiatrist
<u>10/20/76</u>	<u>SRS & TJ</u>	<u>11/7/76</u>	<u>W.W. Braga, M.D.</u>	_____	_____	_____	_____
<u>1/20/77</u>	<u>SRS & TJ</u>	<u>1/20/77</u>	<u>W.W. Braga, M.D.</u>	_____	_____	_____	_____
<u>3/30/77</u>	<u>SRS</u>	<u>4/13/77</u>	<u>W.W. Braga, M.D.</u>	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

(6) DISCHARGE OR TRANSFER STATEMENT: All behaviors, including fire-setting, stealing and running away, related to Joseph's referral for services have been eliminated for a period of five months. There is no need for the Prevention Team's continued involvement or for transfer to other counseling services. At the family's request, Prevention would reopen the case to assist family with separation and/or when brother returns home. Project follow-up

procedures to be followed. (Psychiatrist)

(Primary) Adjustment Reaction of Adolescence improved (307.2) W.W. Braga, M.D.

(Secondary) _____

Rev: 9/76

PARSONS CHILD AND FAMILY CENTER
TREATMENT SUMMARY AND EVALUATION FORM

CHILD: Joseph FarlandPAGE NUMBER: 1(1?) DATE OF
REVIEWS(10) FAMILY'S
ASSETS(11) FAMILY'S
LIABILITIES

10/29/77

PHYSICAL

1. No apparent health problems.
2. Attractive
3. Children can participate in physical activities.
4. Normal physical development.

PSYCHOLOGICAL

1. Parents are verbal and intelligent.
2. No apparent visual or motor dysfunctions.
3. Children are verbal and intelligent.

DEVELOPMENTAL

1. All family members - normal physical and intellectual development.

FAMILY/SOCIAL/ENVIRONMENTAL

1. Middle class suburban neighborhood.
2. Own their own home.
3. Family members share household chores.
4. Material needs met.
5. Father securely employed.

PHYSICAL

1. Children seem to be accident-prone e.g.: Billy's broken wrist, Joseph's frequent cuts.

PSYCHOLOGICAL

1. Parents early marriage.
2. Mother responsible for child care at age 16.

DEVELOPMENTAL

1. Mr. Farland's father died when Mr. Farland was 22-years-old.
2. Mrs. Farland quit high school due to pregnancy and married Mr. Farland at age 16.

FAMILY/SOCIAL/ENVIRONMENTAL

1. Neighborhood offers few recreational opportunities for adolescents and adults.
2. Father not home weekends, has to go to work in a bar (second job).
3. Mother unable to do housework - nursing school takes up a.m. and p.m. hours.
4. Mr. and Mrs. Farland have no social life.
5. Billy not at home, in a Youth Center re a JD adjudication.

PARSONS CHILD AND FAMILY CENTER
TREATMENT SUMMARY AND EVALUATION FORM

CHILD: Joseph FarlandPAGE NUMBER: 2(12) DATE OF
REVIEWS(10) FAMILY'S
ASSETS(11) FAMILY'S
LIABILITIES10/29/77 (cont.)
SBSFAMILY/SOCIAL/ENVIRONMENTAL

6. Joseph employed and contributes financially to household.

EDUCATIONAL

1. Mrs. Farland in nursing training.
2. Joseph had positive attitude toward school.
3. Bill in academic program in Youth Center.

RECREATION

1. Father and boys wrestle together.
2. Joseph goes out with peers, i.e. to movies.

FAMILY/SOCIAL/ENVIRONMENTAL

6. Joseph - running away, fire-setting, stealing and fighting.
7. Parents having marital problems, contemplating separation.
8. Parents give inconsistent messages to the children. Minimal follow-through on limits.
9. Two younger boys beginning to show problem behaviors - fighting, regress in academic performances.

EDUCATIONAL

1. Both parents quit high school. Received equivalency test to attain high school degree.
2. Joseph quit school at 16.
3. Two younger boys beginning to show academic problems in school.
4. Joseph disruptive in class and had history of cutting classes.
5. Billy had history of truanting.
6. Joseph undecided re: education or vocation.

RECREATION

1. Family plan too aggressive - i.e. fat was knocked out in wrestling with boy
2. Joseph verbalizes that former friends got him in trouble.

PARSONS CHILD AND FAMILY CENTER
TREATMENT SUMMARY AND EVALUATION FORM

CHILD: Joseph FarlandPage Number 1

(12) DATE OF REVIEW'S	(13) TREATMENT GOALS	(14) METHODS OF TREATMENT
10/29/76	<ol style="list-style-type: none"> 1. Include Billy in family meetings and have him share feelings, concerns and problems with the family. (Intermediate Goal) 2. Eliminate Joseph's behaviors of running away, fire-setting, stealing for 9 months. (Intermediate Goal) 3. Increase # of times parents are able to make joint decisions 75-100% of time, specifically in relation to (a) their marriage and, (b) family rules. (Intermediate Goal) 4. Joseph will either return to school or receive job-training. (Short-term goal) 	<ol style="list-style-type: none"> 1. Shirley Schlosberg and Toussaint Jones contact and arranged conference with worker at Youth Treatment Center. 2. Family therapy facilitated by Shirley Schlosberg and Toussaint Jones. 3. Shirley Schlosberg and Toussaint Jones to facilitate family therapy geared toward decreasing inconsistent verbal and behavioral messages regarding their family rules. 4. Same as #2 with possible consultation by Mary Beth Olejnik, Educational Coordinator.
1/20/77	<ol style="list-style-type: none"> 1. Boy attends sessions, but needs to have him share feelings, concerns and problems with family. Progress toward goal. (Short-term goal) 2. Repeat goal #2 - sustain goal until late March, 1977. Progress toward goal. (Short-term goal) 3. Repeat goal #3 (a) & (b) (a) Regression from goal (b) Progress toward goal (Short-term goal) 	<ol style="list-style-type: none"> 1. Same as #1. 2. Family therapy facilitated by Shirley Schlosberg and Toussaint Jones. 3. Same as #2. Plus marriage or separation facilitated by Shirley Schlosberg. Separate counseling with boys by Toussaint Jones, conjoint.

END: 12/77

.PARSONS CHILD AND FAMILY CENTER

TREATMENT SUMMARY AND EVALUATION FORMCHILD: Joseph FarlandPage Number 2

(12) DATE OF REVIEW'S	(13) TREATMENT GOALS	(14) METHODS OF TREATMENT
3/30/77	<p>4. Same as goal #4. Progress toward goal. (Short-term goal)</p> <p>1. Billy does not attend or share at family meetings. (Regression toward goal)</p> <p>2. Joseph's running away, fire-setting and stealing have been eliminated for five months. (Goal attained)</p> <p>3. Parents are now able to make joint decisions 75-100% of the time. (Goal attained)</p> <p>4. Joseph plans to attend night school and at age 17 enlist in the armed services. He is now employed full time. (Goal attained)</p>	<p>4. Same as #2.</p> <p>Goals #1,2,3 & 4 -- Case closed 3/30/77. Family will call Project for further services needed. Project follow-up due by 5/1/77, 8/1/77, 11/1/77 and 4/1/78. See STP for further specific follow-up directi</p>

CHILD Joseph Farland PROGRAM Prevention DISCIPLINE Clinical METHOD Family TherapyDATE INSTITUTED 10/13/76 DATE TERMINATED _____ FREQUENCY Once a week LOCATION Family home

BY & DATE	SPECIFIC CHANGES SINCE LAST CONFERENCE	BEHAVIORAL MANIFESTATIONS OF AREAS NEEDING CHANGE FOR GROWTH	WHEN, WHERE, WITH WHOM HOW OFTEN	FACTORS BEHIND THE BEHAVIORS	PLAN OR METHOD	SPECIFIC GOAL FOR THE NEXT CONFERENCE	REV. BY & DATE
9/76		<ol style="list-style-type: none"> Billy's non-attendance at family sessions. Joseph's run-away, stealing and fire-setting behaviors. Inconsistent parental verbal behavioral messages re: <ol style="list-style-type: none"> future of marriage & family rules Rules vary from too rigid and too many rules to too many choices and avoiding rules. 	<ol style="list-style-type: none"> 100% of the time Occurs inconsistently, but primarily when family stress becomes intense. 100% of the time 	<ol style="list-style-type: none"> Billy presently placed at Youth Treatment Center. Lack of trust and ambivalence re: his own autonomy - cannot verbalize or express anger. Parents are still working on areas of their own autonomy, competence and feelings of inferiority. They are unable to communicate consistent parental or adult messages. 	<ol style="list-style-type: none"> Contact Department for Youth to arrange his weekly release to attend family sessions. TJ and SBS to provide the family and John opportunity to verbalize feelings. TJ and SBS to help family discuss marriage and marital plans and to help family to identify and discuss rules. 	<ol style="list-style-type: none"> Billy's presence & input at family sessions. Increase verbalization of feelings 50% of time spent in Family Therapy. Joseph will not run away, steal or set fires.. Consistent verbal messages re: <ol style="list-style-type: none"> plans for marriage 50% & reopen discussion re: family rules. 	

SPECIFIC TREATMENT PLAN

PARSONS CHILD AND FAMILY CENTER

PAGE 2

CHILD Joseph Farland PROGRAM Prevention DISCIPLINE Clinical METHOD Family Therapy
 DATE INSTITUTED 10/13/76 DATE TERMINATED _____ FREQUENCY Once a week LOCATION Family home

BY & DATE	SPECIFIC CHANGES SINCE LAST CONFERENCE	BEHAVIORESAL MANIFESTATIONS OF AREAS NEEDING CHANGE FOR GROWTH	WHEN, WHERE, WITH WHOM HOW OFTEN	FACTORS DENIED THE BEHAVIORS	PLAN OR METHOD	SPECIFIC GOAL FOR THE NEXT CONFERENCE	REV. By & DATE
9/76 mt.)		4. Joseph quit high school. Working part-time with little job stability. Much free time.	100% of the time	4. Lack of information re: alternatives & awareness of his own personal goals.	4. Discussion in family therapy sessions. Availability of team educational coordinator to help explore alternatives.	4. Joseph will make a decision re: educational or job goals	
1/77	1. Billy attends family therapy twice a month. Transp. provided by family and TJ. (Progress toward goal).	1. Billy does not verbalize feelings, concerns with family members.	100% of the time with family	1. Lack of trust in others to concept his feelings.	1. Maintain contact with Youth facility to facilitate attendance and provide opportunity to verbalize feelings in family therapy sessions.	1. Increase Billy's ability to verbalize feelings with family 50% of time. Maintain attendance at family sessions.	
	2. During the past 3 months Joseph stopped runaway, stealing & fire-setting behaviors. (Progress toward goal).	2. Joseph to maintain not running away, fire-setting or stealing until end of March.	100% of the time	2. Lack of trust and ambivalence re: own autonomy. Could not verbalize anger.	2. TJ and SBS continue to provide family & John opportunity to verbalize feelings. Maintain present ability to verbalize feelings with family 50% of time. Maintain progress at no stealing, running away or fire-setting.	2. Joseph to maintain not running away, fire-setting or stealing until end of March.	

CHILD Joseph Farland PROGRAM Prevention DISCIPLINE Clinical METHOD Family TherapyDATE INSTITUTED 10/13/76 DATE TERMINATED _____ FREQUENCY Once a week LOCATION Family home

BY & DATE	SPECIFIC CHANGES SINCE LAST CONFERENCE	BEHAVIORAL MANIFESTATIONS OF AREAS NEEDING CHANGE FOR GROWTH	WHEN, WHERE, WITH WHOM HOW OFTEN	FACTORS BEHIND THE BEHAVIORS	PLAN OR METHOD	SPECIFIC GOAL FOR THE NEXT CONFERENCE	REV. By & DATE
1/77 c.)	3. Consistent verbal message re: (a) marriage separation Parents still working on it. (Regression from goal). (b) Open discussion of family rules. (Progress toward goal). 4. Joseph expresses interest to return to school for vocational training. (Progress toward goal).	3. Inconsistent verbal messages re: marriage & family rules. Parents contradict each other 4. Joseph not working, spending time at home with little to do.	With family 100% of the time.	3. Parents working on areas of their own autonomy, from own developmental patterns of childhood. Marital conflict. 4. Joseph quit school in October. Was laid off from job.	3. SBS marriage counseling with parents. TJ and SBS work with family and discuss notes. 4. Consult with MBO to obtain resources for Ken to be followed up by John and TJ.	3. (a) Consistent verbal messages re: plans for marriage 50% of time. (b) Open discussion of family rules 50% of the time. 4. Joseph to follow through on school plans or job plans.	
1/77	1. Billy has not attended family sessions during past month, but family aware of need to involve him.					1. On follow-up, check out whether family making progress to include Billy in family discussions	

D Joseph Farland PROGRAM Prevention DISCIPLINE Clinical METHOD Family Therapy
 INSTITUTED 10/13/76 DATE TERMINATED _____ FREQUENCY Once a week LOCATION Family home

SPECIFIC CHANGES SINCE LAST CONFERENCE	BEHAVIORAL MANIFESTATIONS OF AREAS NEEDING CHANGE FOR GROWTH	WHEN, WHERE, WITH WHOM HOW OFTEN	FACTORS BEHIND THE BEHAVIORS	PLAN OR METHOD	SPECIFIC GOAL FOR THE NEXT CONFERENCE	REV. By & DATE
2. All behaviors -runway, fire setting, stealing have been eliminated for past 5 months. (Goal attained)			2. Joseph has improved in his ambivalence re: own autonomy. He is able to verbalize anger and assert himself.		2. Case closed 3/30/77.	
3. (a) Mother & father have been able to make joint decisions 75-100% of the time. (Goal attained)	3. (a) Mother & father have come to mutual decision to separate. Are now able to discuss differences & come to one joint decision.	75-100% of the time.	3. (a) Parents are working on their own autonomy. Now recognize factors behind theirs and childrens' behaviors.	3. (a) No further services required. Family may request reopening of services if assistance is needed at any time.	3. (a) Case closed 3/30/77.	
4. Joseph now employed full time. Expressed interest in returning to school at age 17 going into the armed services. (Goal attained)	4. Joseph needs to follow through on plans for the fall.	100% of the time	4. Joseph is continuing to work on autonomy issues. Now receiving support & encouragement from family.	4. No further services required at present.	4. On follow-up, check out Joseph's ongoing future planning.	

APPENDIX D

Discharge Summary

PARSONS CHILD AND FAMILY CENTER

INSTITUTIONAL CARE PREVENTION PROJECT

DISCHARGE STATEMENT

CHILD'S NAME: _____ DATE: _____

DOB: _____

DOA: _____

Date of Discharge: _____

Presenting Problems:

1. Source of referral.
2. Specific presenting problems which are creating the need for placement.

Goals:

Description of targeted short term goals necessary to prevent institutional care based on the presenting problems and as outlined in the Treatment Plan.

Methods of Intervention:

Description of the specific methods used to achieve the short term goals as outlined in the Treatment Plan.

Progress Toward Goal:

Statement of level of progress made toward each short term goal as outlined in the Treatment Plan. Levels of progress used in Treatment Plan as the measurement tool are:

1. Goal exceeded
2. Goal attained
3. Substantial progress toward goal
4. Little or no progress toward goal
5. Regression from initial status

Plan for Family at Discharge:

1. Description of the plan, if any, for the family or any family member at the time the family is discharged from Project services.
2. Any long term goals the family is working toward through the services developed as part of the discharge plan.

Mr. MILLARD. Rensselaer County, which is contiguous to Albany County, also wants such a program but they feel there are absolutely no funds available to do it. We could provide them this preventive program if funds were available.

We recognize the important legal and financial responsibilities of the States. It is evident that child welfare services not only rely on title XX funding, but necessarily must rely on other kinds of separate, distinct, and interacting Federal and State programs including title IVB, the AFDC foster care program, child abuse and neglect, run-away youth, and juvenile justice and delinquency prevention program.

If I may, Senator, I would like to cite two quick cases.

Senator MOYNIHAN. Please do, and then we are going to have to keep to our time limit.

Mr. MILLARD. Yes, sir, I understand. One is a success and the other is a tragedy as a result, I think, of the lack of title XX funds.

A retarded crippled child, who was moved from an institution into adoption, is now walking and the testing of that child's mentality has increased tremendously. Also this child will now someday walk, when previously she was absolutely wheelchair bound. That is the success.

The tragedy, within the last few months, it was reported—and I am only reporting from the newspapers. I have no privileged information—that a 6-month-old baby was scalded to death by her mother. The mother was placed in the county jail with the implication that certainly beyond the criminal charges, there was possible intent. The local counties' abuse cases have gone up from 400 to 900 cases during this time. They have not had the funds to increase their staff. I might suggest it could be speculated that such tragedy might have been avoided if there had been these kinds of funds available.

Senator MOYNIHAN. Thank you.

Mr. MILLARD. I will skip on quickly if I may and just say that we certainly support the administration's recommendation to extend the \$200 million of title XX funds at 100 percent funding to encourage States to implement day care services and maintain standards. We also support the remaining amendments of H.R. 12973.

Thank you, Senator.

Senator MOYNIHAN. Thank you, sir, and I would like the record to show that Parsons Child and Family Center is deservedly famous in this Nation as one of the founding enterprises of its kind in the American republic, and it is an honor to have you here.

Senator Curtis?

Senator CURTIS. Thank you, Mr. Chairman.

Mr. Millard, I do appreciate the specific figures you gave on cost-benefit ratio. There are many things I would like to explore, but time does not permit.

Mrs. Everitt, I think it would be well for you to state on the record for the information of the committee, because we get tied up in generalities about these programs, what sort of things do you do for the retarded people with this money that is provided?

Ms. EVERITT. Well, Nebraska has, and I can only speak directly about Nebraska, has a wide continuum of community based mental retardation programs in which we have group homes, we have supervised apartments, we have semi-independent living where we have live-in supervisors. We have workshops, we have work activity centers. We

have what we call adult day care which is sometimes called prelocations for severe and profoundly retarded adults. We have preschool programs, social services, which means everybody in the program has a case worker, respite care.

Senator CURTIS. And what programs do you have for training in the lesser skills, for the mentally retarded?

Ms. EVERITT. Are you talking about for severe and profoundly retarded people?

Senator CURTIS. Yes.

Ms. EVERITT. We do have, it is a work shop, per se, but there's a lot of life skills taught, a lot of independent living, a lot of social skills that we use for very low functioning people. We also have that kind of program for preschool which is not funded through this.

Senator CURTIS. Now, you referred to very low functioning people.

What is the range of children and adults that fall within the general definition and come under your services?

Ms. EVERITT. Well, I hate labeling as far as IQ, that kind of thing. We have got—

Senator CURTIS. Well, then, let's put it then on the degree of helplessness, what are the worst situations so far as helplessness is concerned, and then at the other end of the spectrum, what can they do for persons who need some help?

Ms. EVERITT. Well, we have some people who happen to be friends of mine who are in our adult day care program who are probably in their twenties who do not have toilet training, who do not have speech, who do not even sit up. We also have small children, but I think there is where the value of the money is pointed out because the children that I have known that have been in our preschool program who have had good developmental programs are not ever going to be in the same shape, to my way of thinking.

I have an adult daughter who I can see now, who if had the benefits of the programs that the kids have now would be doing a lot more things than she is. I mean, when she was young, we ran little programs that the parents had, Tupperware sales and those kinds of things, you know, it was a program. That's about what it was. It was not a developmental.

We also have some people in our program who the only service they receive from our community based programs is social services. In other words, they have a case worker assigned to them. They do not—they are in competitive employment but they have someone who works with them on their checkbooks, these kinds of things. So we have a full range of services for people. But the problem is now, without any funding, we can't add any new people. That is the problem.

Senator CURTIS. Does mental retardation cross all economic lines?

Ms. EVERITT. Oh, yes, sir.

Senator CURTIS. But in some situations—

Ms. EVERITT. Very much so.

Senator CURTIS [continuing]. The need is greater because the individual or their family are so limited in resources they can't do much about it.

Ms. EVERITT. That's true, environmental kinds of impairments.

Senator CURTIS. I have always felt that the first priority of Government funds for helping people should go to those people who can-

not help themselves, and certainly the mentally retarded fall in that category.

That's all, Mr. Chairman.

Senator MOYNIHAN. Thank you very much, sir, and because it is getting late and we have one more witness, I would like to thank the members of the panel who have been very clear and very persuasive in their testimony, and it is very good of both of you to come long distance for this purpose.

Mr. MILLARD. Thank you.

Ms. EVERITT. Thank you.

[The prepared statements of the preceding panel follow:]

STATEMENT OF THE NATIONAL ASSOCIATION FOR RETARDED CITIZENS BY DEE EVERITT, MEMBER, GOVERNMENTAL AFFAIRS COMMITTEE

Mr. Chairman and Members of the Subcommittee on Public Assistance: I am pleased to have this opportunity to testify before you on behalf of the National Association for Retarded Citizens. Our testimony is endorsed by the National Easter Seal Society for Crippled Children and Adults, the United Cerebral Palsy Associations, Inc., the American Foundation for the Blind, and the American Association of Workers for the Blind. Supplemental statements on behalf of the American Foundation for the Blind, the American Association of Workers for the Blind and the United Cerebral Palsy Associations, Inc. are attached as addenda to NARC's testimony. We ask that our statement be printed together in the record.

The National Association for Retarded Citizens is the national voluntary organization which represents our country's six million mentally retarded citizens, some of whom are benefitting significantly from the Title XX Social Services program. However, the horizon will be bleak regarding social services for mentally retarded persons unless there are sufficient, predictable increases in the Title XX entitlement ceiling over the next few years.

NEED FOR INCREASED FUNDS

It is a well-known fact that many states have reached their Title XX expenditure ceiling. While NARC is pleased that the Finance Committee has recommended an increase to \$2.7 billion in the "permanent" ceiling on Title XX, we are disappointed that the Senate has not acted upon this recommendation. This means that, if the Senate view prevails, the total amount of Title XX monies available in fiscal year 1979 will be no more than was available in fiscal year 1978. At the same time, our nation's population is increasing steadily, as is the number of persons eligible for Title XX services. Without an increase in Title XX funds some states will actually receive fewer federal dollars in 1979, and still fewer in 1980, than they had in 1978 because, although their populations have increased, their population growth rate is not up to the national average.

The lack of increases in the Title XX ceiling already has resulted in states having to cut back their Social Services programs as the cost of salaries and other administrative expenses have grown.

Ten states, in their Title XX Social Services plans for fiscal year 1978, specifically provided for services for mentally retarded persons. Many other states described services for the developmentally disabled population which includes mentally retarded individuals. Title XX Social Services has become increasingly important to developmentally disabled persons and is critical to efforts to deinstitutionalize this population. The Title XX program is a major source of funding for those supportive services—such as transportation, day care, work activities centers, sheltered workshops, and training for parents—which make living in the community a reality for mentally retarded and other developmentally disabled persons.

However, states are now telling us that their state Title XX Administrators have said not to expect any increases in services for retarded persons. Other states have never been able to really "get their foot in the door" concerning social services for retarded people since the original Title XX allocations were designated for other needy populations. Simply stated, there has not been enough money for the expansion of services to new populations, even though the need is clearly recognized. In Michigan, for example, the requests for Title XX monies exceeded the state's ceiling by \$13 million.

Since the inception of the Title XX program, Nebraska has received and spent \$18 million in federal Title XX dollars. Of this amount, \$5.8 million has supported programs for mentally retarded persons. Over the years, there has been no increase in either the federal dollars or the amount apportioned for retarded people. Currently, Nebraska is attempting to deinstitutionalize its mentally retarded individuals but finding it can't be done to insufficient Title XX funding for those social services necessary to support mentally retarded persons in the community.

In Maine, transportation services for mentally retarded people, formerly provided under the Title XX program, were eliminated as of July 1, 1978. This is a direct result of changing priorities of Maine's Title XX program due to insufficient funding. Maine has also denied use of the group eligibility criteria in order to assure that available Title XX monies go to the needy. This has resulted in disabled children being eliminated from participation in Title XX programs because their parents earn a few dollars than they should above the income limitations.

Proposals for new Title XX services such as preschool programs for handicapped children are being turned down in Maine. Again, the reason cited is they do not have the money. This inability to support new services has many devastating effects on the lives of mentally retarded persons and their families. For example, in Maine working mothers with mentally retarded teenagers may find their children "on the street" at 3:00 p.m. when the day care programs close. Associations for Retarded Citizens have attempted, through the Title XX program, to implement aftercare programs to care for these children until their mothers arrive home from work but are unable to do so due to lack of funds.

Another major, often forgotten, result of the lack of increases in the Title XX ceiling, is the inability of states to maintain sufficient numbers of competent staff to administer those programs currently operating under Title XX. Not only has the number of personnel operating Title XX programs declined in some states, but the quality of staff has deteriorated as salaries are lowered or frozen.

The Administration's Title XX legislation, S. 3148, calls for an increase in the Title XX ceiling of \$150 million beginning in fiscal year 1979. As evidenced above, an authorization of \$150 million is totally insufficient. This amount would hardly meet increased costs due to inflation. This is especially true given the continued targeting of the \$200 million authorization for day care.

Mr. Chairman, the National Association for Retarded Citizens strongly endorses H.R. 12973 which would raise the Title XX ceiling to \$2.9 billion in fiscal year 1979, \$3.15 billion in fiscal year 1980 and \$3.45 billion in fiscal year 1981. H.R. 12973 provides the funds necessary to cover cost-of-living increases and allows for some expansion in the Title XX Social Services program.

MULTIYEAR INCREASES IN TITLE XX FUNDING

Under the current Title XX program, with the same amount of money flowing to the states each year, states have been unable to plan ahead for social services. Indeed, there often has been nothing to plan unless it has been a decrease in services. Without cost-of-living increases states have found it difficult, if not impossible, to maintain even the status quo. The effects of inflation are borne by the states or their localities. In those states which cannot meet the increased costs of on-going social services programs, essential services have been eliminated.

Planned increases, foreseeable at least two full years ahead (i.e. to 1981), are needed annually. Within two months all states will be launching on their 1980 planning. In those states where legislative action is needed to spend federal funds or to make available the needed state match, budgets for 1980 must be processed by the legislatures within the next 4 to 5 months. What a state plans for 1980 depends in part on prospects for 1981, since states hesitate to initiate activities which cannot be sustained. Already the delays in dealing with the 1979 ceiling will necessitate backtracking by the states in order to meet requirements for public participation in plan amendments. Thus, action should be completed by Congress before October 1978 covering increments through 1981. Time is running out. This is not the time to consider other questions, especially "important" ones, e.g. a change in the distribution formula. Such a change within the modest limits of H.R. 12973 and present budget marks will disadvantage some states seriously.

States have already been put "on notice" of some moderate and well discussed changes in operation as enacted in the House. Further debate on these points at this late season will cause delays more damaging than any minor improvements that might be squeezed out between House and Senate. In addition, the American Public Welfare Association is sponsoring a National Title XX Symposium to be held in Minneapolis, Minnesota, on October 16-18, 1978. The purpose of his Symposium is to discuss key facets of the Title XX program and develop a set of recommended policy changes for consideration by the Congress and the Department of Health, Education and Welfare. Some of the issues to be addressed are:

- (1) Should additions to the Title XX ceiling be targeted?
- (2) Should the allocation formula be changed?
- (3) To what extent should intertitle transfers be encouraged, recognized, prevented?
- (4) Should the participation and influence of special populations and interests be encouraged?
- (5) On what basis should purchase vs. direct delivery decisions be made?

It seems sensible at this point to postpone action on any major structural changes in the Title XX program in order to take full advantage of the knowledge and experience which will be reflected in the recommendations of the Title XX Symposium, and to avoid penalizing states by delaying legislation which would provide the necessary, predictable increases in the Title XX ceiling. NARC urges adoption by the Senate of H.R. 12973 at the earliest possible date. Early in the next session, Congress should enact a new Title XX ceiling for 1982. At that time other issues intrinsic to Title XX can be more appropriately addressed.

TWO-YEAR COMPREHENSIVE SERVICES PLANS

Currently, the Title XX program requires states to develop a Comprehensive Services Plan each year. NARC supports those provisions incorporated in H.R. 12973 which would allow states to adopt a biennial planning process. An annual planning cycle is often too short and cannot be coordinated with biennial state budget cycles. The Administration's bill includes a provision permitting states to establish multi-year plans for up to three years. While NARC endorses the concept of permitting biennial planning, we do not support 3-year planning cycles. Such a provision could result in limited flexibility for the reallocating of funds within states during the three year period.

In closing, Mr. Chairman, I wish to reiterate the National Association for Retarded Citizens' support for H.R. 12973. If enacted, it will represent a major, forward step in rendering the Title XX program a viable and effective Social Services program for mentally retarded people as well as other deserving populations. NARC thanks you and Members of the Subcommittee for the opportunity to present our views and for your past support on behalf of our nation's mentally retarded citizens.

STATEMENT OF THE UNITED CEREBRAL PALSY ASSOCIATIONS, INC. SUBMITTED BY
E. CLARKE ROSS, DIRECTOR, UCPA GOVERNMENTAL ACTIVITIES OFFICE

STATEMENT OUTLINE

Topic

- Introduction: Title XX And UCPA Services To Persons With Disabilities.
- The Role of Social Services In Supporting Persons With Disabilities.
- Item: Title XX Benefits In New York.
- Item: Title XX Benefits In Kansas.
- The Impact Of The Title XX Ceiling On Persons With Disabilities.
- Item: Ceiling Impact In Ohio.
- Item: Ceiling Impact In Georgia.
- Item: Ceiling Impact In Pennsylvania.

Conclusion

Appendix material

- May 1977 Columbus Dispatch article "Fund Cutback Hurts Palsy Victims".
- May 5, 1977, UCP of Columbus and Franklin Counties Correspondence To The UCPA Governmental Activities Office.
- March 7, 1977, UCP of Columbus and Franklin Counties Correspondence To The Ohio Department of Public Welfare.
- December 5, 1977, Cincinnati Post article "The Title XX Disaster".

INTRODUCTION : TITLE XX AND UCPA SERVICES TO PERSONS WITH DISABILITIES

United Cerebral Palsy Associations, Inc. appreciates this opportunity to address the issue of increased funding for services under Title XX of the Social Security Act. Many of our nearly 300 UCPA affiliates across the nation serve individuals with cerebral palsy and related disabilities through programs receiving Title XX funding; and it is no understatement to maintain that without this vital source of support many of our programs would have to be curtailed or discontinued altogether, causing tremendous hardships to the thousands of consumers we assist daily. Of our affiliates combined 1977 income of \$50.476 million, \$20.369 million or 40 percent were derived from governmental grants and severe disabilities, (2) To cite several situations in which persons with prominent forms of governmental support for our affiliates.

The objectives of our written statement are threefold: (1) To demonstrate the importance of Title XX social services in supporting persons with moderate and severe disabilities, (2) To cite several situations in which persons with cerebral palsy are being deprived of needed services as a direct consequence of state retrenchment in Title XX policies and programs, and (3) To supplement the oral testimony of our sister agency, the National Association for Retarded Citizens, in order to demonstrate the common concern of the disability movement with Title XX service delivery.

UCPA strongly supports the immediate enactment of H.R. 12973.

THE ROLE OF SOCIAL SERVICES IN SUPPORTING PERSONS WITH DISABILITIES

One of the primary programmatic goals in the disability movement today is to prevent unnecessary institutionalization and provide residential and other community living alternatives to institutions. The freedom and opportunity to choose where to live in the community is the overriding objective to these efforts. Social services are intended to assist disabled individuals in meeting the needs of everyday living and to obtain access to other resources. They include such services as counseling, day care and adult activity centers, special transportation, information and referral, outreach, social-developmental and recreation, and attendant care/homemaker activities.

Item: Title XX benefits in New York

The impetus behind the Finance Committee hearing is Senator Daniel Patrick Moynihan's interest in seeking clearer answers to some important Title XX questions related to the distribution formula and income maintenance relationships. The distinguished Subcommittee on Public Assistance Chairman should be aware of the many benefits the program offers to severely disabled persons in his home state of New York.

Willowbrook is one of the most infamous institutions for the developmentally disabled in the world. Efforts have been taking place over the last several years to "deinstitutionalize" some of these residents by providing community support programs. UCPA of New York State is currently utilizing Title XX funds to provide homemaker services for 85 former residents of Willowbrook who now live in supervised apartments throughout the five boroughs. Without the homemaker service it is highly probable that these persons would have to resort to institutional care.

This is just one illustration of the role of Title XX in providing important services to the severely disabled in New York state.

Item: Title XX benefits in Kansas

Title XX plays an absolutely essential role in Kansas for a population which cannot receive necessary support services from any other funding source. The services offered by UCP of Kansas prevents institutionalization and reinstitutionalization.

Title XX supports 26 severely physically disabled persons who reside in a community living arrangement program. Services provided are food services, specialized transportation, and physical support services. These training services support activities of daily living to allow the disabled persons to reach higher levels of functioning and individual independence.

UCP of Kansas has 14 other severely physically disabled persons awaiting placement in their living arrangements program. Successful placement depends upon expansion of the existing Title XX contract.

Title XX also supports 15 individuals in the ELKs Training Center sheltered workshop. These persons have been determined by Vocational Rehabilitation too severe for VR's employment oriented services.

The Title XX ceiling has had its effect on these consumers. In addition to the residential waiting list, the state has cut UCP's reimbursement rate from \$17.44 per client day to \$16.50 for the workshop and \$12.00 for the residential program. This is occurring at a time of inflationary programmatic cost increases.

THE IMPACT OF THE TITLE XX CEILING ON PERSONS WITH DISABILITIES

A recent National Governors' Association state responses to Representative Donald Fraser's Title XX survey indicated some unfortunate program cutback trends:

(1) Of the 37 states responding, 16 have terminated or reduced purchase of service contracts.

(2) 9 states have consciously changed the eligibility criteria to limit the number of participants in a program or have specifically not changed eligibility criteria to continue to include people who become ineligible as a function of increased public assistance programs.

(3) 9 states have simply eliminated specific service categories. The NGA survey states that "these specific service cutbacks have usually taken place in the areas affecting the handicapped (developmentally disabled, mentally retarded, and mentally ill), the elderly, and protective services for children and adults.

The NGA survey documented that Title XX programs for persons with disabilities have been discontinued or cutback in Colorado, Idaho, Kansas, Montana, Nebraska, New Jersey, Ohio, and West Virginia.

The remainder of the UCPA statement will cite examples of these cutbacks on programs operated by UCPA affiliates.

Item: Ceiling impact in Ohio

The state of Ohio has decided to reapportion Title XX monies to rural counties without increasing state subsidies to make up the difference in those urban areas in which income was lost. This policy, traceable in large measure to an insufficiency of Title XX funds, has had a catastrophic effect on a number of our affiliates in the state.

UCP of Columbus-Franklin Counties.—Two-thirds of this affiliate's \$600,000 budget is composed of Title XX contract reimbursements. As the result of Ohio's decision to divert funds away from urban areas the affiliate will be required to curtail or discontinue services to many of its clients (cf. Appendix I). A redefinition of adult day care imposed by the state in an effort to reduce its Title XX commitment even further will eliminate services for 174 of the 200 adults currently served by the affiliate (cf. Appendix II and III).

UCP of Metropolitan Dayton.—Due to the reallocation of state Title XX monies to rural areas, Montgomery County received only 50% of the funds for which it had certified need, and which it had anticipated. As a result, many social service programs in the county were cut back or suspended, including that of UCP of Metropolitan Dayton. This affiliate's contract to provide adult day care and related transportation services was slashed from \$175,000 to \$75,000—on nine days' notice. While private sources have assisted the affiliate in offsetting some portion of its financial loss, the resulting budget is still inadequate to fund the program at the level of operation which both clients and staff had initially been led to expect. While at the present time no staff members have had to be let go, the prognosis for the future is extremely uncertain.

UCP of Cincinnati.—Because, like affiliates of many voluntary health agencies, this affiliate's budget relies heavily on Title XX monies, its programs are in serious jeopardy. Approximately \$175,000, or one third of its total budget, results from Title XX contract activities. As a consequence of a 38% rollback in Title XX funding for Hamilton County (cut from an expected \$6.1 million to \$3.8 million), the affiliate's budget suffered a \$75,000 loss in revenue, resulting in significant staff reductions and truncation of its adult program (cf. Appendix IV). On a broader plane, the county as a whole suffered crippling cuts in its social service programs, of which the following are indicative:

Program	Percent fiscal year 1977 budget
Adoption services.....	88
Legal services.....	9
Special services for blind.....	59
Development services for disabled children.....	41
Health and related services.....	67
Disabled adults.....	52

Item: Ceiling impact in Georgia

UCP of Macon and Middle Georgia has operated a Title XX service program for 50 severely and multiply disabled adults for several years. Because of budgetary constraints the Title XX rules have been changed so that only persons with IQ levels of 70 or less may continue to be served. This change in Title XX has left 8 non-retarded persons with cerebral palsy without services. UCPA trusted the Title XX agency in serving the severely disabled; now, the agency established to help meet the needs of persons with cerebral palsy, can not serve the non-retarded individual with cerebral palsy.

Item: Ceiling impact in Pennsylvania

In Pennsylvania the Department of Public Welfare provides matching state funds for Title XX programs directed toward individuals who are mentally retarded, blind, or qualified for a number of the targeted service categories. It provides no matching monies for individuals who are strictly physically disabled.

Like many states in the early 1960's Pennsylvania passed a fairly comprehensive bill providing services to individuals with mental retardation or mental health problems. For the past fifteen years it has been necessary to seek funds for the physically disabled through the back door of some other funding source—funds for the blind, funds for the mentally retarded, funds for the poor—always another disability or condition that a consumer had to claim in addition to physical disability in order to receive services.

The limitation imposed by fiscal constraints of the Title XX program in Pennsylvania have forced the state to prioritize its disabled residents in an unbalanced manner which seriously compromises the effectiveness of its social services program, and raises the question of whether in fact physically disabled individuals are being discriminated against on the basis of handicap. While we do not challenge a state's right to set Title XX funding priorities, we are compelled to voice our frustration at a funding system which on the one hand stimulates the demand for services while on the other forces administrative agencies to make agonizing, often questionable exclusivist choices regarding the populations they can afford to serve.

For example, UCP of Lackawanna County (Scranton) receives \$246,000 in Title XX subcontract support for a wide variety of services to developmentally disabled children and adults who are mentally retarded. However, at least a third of the adult case load are non-retarded and thus not eligible for Title XX funding given Pennsylvania's current service priorities. How would you feel telling a parent that their severely disabled child could receive services only at cost to the parent and the voluntary agency because the child was not retarded knowing that other families received comprehensive services with public support in the same agency program?

CONCLUSION

There is no question that an extension of the Title XX ceiling at the levels indicated in H.R. 12973 is essential if the federal government is to continue to exercise its lead in encouraging the provision of social services to all individuals requiring them. Moreover, as is evidenced by the examples cited in the preceding pages, a legislative initiative to provide interim fiscal assistance to state and local governments during the transition period is equally necessary. Without adequate financial backing no social service program, whether administered through public or voluntary nonprofit agencies, will be able to meet the needs of persons with disabilities, or indeed requiring such assistance.

The Title XX program has been instrumental in creating the momentum for enhanced local service delivery, and as a result millions of individuals have benefited from federally supported social activities. As a result of federal efforts to date the essential components of a successful system—the staffing, facilities, equipment, clients—are already in place. What is lacking is the assurance that the programs so enthusiastically and effectively begun will have the funding they require to continue. Without that assurance the quality of life of many disabled individuals will have been permanently—and tragically diminished.

FUND CUTBACK HURTS PALSY VICTIMS

(By Stephen Berry)

Many cerebral palsy victims in the Columbus area will "sit at home and rot" if the Ohio Department of Public Welfare (ODPW) follows through with its

plan to cut Franklin County's share of federal Title XX money, a United Cerebral Palsy official says.

Approximately 200 cerebral palsy victims participate daily in adult programs of the United Cerebral Palsy of Columbus and Franklin County Inc. (UCP), 2144 Agler Rd.

But the Center faces the dim prospect of trimming its services if the county's share of Title XX money is cut, Eugene Cuticchia, executive director said.

One client, Jim, 28, works in the center's print shop 2½ days a week making calling cards, graduation announcements, and other notices. He earns \$20 to \$25 a month.

Jim also learns from instructors how to cope with death, budget his own money, and socialize with others. He is dependent on the center's fleet of 12 leased vans for transportation because he is confined to a wheelchair.

Although Jim can communicate with others, his speech is unintelligible and he has limited use of his hands.

Cuticchia said Jim is lucky, though, because he lives independently with his wife, who has a part-time job. If Title XX money is cut back, other clients might not fare as well.

"I have other clients who, if Title XX is cut, will just sit at home and rot," Cuticchia said.

The ODPW plans to cut the Franklin County Welfare Department's share of Title XX money by about \$1.74 million next fiscal year. And, if smaller counties begin spending more Title XX funds, Franklin County's share of the social services money could decline by as much as \$5.2 million from its present level.

Of a projected 1977 budget for the adult UCP program of \$611,793, a healthy \$421,852 is needed from the federal government through Title XX to maintain the program, Cuticchia said. The balance of operating funds comes from the United Way allocation and donations.

"Everyone has a right to work, recreation and self-improvement," Cuticchia said. "We're trying to fill that void in these people's lives."

The Center, which has a waiting list, currently serves approximately 200 multi-handicapped persons. The crippling disease is caused by brain or other nervous system damage before birth, at delivery or early life. While cerebral palsy strikes early, most of its victims live normal life spans, Cuticchia said.

Most clients, who range in age from 18 to 70, will remain in the program until they die, move out of the community, or perhaps enter a nursing home, Cuticchia said.

Eighty of the 200 clients are confined to wheelchairs and thus depend on the center's vans for all their transportation needs. The vans take them to and from the center, shopping, to health clinics, and other chores such as for banking.

Because of transportation problems and architectural barriers in the community, few of the center's clients ever find jobs, Cuticchia said. Six persons this year got part-time jobs cleaning the center under a maintenance contract Cuticchia negotiated. It was an unusual case.

Cuticchia said a 10 percent cut in Title XX money would mean reducing the 70-member staff by eight persons, for example.

"It's immoral, an injustice to take a client out of his home, give him programs, and then take them away," Cuticchia said. "It's taken us five years to build up clients to where they feel like first class citizens. There are just not enough private dollars to provide the services mandated by the government and needed by our people."

UNITED CEREBRAL PALSY,
COLUMBUS AND FRANKLIN COUNTY,
Columbus, Ohio, May 5, 1977.

MR. E. CLARKE ROSS,
Director, UCPA Governmental Activities Office,
Washington, D.C.

DEAR CLARKE: The frustrations of surmounting the maze of governmental and private bureaucracies are becoming a most severe threat to the provision of direct services to clients by this Agency. As you may recall, this Agency uses its annual United Way allocation as matching monies for a Title XX Contract with the local Welfare Department. Presently, most services are being provided under the Service Code: Day Care for Adults. This service code has been broad enough to permit us to provide comprehensive spectrum of services.

Now, the Ohio Department of Public Welfare has redefined Adult Day Care, effective July 1, 1977 as follows: "Care for the day or a portion thereof for adults

who continue to reside in the community, outside of institutional care, but are in need of supervision while family members or other caretakers are at work and are out of the home. The purpose of the service is to enable the adult to remain in the community. The setting may be a day care home or a group center . . . Program is designed to encourage maximum use of personal capacity particularly in relation to self-care and socialization."

Of the 200 adult clients we are serving all but 26 would become ineligible since 27 live independently, 69 in state institutions, 32 in nursing homes, 4 in group homes and 42 with retired or non-working parents or guardians.

From the Federal Regulations, it is clear that the Ohio Department of Public Welfare, as administrator of Title XX, has the mandate to regulate service provision. In Ohio there is an on-going struggle between Welfare and the Department of Mental Health and Mental Retardation which receives the top third of Title XX monies. Both departments are aware of the bind this imposes upon our Agency and laud the services we provide but neither seems willing to offer a solution. This only serves to emphasize that the thrust in Ohio is to serve the Mentally Retarded population to the exclusion of the remainder of the Developmentally Disabled population.

The local welfare department, Franklin County, continues to be our lone advocate. Through their efforts we should be able to continue providing some services. It has been suggested that appropriate action be initiated which would result in a service code in Title XX designed to address the special needs of our client population.

We would welcome your advice and suggestions in regard to the approach we should be taking. Our state and local legislators have been apprised of the problem and are supportive of our cause.

Sincerely yours,

EUGENE A. CUTICCHIA,
Executive Director.

UNITED CEREBRAL PALSY,
COLUMBUS AND FRANKLIN COUNTY,
Columbus, Ohio, March 7, 1977.

MADELENE HERTZMAN,
*Chief, Bureau of Adult Services, Ohio Department of Public Welfare,
Columbus, Ohio*

DEAR MS. HERTZMAN: Since September 8, 1972, this Agency, United Cerebral Palsy of Columbus and Franklin County, Inc., has been providing direct social services to the cerebral palsied and multi-physically handicapped of Franklin County through purchase of services contracts with the Franklin County Welfare Department. Under the terms of the present Title XX Contract, as well as those of prior Title IV A and Title XX contracts, the bulk of the services being provided to the 200 adult clients of the Agency are provided under the Service Code 110—Day Care for Adults.

The presently existing definition of Day Care for Adults—

Personal care for part of a day for persons in need of supervised care in a protective setting approved by the state or local agency. It may be a family home or a congregate setting. Individuals may be helped to move from withdrawn isolation to interpersonal communicating and relating to others, to develop interest in the surroundings so that each can utilize his or her full potential for self-dependence.

Meals may be provided so long as less than three (3) meals per day are included and such meals are not designed to meet the full nutritional needs of the individual. Physical examination may be included when it is a requirement for participation in the service and cost is not reimbursable under Titles XVIII or XIX.

Provides that a wide range of activities can be provided for the least restricted number of qualifying clients whose eligibility for services is determined by the Franklin County Welfare Department. The focus of this program of services is the actualization of the potential for self-dependence of each individual client. Success and quality of this service provision has been measured in terms of the personal growth and development of the Agency's clients resulting in their placement in more appropriate living arrangements. Twenty-seven clients now live independently in their own apartments, 32 live in nursing homes, 4 in group homes, 68 in their parents' or guardians' homes, 69 in state institutions. This

movement from least restrictive to less restrictive living accommodations has enhanced the process of deinstitutionalization in which we all, both the public and private sectors, have a vested interest.

Care for the day or a portion thereof for adults who continue to reside with own family, but are in need of supervision while family members are at work and are out of the home. The purpose of the service is to enable the adult to remain in the community. The setting may be a day care home or a group center. One full meal and snacks may be provided, however, the full nutritional needs of the individual are not met. Physical examination upon acceptance into the program may be included if the cost is not reimbursable under Titles XVIII or XIX. Program is designed to encourage maximum use of personal capacity particularly in relation to self-care and socialization.

It has now come to our attention that the proposed definition of Day Care for Adults would place severe restrictions upon the number of clients this Agency could serve. The new definition would eliminate the provision of services to the following:

	<i>Clients</i>
1. All those living independently-----	27
2. All those living in institutions-----	69
3. All those living in nursing homes-----	32
4. All those living in group homes-----	4
5. All those living with parents or guardians who are nonworking or retired-----	42

The end result would be that only 26 clients living with parents who are employed could be provided the services this Agency has developed over the past five years to meet the needs of this highly discriminated against segment of the population.

We are certain that the intent of the revision of the definition of Day Care for Adults was not to restrict but rather to extend services. It would seem, from a perusal of the proposed definition, that this definition has been adapted from the definition of Work-related Day Care for Children. This may well serve a definite need and purpose but the restrictive nature of the definition of Day Care for Adults would reimpose a definite hardship on the cerebral palsied, multi-physically handicapped and their parents whose plight has only too recently begun to be addressed.

Further, and most importantly, in terms of the new restrictive nature of the definition, the severely handicapped individual is relegated to the role of dependent "child", for life, thus closing the avenues to maturation, a violation of the rights of individuals living in our society. This is indeed a gross injustice.

Because of the implications of such a restrictive definition of Day Care for Adults, we find it necessary to call these facts to your attention and to hereby lodge our protest. This Agency stands ready to defend its programs of service delivery and to advocate the cause of the clients we are chartered to serve. We are at your disposal to clarify our stand and to answer any questions you might have in this most serious matter.

Sincerely,

BETTY M. ROGERS,
President, Board of Trustees.
EUGENE A. CUTICCHIA,
Executive Director.

TITLE XX DISASTER

To know what the recently announced cutbacks in Hamilton County's Title XX funding signify, it is almost necessary to know Ed Jones.

Ed is a man in his early 20s confined for life to a wheelchair. He has difficulty speaking, though never thinking or emoting, which is why he cherishes his programs at the United Cerebral Palsy Center. Five days a week Ed takes a course in letter-writing; he checks silk-screened Christmas cards for ink spills, and he swims and bowls. Through the center, he finds some fulfillment in life.

Now, because of unanticipated and enormous cuts in the monies that pay for programs such as these, people like Ed may be abandoned. Less than two weeks ago, state officials announced to local welfare workers that a \$2.5 million slashing of the original \$6.3 budget for fiscal 1977-78 is virtually irreversible.

Title XX, to recap the complex legislation, is an amendment to the Social Security Act that deals with social services for the aged, blind, disabled and their families. Passed in January 1975, it provides federal dollars for the states according to formula based on population and per capita need (three federal dollars for every one state and local dollar). But—and here's the kicker—it is a reimbursement program. Only after the state has spent the money can it claim reimbursement from the feds.

In the first two years that Title XX money was available in Ohio, Hamilton County tried to establish carefully the needs for various services before committing any dollars. Like much of Ohio, the county did not spend all of the Title XX money immediately available to it.

For fiscal year 1976-77, Hamilton County was allocated \$6,263,000. By March of 1977, however, when allocations for the next fiscal year were being set, the county was still perfecting its methods. It knew what it was going to do with the money, but it had not actually committed all of it.

So what happened? State officials looked only at expenditures through March, presumed that Hamilton County was not going to use all of its funding and chopped its future allocation severely.

By the time Hamilton County learned what had happened—on July 1, the first day of the new fiscal year—at least 33 Community Chest agencies and 12 non-Chest agencies had made important funding commitments for the coming year. These commitments were based on the assumption that the new allocation would approximate last year's \$6.2 million.

Since July 1, Chest and local community officials have been scrambling to patch up the damage, but without success. Unless something dramatic happens, Ed Jones may well see some of his program cut, and any future Ed Jones may remain locked out.

What hurts the most, according to Community Chest spokesmen, is the size of the local cut—38 percent—when comparable counties in Ohio received little or no cuts. Lucas County (Toledo) lost 13 percent of its funding; Franklin County (Columbus) lost 15.6 percent; Cuyahoga County (Cleveland) lost none. Local agencies have been penalized, it appears, for exercising caution in the expenditures of federal funds.

What will happen? With financial juggling, some prayer and the possibility that other title XX recipients won't use all the money that is rightfully theirs, Hamilton County may limp through until May. But unless the state reallocates, the county will not fulfill its commitments through June.

In fairness, the state should reallocate right now, and put an end to the uncertainty. If, another year, more of Ohio's 88 counties claim enough so the largest recipients must be cut again, so be it. Foreknowledge will allow time to adjust. This time around, Hamilton County is stranded.

STATEMENT OF IRVIN P. SCHLOSS, DIRECTOR, GOVERNMENTAL RELATIONS OFFICE,
AMERICAN FOUNDATION FOR THE BLIND

Mr. Chairman and members of the Subcommittee, I appreciate this opportunity to support H.R. 12973, a bill which would increase the entitlement ceilings for vital social services under title XX of the Social Security Act to \$2.9 billion for the fiscal year 1979, to \$3.15 billion for the fiscal year 1980, and to \$3.45 billion for the fiscal year 1981 and each succeeding fiscal year.

In addition to presenting the views of the American Foundation for the Blind, the national voluntary research and consultant organization in the field of services to blind persons of all ages, I am also indicating the support of the American Association of Workers for the Blind, the national membership organization of professional workers with blind persons. Both of these national organizations urge enactment of H.R. 12973 as passed by the House of Representatives.

Favorable action on H.R. 12973 is urgently needed to permit provision of vital social services to eligible individuals whose lives would otherwise be adversely affected. According to the Department of Health, Education, and Welfare, 48 states projected expenditures at their respective ceilings in their 1978 Comprehensive Annual Services Program (CASP) plans. Based on its experience with actual expenditures in preceding years related to projected expenditures in CASP plans for those years, HEW believes that 45 states will actually reach their ceiling on title XX expenditures during the current fiscal year. In any case, all but three or six of the 51 jurisdictions currently eligible for title XX allotments will reach their allotment ceilings during this fiscal year.

The impact of this should be dramatically reflected in the 1979 CASP plans, which are currently being developed in most states. First, as a result of increased costs due to inflation, fewer individuals will be served in the fiscal year 1979 compared to each of the preceding years in those states which have reached their funding ceiling. Second, essential services required on a continuing basis—such as homemaker and chore services—will have to be discontinued or curtailed for some individuals desperately in need of them, an exceedingly difficult choice for social service providers to make. Third, provision of essential social services to persons not previously served but equally in need will not be possible.

Enactment of H.R. 12973 would remedy the predictable shortfall in provision of essential services to existing beneficiaries during the next fiscal year and permit some expansion in succeeding years.

Title XX of the Social Security Act continues to be the major potential source of federally-assisted social services to the largest single segment of the blind population of the United States—the elderly blind. Of the nearly 500,000 blind persons in the United States, according to the National Society for the Prevention of Blindness, 53.4 percent are 65 years of age and older, while 54.6 percent of the estimated 45,000 people who become blind each year are in the same age group. Provision of specialized services to the blind, such as training in mobility and daily living skills (including personal care and homemaking skills) with the aid of title XX funds would enable many of these elderly blind individuals to remain in their own homes and lead substantially independent lives. This would fulfill two of the major goals of title XX—achievement of self-sufficiency and prevention of unnecessary institutionalization.

For those elderly blind persons for whom institutional care cannot be deferred, these same professionally-provided specialized services with title XX funds would minimize the need for attendant care and make possible fuller participation in educational, social, and recreational programs of the institution.

Regional staff of the American Foundation for the Blind, working in concert with blind persons and local voluntary agencies serving the blind, have been told by several state social service agency directors that specialized services for the blind cannot be provided in their states without the infusion of additional title XX funds. H.R. 12973 will accomplish this, and we urge the Committee to take favorable action on this bill as soon as possible.

**STATEMENT OF EDWIN MILLARD, EXECUTIVE DIRECTOR PARSONS CHILD AND
FAMILY CENTER**

SUMMARY

The Child Welfare League of America, Inc., testimony is presented by Edwin Millard, Executive Director of the Parsons Child and Family Center, Albany, New York, a member agency of the Child Welfare League.

We thank Senator Moynihan and the Subcommittee on Public Assistance of the Senate Finance Committee for providing us with the opportunity to offer our total support to the recently enacted House amendments to Title XX of the Social Security Act embodied in H.R. 12973. We urge the Finance Committee to report out the bill intact to ensure enactment before the end of the 95th Congress.

We support the Senate Finance Committee's budget recommendation to raise the Title XX ceiling to \$2.9 billion in fiscal year 1979. We also support the additional increases for fiscal years 1980 and 1981 up to a \$3.45 billion ceiling included in H.R. 12973.

We support the Administration's recommendation to extend the \$200 million of Title XX funds at 100% Federal funding to encourage States to implement child day care services and maintain standards for those programs, which is included in H.R. 12973.

We also support the remaining amendments of H.R. 12973 which include: extending the day care provisions of P.L. 94-401 through fiscal year 1979; allowing Title XX funds to be used for emergency shelters for adults; requiring States to consult with local officials prior to the publication of the proposed Title XX plan; providing an option to the States to establish either 1 or 2 year Title XX program periods; making permanent provisions allowing Title XX funds for certain services to alcoholics and drug addicts; and establishing a separate entitlement of \$16.1 million for the social services programs of Puerto Rico, Guam, the Virgin Islands, and the Northern Marianas.

We urge the Subcommittee to carefully study the issue of an equitable distribution formula for Title XX funds but we do not encourage any legislative change during this session of Congress.

Title XX is an essential governmental funding source for services to children and their families. Day care, substitute care services, adoption, protective services for children, and services to unmarried parents represent over \$1 billion of the nearly \$4 billion total Title XX program. Other special services which are targeted to children and youth include day treatment, interstate/intercounty placements, counseling, referral to health services, recreation, and family planning. We recognize the important legal and financial responsibilities of the States to provide child welfare services to those children in need of protection, supervision, and treatment. It is evident that child welfare services not only rely on Title XX funding, but necessarily must also be supported by separate, distinct and interacting Federal programs including Title IV-B, the AFDC foster care program, child abuse and neglect programs, runaway youth, and juvenile justice and delinquency prevention programs. Even with support from these programs, we are concerned with the ever increasing competition for limited Title XX funds needed to supplement and improve the child welfare systems in the States and therefore support the increase in the Title XX ceiling.

STATEMENT

My name is Edwin Millard, and I am Executive Director of the Parsons Child and Family Center in Albany, New York, a member agency of the Child Welfare League of America, Inc. I appear today on behalf of the Child Welfare League of America which was established in 1920, and is the national voluntary organization for child welfare agencies in North America. It is a privately supported organization devoting its efforts completely to the improvement of care and services for children. There are nearly 400 child welfare agencies directly affiliated with the League, including representatives from all religious groups as well as non-sectarian public and private non-profit agencies.

The League's activities are diverse. They include the activities of the North American Center on Adoption; a specialized foster care training program; research; the Office of Regional, Provincial, and State Child Care Associations which represents more than 1,000 additional child and family serving agencies in this nation; the American Parents Committee which lobbies for children's interests; and the Hecht Institute for State Child Welfare Planning which provides information, analysis, and technical assistance to child welfare agencies on Title XX and other Federal funding sources for children's services.

The National Conference of Catholic Charities and the United Way of America, unable to present testimony at this hearing, join us in offering their support to the provisions of H.R. 12973. We urge you to support the increase in the Title XX ceiling and the other amendments to the program and to recommend to the full committee that H.R. 12973 be reported out intact to ensure enactment before the 95th Congress comes to an end.

At this time, we would like to outline the Child Welfare League's reasons for supporting the House passed bill.

Increase in the ceiling on Federal title XX funding

We were pleased by the leadership of the Finance Committee in recommending to the Budget committee an increase in the Title XX ceiling to \$2.9 billion in fiscal year 1979, the fourth title XX program year. Therefore the first Congressional Budget Resolution for 1979 allows for this increase. Additional support for increasing the Title XX ceiling was co-sponsored by Senators Dole and Gravel in the form of an amendment to H.R. 7200 which would raise the funding ceiling over the next three years to \$4.50 billion. Committee members Hathaway and Matsunaga, along with several other Senators, agreed to sponsor this proposal. With overwhelming bi-partisan support, the House passed H.R. 12973, which includes the increased funding over three years, and now that bill is being considered here. As Senator Moynihan has observed, if the Title XX ceiling had been increased to keep pace with inflation, it would now exceed \$3.6 billion. H.R. 12973 would modestly increase the ceiling to \$3.45 billion by 1981 and therefore should be supported.

While the inflation rate continues to hover at 6 per cent, the erosion of the "purchasing power" of this 5 year old Title XX ceiling is evident. In Fiscal Year 1976, the year Title XX was implemented, 26 States were spending up to their

Federal allotment. In Fiscal Year 1977, 35 States reached their limit on Federal funds. In Fiscal Year 1978, 48 States indicate in their Title XX plans that they will spend all of their Federal allotment. Over a dozen States indicate in their 1978 plans that they will provide additional Title XX services with State funds above those necessary for the Federal match. It has been projected that all 50 States and the District of Columbia plan to spend up to their funding ceiling in fiscal year 1979.

Even with the additional \$200 million for day care services available to the States during 1977 and 1978, States have decreased maximum eligibility levels for services and are setting fees for services at lower income levels. According to the analysis prepared by the Office of the Assistant Secretary for Planning and Evaluation, HEW, between 1976 and 1978, 14 States lowered maximum eligibility levels for services and most States have limited access to services by decreasing eligibility for high cost services or by applying additional special criteria not related to income and thereby developing more complex eligibility systems. From 1976 to 1978, the number of States charging fees for services to individuals with incomes below 80 percent of the State median income has increased from 25 to 38 States. Therefore, the ceiling on Title XX funds has resulted in increased use of State funds; an increase in the number of persons who, even with very modest incomes, are now ineligible for services; an increase in the use of fees for lower income service recipients; and a resultant decrease in both the quality and quantity of social services funded by Title XX.

Title XX is an essential governmental funding source for services to children and their families. Day care, substitute care services, adoption, protective services for children, and services to unmarried parents represent \$1.3 billion or 40 percent of the \$3.7 billion total Title XX program described in the States' 1978 Plans. Other special services which are targeted to children and youth include day treatment; interstate/intercountry placements; counseling; referral to Early Periodic Screening, Diagnosis, and Testing (EPSDT) for children; recreation; and family planning. Supportive services such as transportation, legal aid, homemakers, alcohol and drug counseling, and mental health services and services for developmentally disabled children are also included in the Title XX CASP Plans. Comparisons of the 1976 and 1978 estimated expenditures for children's services reflect a decrease for adoption, day treatment, and services to unmarried parents. In addition, decreasing eligibility levels and increasing use of fees for children's services result in fewer Title XX services available for children and youth. We recognize the important legal and financial responsibilities of the States to provide child welfare services to those children in need of protection, supervision, and treatment and are concerned with the ever increasing competition for limited Title XX funds needed to supplement and improve the State child welfare systems.

For example, my agency is currently conducting an "Institutional Care Prevention Project" which is designed to prevent inappropriate placement of children by providing intensive supportive services to families and by assisting them with the various community systems, including the vocational, educational, health, and income maintenance systems. Even though the New York proposed Title XX Plan for 1979 emphasizes the program area of preventive services for children, our local social services district does not have Title XX funds available to support this activity. Other local social services districts have expressed an interest in our successful well-documented program, but have also indicated that Title XX funding is not a possibility at this time. Severely constrained by the declining fiscal conditions, local governments must assure funding for mandated services which have experienced reductions, no additional resources for preventive or innovative social services programs. It is unfortunate that Title XX, a program designed to be flexible to local social services needs, is so crippled by its limited funding that services directed at strengthening families must be bypassed in order to assure adequate protection for those in dire need.

The Child Welfare League has come before this Committee on many occasions to express the importance of supporting American families by assuring the availability of a full spectrum of services, including counseling, homemaker services, day care, and protective services, as well as adoption and foster care. Title XX is the largest, single public funding source for these and other social services. An increase in the Title XX ceiling is a partial yet essential solution to the problem of the lack of adequate resources for supportive services.

We recognize the legitimate concerns which this Committee and others have raised regarding the efficacy of providing social services as a means toward a

sound social welfare policy. We continue to be mindful of promises for success advocates for social services espoused more than a decade ago which resulted in expectations which were never realized. The Child Welfare League perseveres in our commitment to the expansion and improvement of social services for children by supporting the maintenance of high standards, for carefully planned programs with adequately and well-qualified staff. Quality social services programs maintained by adequate funding do make a difference, as documented in studies published by the Child Welfare League. Dollars and Sense in Foster Care of Children (1972) for example, a study conducted in New York City found that if adequate resources were made available to provide restorative services to families, those families were capable of resuming responsibility for their own children. New evidence was included in an evaluation of another New York project. A Second Chance for Families (1976) which showed that if family services are made available in accordance with the needs of families, without restrictive eligibility requirements, foster care placements were either shortened or averted. An investment of \$500,000 resulted in shortage placements with corresponding cost savings of approximately \$2 million dollars.

The services provided in these studies can be and are provided with Title XX funding. However it is evident that child welfare services not only rely on Title XX funding, but necessarily must also be supported by separate, distinct and interacting Federal programs including Title IV-B, and AFDC foster care program, child abuse and neglect programs, runaway youth, and juvenile justice and delinquency prevention programs. These programs are so interrelated that when limited Title XX funding forces States to reduce intensive prevention and support services to low income families, pressures are exerted on the resources of the other children's programs. These pressures can then result in significant changes in several existing programs.

For example, States which look to Title IV-B funding to relieve fiscal pressures caused by the Title XX ceiling are confronted with several choices—all with negative social impact. On the one hand, they may choose to use the Title IV-B funds for children who meet the Title XX needs test. However, using the limited Title IV-B money for these children deprives another, equally needy group of children—in this case, emotionally disturbed children from higher income families, who do not meet the needs test of any other Federal program—of the care they need. A strength of the Title IV-B program, its universal eligibility system, is therefore weakened.

Another program which has been impacted by insufficient Title XX funds is the AFDC foster care program. In many States, the only option is the AFDC foster care program. The result is that parents who realize they are unable to care for their child are subjected to unnecessary court proceedings in order to make the child eligible for the AFDC foster care program. A study conducted by the League, AFDC Foster Care: Problems and Recommendations (1974), found the required judicial determination not only damaging to the child-parent relationship, but also very costly. In addition, the process is time consuming for the child welfare worker and results in less supportive and restorative services being offered to the family.

A third program is also affected. The lack of sufficient Title XX funding for strong, youth-oriented programs is partly responsible for the increasing reliance on the Family Courts and the juvenile justice system to care for youth who are considered "uncontrollable" by their parents, who are running away from home or who are committing crimes.

Several programs in the health and mental health domains are also affected. Children and adolescents who cannot be served in any other programs are frequently referred to less appropriate and more costly—but available—services in community mental health settings, facilities funded by Medicaid or CHAMPUS authorities.

Finally, the higher incidence in family violence is resulting in the increased need for emergency intervention and protective services. These programs are modestly funded through the child abuse and neglect programs—there is no reasonable alternative.

It is evident from these examples that limited Title XX funding as well as attempts to place a ceiling on other programs such as AFDC foster care, has a detrimental affect on the various but distinct child welfare programs as well as on the broad child welfare system. An increase in the Title XX ceiling in relationship to a fully funded and separate Title IV-B program and a continued open-ended entitlement for AFDC foster care recipients will alleviate the ever mounting pressures on the child welfare system.

Extension of the provisions of Public Law 94-401 for day care services

H.R. 12973 provides that in fiscal year 1979, an additional \$200 million in Federal funds with no matching requirement, be used for the purpose of encouraging States to continue to expand and upgrade their day care services under Title XX. The Federal government must be the leader in promoting the importance of adequate day care and in requiring compliance with appropriate standards. Not only are appropriate standards important for health and safety of the children in care, but as our studies on high quality services have demonstrated, effective results for the functioning of the family are also achieved. Under Public Laws 94-401 and 94-171, States have been responsive to the Congressional intent and have increased their spending for improving day care services. Funds specifically for day care services are directly related to the Title XX goal of self-sufficiency for parents and future self-sufficiency for the children in care. Therefore, the additional \$200 million for day care services should remain a distinct category of 100% Federal funding under the Title XX program for 1979.

H.R. 12973 also extends for another year, through September 30, 1979, other provisions of Public Law 94-401 which include: 1. grants to hire welfare recipients, 2. the delay in implementation of Federal child care staffing standards, 3. modification in standards for family day care homes, 4. tax credits for hiring welfare recipients to provide day care services, and 5. the requirement that states must maintain their child care staffing standards at the September, 1975 levels. Since the Department of Health, Education, and Welfare has announced its intentions to publish proposed modifications in the Federal Interagency Day Care Requirements during 1979, we support the Administration's recommendation to extend these provisions for a single year, while awaiting HEW's recommendations on Federal standards.

The Finance Committee should favor this continued financial support for improving day care services under the Title XX program. At this stage, there is not an adequate Federal commitment to expand quality day care opportunities for the increasing numbers of mothers entering the work force who children are under six, or need after school care. The Title XX day care funds which we have addressed in previous testimony on welfare reform represent a small but significant Federal role in promoting decent quality child care and its is not timely to dilute the purpose of these funds by folding them into the general Title XX program. The impact of the \$200 million would be even more effective if States were required to maintain their current level of Title XX spending for day care and use the additional funds for improvements and expansion. We also recommend that the additional \$200 million at 100 percent Federal funding for day care services become a permanent provision in the Title XX statute.

Emergency shelter for adults

We support this amendment to Title XX which authorizes payment for the cost of emergency shelter or services to abused adults as a protective service. However, we feel it is vitally important, in enacting this proposal, to provide enough additional funds to pay for these necessary, high quality services to those families immersed in the horrors of domestic violence as well as those who are destitute and homeless.

Senator Cranston and Congressman Miller, in their hearings on the problem of domestic violence, learned that people operating nearly 200 shelters and over 100 service programs for abused women and children were all requesting Federal funding for these and additional services. The emergence of these local community projects is additional evidence of the need for adequately supported family services. Family violence is the last step and the biggest "growth service" today, due to dysfunctional and under funded social services systems.

Consultation with local officials

While Title XX provided a new framework for the administration of social services, it also was an impetus for improved planning, including public participation, needs assessment, and evaluation. Public and voluntary agencies, State and local, advocacy groups and the general public are still attempting to understand the complexities of their States' Title XX programs. Within the constraints of limited funds, rational planning for social services is a goal yet to be reached. The importance of the Title XX planning process to date has been the opportunity it has afforded the State and local officials, service providers, consumers, and other citizens to learn about their State's social services program and to coordinate their efforts to create a more responsible social services system for children, adults and families.

We support the requirement in H.R. 12973 that States give public notice of an intent to consult with local elected officials and to provide them with an opportunity to present their views. We wish to reiterate and support the House Committee's intent that in all States all organizations and individuals who are involved in the delivery or receipt of services have an opportunity to be involved in the planning process, prior to the publication of the proposed Title XX plan.

Title XX presents a partnership between the public and voluntary sector in the planning, delivery, and advocacy for Title XX services.

Local private agencies have participated in the needs assessment activities and public hearings, and have been represented on State Title XX advisory committees. Not only are child welfare agencies commenting on the needs for children services but they are also cooperatively assisting State Departments in providing services to meet these needs. According to the State reports to HEW, 49 percent of the Title XX dollars are used to purchase services from other public agencies or from private agencies. In addition to providing services, the private sector in many States is contributing funds to be used for the 25 percent non-Federal match which is required. If these matching funds are not donated, the services are not available, due to State budgetary constraints. H.R. 12973 reinforces the concepts of coordination, consultation and cooperative efforts with the officials of local government and private service providing agencies.

Multiyear planning

We believe that the CASP Plan should be more closely linked to the State budgetary and legislative cycles and therefore support the option for States to submit two year Title XX plans which will assist those States with biennial budgets. This amendment, coupled with the increased Title XX ceiling over a three year period, will result in more long range planning and budgeting activities at the State level to assure adequate State budget commitments for matching the Federal Title XX dollars.

We support the \$16.1 million separate entitlement program for social services in Puerto Rico, Guam, the Virgin Islands, and the Northern Mariana Islands.

We also support the amendment which makes permanent the provision allowing Title XX funds to be used for certain services provided to alcoholics and drug addicts.

Current distribution formula for title XX funds

Under current law, each State's share of the Title XX ceiling is determined on the basis of the proportion of its population to the total population of all the States. While States which experience an increase in population also receive a larger Title XX allocation, other States receive a smaller allocation. For example, while Florida has experienced a 12 percent increase in its allocation of the \$2.5 billion amount from fiscal year 1973 to 1979, New York has had its allocation reduced by 4 percent. It has been argued that those people who voluntarily move are less likely to be in need of Title XX funded social services, and that States with decreasing populations are trying to serve the same number of needy people with less Federal Title XX funds.

The Subcommittee should carefully consider various factors which could influence the allocation formula. These factors could include the relative poverty or target populations in the State, the number of income maintenance recipients in the State, or the State's per capital income. The current Title XX statute requires that 50 percent of the Federal funds utilized by the State be expended for services to income maintenance recipients. Therefore a possible distribution formula could weight 50 percent of the allocation based upon the proportion of income maintenance recipients in the State with the remaining 50 percent based upon the proportion of general population.

Given the legislative workload facing the Congress in the final weeks of this session, we urge the Subcommittee to conduct a careful study of the Title XX fund distribution formula next year.

Thank you for this opportunity to express our support for H.R. 12973, which provides additional funds for social services under the Title XX program. Increased Title XX funds, supported by several programmatic amendments, will ensure a more adequate and responsive social services system for this nation's children and their families in need of protection and care.

Senator MOYNIHAN. I would like to thank you, Senator Curtis, for being with us all morning; and then I will call our concluding witness, unless there are others who wish to be heard after that, Commissioner

Jerome D. Chapman, of the Texas Department of Human Resources, who is here representing the National Council of State Public Welfare Administrators of the American Public Welfare Association.

Commissioner, good morning.

You have a colleague with you, I see?

Mr. CHAPMAN. Good morning.

Yes; this is my deputy, Mr. Merle Springer, Chairman Moynihan.

Senator MOYNIHAN. Mr. Springer, good morning to you, sir.

Mr. CHAPMAN. I will not give my complete testimony, as you have a copy.

Senator MOYNIHAN. We will put it on the record, but you take all the time you want, now. You have waited very patiently and very thoughtfully, yet you arrived smiling and full of beans.

STATEMENT OF JEROME D. CHAPMAN, COMMISSIONER, TEXAS DEPARTMENT OF HUMAN RESOURCES, ON BEHALF OF THE NATIONAL COUNCIL OF STATE PUBLIC WELFARE ADMINISTRATORS OF THE AMERICAN PUBLIC WELFARE ASSOCIATION; ACCOMPANIED BY MERLE SPRINGER, DEPUTY COMMISSIONER, TEXAS DEPARTMENT OF HUMAN RESOURCES

Mr. CHAPMAN. I would like to reemphasize three or four points, if I might, that I think others have previously made. One is that title XX programs across the Nation are being squeezed very much by inflation, just as all of us are being squeezed by inflation; and it is leaving us in a position where what we are talking about in the future is reduction of services if we cannot supplement that money in some kind of way.

Senator MOYNIHAN. Yes.

Mr. CHAPMAN. And I think this is of grave concern, so that the Council of State Administrators does very strongly support the 3-year funding increases that are in H.R. 12973.

One of the reasons, Senator, we support the 3-year funding is because of the planning cycle.

Senator MOYNIHAN. We keep hearing about this.

Mr. CHAPMAN. With only 1 year, it is very difficult for us to look at what we are going to be doing for the 2 years after that. It is a particular problem in my own State which has a biennial session of the legislature which starts next January, and without being able to give them any concrete figures of what will take place the 2 years after that, it makes it very difficult for me to try to negotiate for adequate moneys, State moneys to continue the level of services that we currently have.

In my request to the legislature, I requested no money at this particular point for expansion services. I have only requested money for maintenance of present levels of services because of the high cost of inflation.

The Council of State Administrators does support continued funding under Public Law 94-401 for child day care. I think there is a direct relationship between the increase in day care that has taken place over the last 5 years, and the decrease we have had in our State's aid to families with dependent children programs. So I would strongly suspect that if our day-care programs are cut back, we would likely see some increase in our AFDC program in our State.

I think that this also can be shown in some other programs. This year, Senator, in Texas, we will be spending about \$63 million for home care services for the aged, blind, and disabled, and serving 98,000 recipients. I would like to compare that to the fact that this year we have spent a little over \$400 million for nursing home care for about 62,000 recipients; and I would further state to you that one of the requirements of our home care for the aged, blind, and disabled is that they are medically eligible for nursing home care, so that we are serving exactly the same population. And I wish Senator Curtis was here, because I believe that certainly shows a cost justification for these kinds of programs.

Senator MOYNIHAN. Yes.

Mr. CHAPMAN. The Council very strongly supports multiyear planning. It is very costly to go through the public hearings and everything that we go through every year—

Senator MOYNIHAN. Do you have a Council position on what a useful cycle is? Is it 3 years? We have heard 3; we have heard 5.

Mr. CHAPMAN. I think that the Council generally has supported a 3-year cycle for title XX planning. I think that with legislatures meeting either once a year or every other year, that 3 years is a logical cycle that fits into that combination of numbers. There are program changes, and I think the title XX programs should be looked at in some type of regular, ongoing basis.

These are the points we basically wanted to present in our testimony this morning. In closing, again, we strongly support the funding increases. We support the proposal for 3-year increases. It is my personal opinion that Congress will actually spend the money either through increased costs for title XIX and title IV-A programs, or they will spend it in title XX; and I think title XX is much more humanistic and makes lots more sense and it is cheaper.

Thank you.

Senator MOYNIHAN. Well, we thank you, Commissioner. What is the old line, no man's property is safe while the legislature is in session?

I wonder if we could make a little study of the number of days the New York State Legislature is in session and the amount of taxes New York State citizens pay as against the equivalent in Texas. It would probably teach you something about the old rule.

We have got an agreement with the administration to go up one step, but a step to exactly where the House was. Under Secretary Clampion said the House wants the first step increase to be to about \$2.9 billion, which is not that much in national terms. I suspect we can get agreement in this committee to do that.

Now, one of the previous witnesses mentioned that the APWA is going to have a symposium in Minneapolis, was it, this fall on the whole uses of title XX.

Mr. CHAPMAN. Title XX, I believe that is correct.

Senator MOYNIHAN. Is there some possibility you are going to come out of that with some ideas that we don't have and need to hold of?

Do you have as your object some advice to the Congress?

Mr. CHAPMAN. I am not that familiar with the specifics of that symposium, Senator, to be able to comment on it. I would certainly think that it is the responsibility of organizations such as the American Public Welfare Association to continue to study the best way we can deliver services to people as well as seek the most economical ways which we can deliver services.

Senator MOYNIHAN. Right. I see someone coming to the table.

Ms. SLACK. My name is Iris Slack and I work with the American Public Welfare Association.

Senator MOYNIHAN. We welcome you, Ms. Slack.

Ms. SLACK. And I do think it is important to let you know that yes; we are sponsoring this symposium with the Urban Institute in the hope that bringing together about 500 planners and researchers and decision-makers, there can be some long-range policy decisions, not decisions but recommendations produced. But let me say that the increase in the ceiling on title XX is not one of the questions. One of the questions being considered is by how much should the ceiling be raised and how long down the line should funding be increased. What kind of uses should be made of this increase in funding?

Senator MOYNIHAN. Well, you will not fail to consider whether funding should be decreased, will you?

Ms. SLACK. I don't believe that issue has come before us. [General laughter.]

Senator MOYNIHAN. Well, let me tell you, that issue is before this committee and we are very troubled. We know that the welfare mothers are having their actual resources cut ferociously by inflation and that the children have less every year, but we notice that the social workers have more.

Ms. SLACK. But they haven't got more. The ceiling has been on title XX since 1972.

Senator MOYNIHAN. I mean they are, not the ceiling. I mean, I would like to see the professional whose real resources have been cut 28 percent in 4 years, as has happened to the dependent families in the city of New York, for example.

Ms. SLACK. And neither have Senators' salaries been cut.

Senator MOYNIHAN. Yes.

Well, thank you very much.

I mean, we have a problem of resources, and we don't know what are the best uses for them.

Mr. CHAPMAN. I agree with you 100 percent, Senator, and that is the reason I was making my comments on the relationship between the costs of services that are delivered under the auspices of title XX and the cost of services delivered under title XIX, and title IV-A. I really do think there is a direct relation between those two kinds of costs.

Senator MOYNIHAN. Yes. Well, I am glad you have the job and not I. Our job is to get more of it to you, and I think we certainly will do that. It will be done with greater good spirit in this Congress if we have a feeling it is going to people who need it. There is an old adage about feeding the sparrows by feeding the horses, and there may be something to it.

In any event, we thank you very much for coming.

Mr. CHAPMAN. Thank you, sir.

[The prepared statement of Mr. Chapman follows:]

STATEMENT OF JEROME CHAPMAN, COMMISSIONER, STATE DEPARTMENT OF HUMAN RESOURCES, THE STATE OF TEXAS

Chairman Moynihan, members of the Committee, my name is Jerome Chapman. I am Commissioner of the Texas Department of Human Resources. I appear

before you today on behalf of the State of Texas and the National Council of State Public Welfare Administrators which is a constituent of the American Public Welfare Association.

The Texas Department of Human Resources, like similar agencies in each of the states, is charged with the responsibility of maintaining the quality of life for those in need. States have met this responsibility through the provision of services authorized by Title XX of the Social Security Act. Many different services are provided including:

Child day care which enables low income parents to work while ensuring adequate care for the children.

Homemaker services for thousands of individuals enabling them to live in their own homes, thus reducing unnecessary and costly institutional care.

Title XX funds also provide counseling and training services for welfare recipients helping them increase their employment potential and assisting them in getting jobs.

Title XX is one of the most effective means of meeting the non-cash assistance needs of our disadvantaged fellow-citizens. The ability of states to bear this responsibility effectively has become increasingly difficult.

For example, the Texas Department of Human Resources is asking its Legislature for a 70 per cent increase in state funds for all its programs over the 1980-81 biennium. The Department has requested that state funding for social services be increased by 200 per cent over the current biennium. Yet, the proposed budget for those two years is essentially one of now growth in services.

The demand for a substantial number of additional state dollars is caused by factors over which our Department has no control. Two of the most significant factors are inflation and the rigid Title XX ceiling. The current Title XX ceiling has made no allowance for what inflation has done to human service delivery.

In 1972 a ceiling of \$2.5 billion was placed on the funding of social services by the Social Security Act. Since 1972, there has been only a \$200 million, or 8 per cent, increase in available funding. During the period 1972 to July 1978, the sum of inflation has exceeded 50 per cent. During the last 6½ years, while salaries, the cost of food, medicine and consumer products have increased relative to the rate of inflation, the federal funds available to states to pay for essential social services has been held virtually constant.

The federal ceiling has left states with three options. Some states have limited eligibility for services. Texas, for example, was forced to reduce income eligibility for family planning services to 53 per cent of the state's median family income in FY '78 to ensure that services would be available for the most needy.

Other states reduced services to stay within allotted budgets. In Texas, services to aged, blind and disabled individuals will have been decreased 50 per cent between 1976 and 1979, because funds are insufficient to maintain higher case loads.

Still, other states have increased state-appropriated and locally donated contributions above the required 25 per cent matching requirement. In this regard, Texas has increased its state and local funds by over 40 per cent over the period 1975 to 1979. This increase has enabled Texas to maintain services to most of its present clients.

The states' further pursuit of these options has become more and more difficult.

States are constantly being asked to expand eligibility. For the 1979 Title XX program, Texas repeatedly has been requested to provide services to individuals whose incomes are 80 per cent of the state's median income.

States are continuing to reduce services. In Texas, services in several program areas will be further reduced during 1979 because of inflation.

Increases in locally donated funds and state appropriations are becoming more and more difficult to obtain. In Texas, the state and local governments and private fund donors feel that the federal establishment has placed the entire burden of inflation on the state.

The legislation before you provides for a modest increase in the ceiling over the next three years. This gradual increase will offer some relief. The bill provides for an increase of \$200 million in 1979, \$250 million in 1980 and \$300 million in 1981. The first year's increase already has been approved by both the House and Senate as part of the 1978 budget resolution.

The legislation, if enacted, will provide Texas with approximately \$11.6 million above the 1978 funding level. With this increase, the Texas Department of Human Resources will be able to maintain services to its 1978 caseload.

The legislation before you recommends several programmatic changes to Title XX. The legislation will allow states to use Title XX funds for emergency shelter for adults who are in need of protective services as is now allowed in the case of children.

The legislation also makes permanent certain temporary provisions which allow states flexibility to serve drug addicts and alcoholics. The State of Texas and the National Council of State Public Welfare Administrators completely support these changes.

The recommended extension through 1970 of the provisions of Public Law 94-401 relating to child day care services is essential if adequate day care is to be provided as a part of the Title XX program.

The Title XX program is the nation's social service hallmark. It provides the states with the necessary flexibility to address their respective needs; it is simultaneously preventative, supportive, protective and developmental; and relative to other programs it is fairly easy to administer. It cannot, however, operate and perform its necessary function without adequate funding.

Without adequate Title XX funding, states will see increased demands for Title XIX nursing home services due to the lack of in-home services. Without sufficient day care, families will be forced to turn to assistance payments programs to survive. Such a situation will be a retreat from the strides we have made against dependency.

With the ominous prospect of Texas having to reduce essential services such as day care, home care for the elderly, and children's protective services, I urge you to favorably consider the recommended amendments to Title XX when you are called to act on behalf of the citizens of this country.

Senator MOYNIHAN. The hearings are concluded.

Good morning.

[Whereupon, at 1:06 p.m., the subcommittee recessed subject to the call of the Chair.]

[By direction of the chairman the following communications were made a part of the record:]

TESTIMONY OF THE HONORABLE MARTHA KEYS

On June 5, the House of Representatives passed H.R. 12973 by the overwhelming margin of 346-54. As the co-sponsor of this legislation, I hope this committee will act expeditiously on the measure to assure its passage before the end of the session.

In 1972, the Congress imposed a \$2.5 billion ceiling on title XX. In the 6 years since the establishment of the ceiling, the value of that \$2.5 billion has shrunk to \$1.7 billion.

The legislation provides a modest increase in the ceiling over the next 3 years. This gradual increase will offer some small portion of relief from the past effects of the ceiling and will permit States to adopt longer-range plans for their social service programs. The bill provides for an increase of \$200 million in 1979, \$250 million in 1980 and \$300 million in 1981. The first year's increase has already been approved by both the House and Senate as part of the 1978 budget resolution.

I joined my colleague, Mr. Fraser, in sponsoring this legislation because of the severe impact which the 1972 ceiling is having upon 1978 programs for children, the elderly and the handicapped. My own State of Kansas is a typical example of the cuts in services which have occurred as a result of the outdated ceiling. Last year programs in my State faced nearly a 50 percent cutback in services as a result of inflationary pressures. Around the country costs at the administrative level are increasing leaving fewer dollars for direct services. At the same time, both the cost of and the demand for direct services is on the rise. Long waiting lists for title XX programs are indicative of the many needs which are going unmet. In Kansas, nearly 1,000 elderly are awaiting homemaker services, 335 handicapped are in need of residential services and 113 handicapped children are waiting for day care openings.

Kansas is not the only State which finds itself in this position. Forty-eight States have now reached their ceiling. Congressman Fraser and I have polled the States and 46 of them have written to us saying that the cap has forced them to cut back on services and to limit eligibility. According to HEW, 14 States have already reduced their eligible population.

Further reductions have occurred in many States as a result of shifts in population. Between 1977 and 1978, 24 States suffered such a reduction. In the last several years, we have been shifting the same inadequate pot of money between the 50 States—with some winners and many more losers.

I was pleased when my colleague from Kansas, Senator Dole, introduced this bill with 11 other Senators. The legislation has become a bipartisan effort to respond to the genuine needs of the elderly, children and the handicapped.

The bill has been endorsed by 24 organizations :

Children's Defense Fund.

Child Welfare League.

Society for Crippled Children and Adults.

AFL-CIO.

National Association for Retarded Children.

Family Service Association of America.

National Association of Social Workers.

American Public Welfare Association.

National Association of Counties.

American Association of Retired Persons.

Urban Elderly Coalition.

United Way of America.

National Association of State Mental Retardation Program Directors.

National Governors Association.

American Parents Committee.

Catholic Charities.

National Council of Senior Citizens.

National Council on the Aging.

Goodwill Industries.

League of Women Voters.

Easter Seal Society.

Epilepsy Foundation.

National Council of State Legislatures.

U.S. Conference of Mayors.

Many States have accepted the responsibility of providing for social services and aiding in the efforts to meet inflation. We fully expect the States to maintain their efforts in these areas. The funds in this bill should not be used by the States to replace funds already being spent, but should be used to expand current services and offset inflation.

I hope my colleagues in the Senate will support this increase in the cap. Without such a measure, we will surely see more elderly denied homemaker services, children denied day care, mentally retarded turned away from sheltered workshops and abused children without protective services. This legislation will help us fulfill our commitments to children, the elderly, and the handicapped—all those most in need of assistance.

STATEMENT OF THE HONORABLE RON DE LUGO

Mr. Chairman and distinguished members of the Senate Finance Subcommittee on Public Assistance, I am grateful for this opportunity to present testimony in support of H.R. 12973, legislation passed by the House creating a separate entitlement for the Virgin Islands, Guam, Puerto Rico, and the Northern Marianas under the title XX Social Services Program. Section 7 of the bill would guarantee an annual allocation of \$16.1 million for day care, child foster care and other vital social services for the United States off-shore areas. It would also provide that these allocations be increased in future years in the same proportion as the Federal title XX ceiling is increased.

As you know, under the present law, the Virgin Islands, Guam and Puerto Rico are authorized \$16 million out of title XX funds which are left unspent out of the total allocated to the 50 States and the District of Columbia. Since it is often late in the fiscal year that the State certifications of program expenditures are received and approved by HEW, the current law serves not only to undermine effective budgeting and planning by the Virgin Islands Department of Social Welfare, but it also raises the constant threat of diminishing funds as the State programs grow and become more budget efficient.

Unless action is taken by the Congress, this threat will be realized in the Virgin Islands for the first time since the establishment of the Title XX program in 1974. While the Virgin Islands is authorized \$500,000 a year for social services

under Section 2002(a) (2) (D) of the Social Security Act, the V.I. Government was notified by HEW last November 16th, a copy of which is appended to the end of my statement, that the Territory's allocation would be reduced to \$279,500. This amounts to a 44 percent decrease over the previous year's allocation, which is in addition to any real dollar decrease caused by inflation.

Importantly, Section 7 would resolve this problem, as well as stem the erosion of real benefit levels caused by inflation; it would take another major step forward in providing equitable treatment under the law of all United States citizens, regardless of their geographical origin or residence.

The House has been in the vanguard of the efforts to eliminate the discriminatory treatment of the Virgin Islands under the public assistance provisions of the Social Security Act. I strongly urge the Members of this Subcommittee to support the House action to create a separate entitlement for the off-shore Territories under Title XX, as well as a cost-of-living escalator tied to any future increases in the Title XX Program. Such action would help meet the urgent need for social services in the Virgin Islands, as well as continue the progress we have made in insuring that our citizens are treated the same as our counterparts on the mainland.

Thank you very much.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE.

OFFICE OF THE SECRETARY,

OFFICE OF HUMAN DEVELOPMENT SERVICES,

Washington, D.C., November 16, 1977.

VIRGIN ISLANDS DEPARTMENT OF SOCIAL WELFARE.

Attention: Commissioner,
Saint Thomas, Virgin Islands.

GENTLEMEN: This is to advise you that your Federal allotment for services expenditures authorized in Section 2002(a) (2) (D) of the Social Security Act for Fiscal Year 1978 is \$279,500.00. However, in order for these funds to flow to you a Form SRS-OFM-65, Quarterly Estimates of Expenditures, must be submitted as specified in Action Transmittal, SRS-AT-76-152(AAM), dated September 30, 1976.

It should be noted that the above allotment is available for services expenditures for the entire Fiscal Year 1978 and is not the maximum amount provided pursuant to Section 2002(a) (2) (D) of the Social Security Act.

As the year progresses and States revise their estimates of need and certify accordingly your allotment will be revised.

Sincerely yours,

MICHIO SUZUKI,

Acting Commissioner,

Administration for Public Services.

TESTIMONY SUBMITTED BY WILLIAM DONALD SCHIAEFER, MAYOR OF BALTIMORE, IN
BEHALF OF THE UNITED STATES CONFERENCE OF MAYORS

Senator Moynihan and members of the Subcommittee. I am sorry that I am unable to be with you to testify on what I feel is a very important piece of legislation, H.R. 12973. Unfortunately I had commitments for August 18, 1978, which could not be changed. I wanted to take this opportunity, however, to express my strong support and that of mayors across the country for H.R. 12973 and urge that you report it out in its present form as expeditiously as possible.

In June the mayors of this country met in Atlanta. Policy was adopted by the U.S. Conference of Mayors on many different issues and programs. One of them was Title XX. The mayors called for an increase in the ceiling for Title XX and for the involvement of local elected officials in the Title XX planning process. H.R. 12973 provides both of these.

It provides an increase in funding over the next three years which will enable us to address some of the cut-backs which have occurred because of inflation and will enable us to respond to unmet needs in our communities. I cannot emphasize to you enough the importance not only of the increase itself, but also that it is for a three-year period. This will enable planning and program development that can respond to needs and not be threatened with imminent decreases due to inflation or uncertain funding. The three-year increase lends some stability to our social services system.

You will note that I have used the pronouns "we" and "our" in my remarks so far. I am the Mayor of Baltimore and my city does not have any particular responsibility for administering Title XX, although it happens that we do administer some Title XX funds. But even if we did not, I would use the pronoun "we" because a good portion of Title XX funds are used to serve residents of this nation's cities. Even though most cities are not involved in planning for or administering Title XX, city governments and their chief elected officials are involved in the program, if only to receive complaints from citizens who call city hall when they do not feel they are getting proper services. We cannot escape involvement because the funds are spent to benefit our citizens and we as mayors have a basic responsibility for their welfare and well-being.

The City of Baltimore manages a Title XX grant in excess of \$2 million. In this relationship the City has a contractual agreement with the State of Maryland to administer the grant. A local needs assessment was conducted which identified where services were lacking and became an integral component of the state plan. This relationship does not represent the typical association between states and cities. Prior review and comment by local elected officials, as has been proposed by the Administration and is contained in H.R. 12973, would ensure better service delivery and higher correlation between service and need.

Frankly, Title XX has been a source of great frustration to many city governments. When it was enacted, Title XX was seen by some to have the potential of providing a rational, new social service system developed with wide involvement of the public and providing services aimed at meeting carefully identified needs. Title XX has yet to realize this potential because of several fundamental problems in Title XX and its relationship to the human service activities of city governments:

Title XX was rarely a source of new funding. A number of states were spending close to their full allotment by 1975 when Title XX became effective, so there was little opportunity to plan for or develop new programs.

The initial year of Title XX was hampered by a short time frame for developing a plan and getting the programs in place under the new system. This made it difficult for local governments or the public to be involved in the process and helped to set a negative tone for the process which it has been difficult to overcome.

City governments have generally not been as active in the traditional social services system as states and counties. For many, their entry into the field of human services is a recent one and has been financed primarily by funding sources other than those administered by the Department of Health, Education and Welfare. City governments find Title XX frustrating because it often finances the same kind of services which cities are providing with different resources.

For some cities, Title XX has not provided an open process. There have been public hearings and advisory boards but often there is little opportunity for city government to impact the way in which the resources are allocated, or even to understand how the funds are being spent to benefit their citizens.

A report, entitled Title XX and the Cities, published by the U.S. Conference of Mayors in May of this year, called for two things to happen if Title XX is to realize its potential, from the perspective of this nation's cities:

1. The ceiling must be raised from \$2.5 billion.

2. States and local governments must become partners, not adversaries, in the human services system. Cities are where many of the problems exist, and they have to respond to the needs of their people; they are a part of the human services system by necessity, if by nothing else. Cities can play an important role in representing the interests of their citizens and in assisting the states in better coping with the problems of urban areas.

Again we see that H.R. 12973 addresses both of these points. It increases the ceiling and it proposes an amendment to Title XX that can facilitate the state-local partnership that is so badly needed. The amendment which requires consultation with local elected officials prior to publication of the draft plan is an important signal to both the states and local governments that they are partners in the process and that they have to work together. I strongly urge you keep this amendment in the bill you report out. It must be noted that this amendment was proposed by the Department of Health, Education and Welfare as a part of its urban policy. It is seen as a way of making Title XX more responsive to urban problems. The Administration sees a need for a state-local partnership and sees the amendment as a way of achieving it. I heartily concur.

CATHOLIC CHARITIES,
DIOCESE OF BROOKLYN,
Brooklyn, N.Y., August 21, 1978.

Re Social Service Amendments of 1978—H.R. 12973.

Hon. RUSSELL B. LONG,
Chairman, Committee on Finance,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR LONG: We have recently learned that the Social Service Amendments of 1978 contained in H.R. 12973 has passed the House of Representatives and is now pending before the Senate Finance Committee.

We strongly urge passage of this bill which includes among its provisions the following:

An increase in the permanent ceiling on Federal Title XX funds from \$2.45 billion to \$2.9 billion in F.Y. 1979, \$3.15 billion in F.Y. 1980, and \$3.54 billion in F.Y. 1981 and thereafter;

A requirement that state officials consult with local elected officials when they develop the State's Comprehensive Title XX Plan; and

An increase in the period which the annual plan covers from one year to two years.

Title XX funds has introduced a rational system for planning social services in New York State. The ceiling-limitation has, however, become a significant burden because inflation has resulted in an increased cost of providing the same services and, in fact, limits the ability of the states to respond to community needs as they are identified by the planning process. We strongly urge that the ceilings be increased as proposed in this bill.

As a voluntary agency which provides Title XX services through purchase of service contracts, we have enjoyed a meaningful participation in the development of both the state and local social service plans. The New York City social services district has utilized both formal and informal means of involving many diverse interested groups. We have also urged that local community planning boards be involved in the process.

We are convinced that broad based participation in the planning process—particularly identification of needs and assessment of services—results in a Plan which meets community needs. As a further step in this direction, we support the proposal requiring state officials to consult with local elected officials.

As a result of our experience in the development of an Annual Social Services Plan every year, we urge adoption of the proposal for a two year plan. A two year or even a three year time spread would enable the states to allocate resources over a more realistic period which is necessary for implementation.

We urge the passage of H.R. 12973 which will strengthen Title XX for planning social services in the states.

Sincerely yours,

REV. JOSEPH M. SULLIVAN,
Executive Director.

STATE UNIVERSITY OF NEW YORK,
DOWNSTATE MEDICAL CENTER,
Brooklyn, N.Y., August 25, 1978.

Mr. MICHAEL STERN,
Staff Director, Committee on Finance,
Dirksen Senate Office Building,
Washington, D.C.

DEAR MR. STERN: I am writing to you concerning your committee's input into the federal legislation with regard to Title XX monies. This is an area which has tremendous impact on the future of alcoholism services in local communities. It is my understanding that legislative intent is to have Title XX monies available for alcoholism programs. In New York State, and indeed this is true for many of the states, this has occurred on a very limited basis.

Federal monies for rehabilitation is a critical issue in the alcohol delivery system as total comprehensive programming necessitates the need for halfway house facilities. The use of Title XX monies enables the local communities to provide a full range of services, but more importantly provides a mechanism for anchoring patients in a therapeutic setting in their community. It greatly facilitates interrupting the revolving door concept which is extremely costly, but more importantly provides a setting which is most cost effective and avoids unnecessary inpatient hospitalization.

In order to insure the intent of the legislation, I would strongly suggest that the legislative bill mandate to the local communities an equal distribution of available monies to cover alcoholism programs. Unless this is done through the federal legislative process, there is no way to insure that the intent of the law can be carried out effectively.

Respectfully yours,

MICHAEL J. HIGGINS, CSW.
*Program Director,
 Division of Alcoholism.*

COMMUNITY COUNCIL OF GREATER NEW YORK,
New York, N. Y.

COMMENTARY ON TITLE XX BILLS H.R. 12973 AND S. 3148

The Community Council of Greater New York is pleased to submit this statement for review by the Senate Finance Committee as it considers H.R. 12973 and S. 3148, legislation addressing Title XX of the Social Security Act.

The Community Council of Greater New York is the voluntary agency in New York City which convenes government and private groups and citizens to address issues of public interest. Its Title XX Committee has from the inception of the program monitored closely the planning process in New York City and State, and Federal legislation related to Title XX services.

Though the Council was concerned from the outset that Title XX is underfinanced, we welcomed this legislative attempt to bring together the voluntary and public social services into a comprehensive social services planning process. As difficult a task as it was and is, the objective of providing social services on the basis of a publicly-discussed and openly arrived at set of priorities is clearly in the interest of citizens served by the program and taxpayers concerned with government expenditures. Though the objective is not yet fully met in New York City and New York State, the Community Council has invested its resources and engaged citizen volunteer participation in analyzing the rate of progress.

The Community Council has always viewed Title XX in particular and social services in general as a public utility (to quote Dr. Alfred Kahn) which ought to be available to all those in need, and not just those in poverty. With limited resources available, however, the highest priority should be given to those who cannot as individuals afford to purchase needed social services. It follows that, the fewer public dollars available for Title XX, the greater likelihood that various income groups, age groups and others will compete with each for the limited resources. It also follows that such competition fosters distrust and tension and dashes the hope that social services might be available on the public utility model. Though in the beginning states were spending below their limit, now, only three years later most states are spending at the ceiling and many more are spending state and local tax levy dollars above the ceiling. However, because of widespread efforts to limit state and local expenditures, spending above the ceiling may have reached its limit, and last year the Governor of New York State proposed elimination of spending above the ceiling. Title XX Federal matching was intended as an incentive to states to increase social service provision; now the ceiling is used as an excuse to reduce available social services. Only by raising the ceiling substantially over the next several years can the original incentive, decent and compassionate as it was, be recaptured.

Further, it was clearly recognized from the beginning of Title XX that a central function of social services is the movement of families from dependence to self-support. If that goal was reasonable then, it is imperative now. It would be short-sighted in the extreme to so limit expenditures for social services that income maintenance caseloads would increase thereby increasing public expenditures and reducing income tax collections.

The strategy and substance of current proposals to link welfare fiscal relief proposals to Title XX is puzzling and disturbing. Certainly in one sense can welfare fiscal relief be considered a substitute for increasing the Title XX ceiling: they are unrelated matters, and both are needed.

It has been disturbing as well to find that welfare reform proposals did not deal with supportive social services. We have been told to wait, that once reform of the income maintenance system is accomplished then attention will be given to supportive social services.

Now we find that even welfare reform is to be delayed, and that attention must be focussed on fiscal relief. If reform of the social services was a weak sister of income maintenance reform, it is a weak sister-in-law to fiscal relief; the current strategy of attending to fiscal relief, then income maintenance reform and then social services reform will delay the latter for many years. The Community Council is not convinced that the collective good and good sense of the Congress and the Administration and of interested parties beyond the Federal government cannot be brought together to address reform of the social services system at a much earlier time than now seems to be the case. Because the talent to address these issues is readily available, delay will undoubtedly be interpreted as disinterest, and we should not want the working poor and those struggling to move out of dependency to believe that their government simply doesn't care about their needs and *their* hopes for a better future.

The Community Council applauds current efforts to make social services planning more realistic. The notion that one year is sufficient for development of a comprehensive social services plan, involving as it must full evaluation of existing programming, development of new programming and full participation at the local level in development of revisions and modifications of the previous year's plan, is so unrealistic that it results not in planning but simply in fulfilling a reporting requirement necessary to trigger Federal dollars. The Community Council believes that a three or four year planning process is needed, with annual implementation plans developed to solicit modifications and stimulate useful evaluations. The principle here is clear; as important as it is to have documentation, written plans should be the tools of a planning process, and not the reverse.

Finally, in line with similar efforts made recently in other programmatic areas, the distribution of Title XX funds among states, and within states among localities, must be especially sensitive to the needs of areas of urban distress. Population is a useful criteria for allocation only if services are universally available. Since they are not, and since highest priority is given to services to the population receiving income maintenance, it is only reasonable to distribute funds among states on the basis of the size of the welfare population.

The Community Council of Greater New York is pleased to submit our views for consideration by the State Finance Committee, and will of course make itself available to members in whatever way we can be of assistance.

STATEMENT OF THE NATIONAL COUNCIL OF JEWISH WOMEN

The National Council of Jewish Women, an 85 year old organization of 100,000 members is a voluntary organization dedicated to advancing human welfare and the democratic way of life through a coordinated program of education, services and social action in the Jewish and general communities, locally, nationally and internationally. It has long been concerned with families.

The NCJW was involved in the ad hoc coalition used in the development of the legislation finally enacted as Title XX of the Social Security Act (SSA). In the period of time since its enactment we have monitored its implementation in several states and in specific localities where NCJW Section (local chapters) are involved in community services.

We appreciate this opportunity to submit comments in support of a permanent increase in the Title XX ceiling for Social Services. We support Section 2 of HR 12973 raising the ceiling on Title XX funds to \$2.7 billion (plus \$200 million for day care services) in fiscal year 1979; to \$3.15 billion in fiscal year 1980; and to \$3.45 billion in fiscal year 1981. The following comments are made directly in response to questions raised by Senator Daniel P. Moynihan in his press release of August 8, 1978:

1. What is the relationship between Title XX, welfare reform and fiscal relief? As developed in the Better Jobs and Income Act by the Administration (HR 9030/S 2084) and in the amended version by the Ad Hoc Committee on Welfare Reform of the House of Representatives (HR 10950), Welfare Reform relates to income maintenance, food stamps and employment programs. Fiscal relief for the states and localities is related to income maintenance (primarily Title IV-A, SSA). Neither version provides linkage to the social services needed by income maintenance recipients or employed families of modest income. Therefore as currently considered Welfare Reform and Social Services under Title XX are independent of each other.

An increase of the ceiling for funding to Title XX would provide fiscal relief to some states, since only a few do not use their full ceiling. The fiscal relief would be provided to those states which have continued to provide services from state and local tax monies above the federal funding limit. But more important, the increase in the ceiling would make it possible for states to restore services eliminated due to the fiscal crisis of recent years.

Inflation has drastically reduced the purchasing power of the Title XX funds available under the 1972 ceiling. Few states have continued eligibility to the level optional under Title XX, 115 percent of the state median income (SMI). Most do not provide free services to 80 percent of SMI as allowed by law, with most now limiting eligibility to those receiving cash grants. Eliminated from subsidized services are many families who could be productively employed, if support services were available; consequently this has encouraged increasing dependency on income maintenance programs.

2. What changes if any should be made at this time in the operation of the program? A limit should be set on the percentage of Title XX funds which may be used for administration costs and for staff services which are primarily related to income maintenance functions of the department. In most states only a small portion of the Title XX funds is actually spent for support services such as day care for children or adults, protective services, skilled counselling services, etc. We support Section 3 of the bill requiring states to consult with local elected officials and giving them opportunity to present their views before the publication of the proposed Title XX plan. The House Committee Report expresses the view that section requires all organizations and individuals involved in the delivery or receipt of services have an opportunity to also be involved at the planning stage—we feel that is extremely important.

3. Is the current distribution an equitable one? The National Council of Jewish Women suggests that there is need for reexamination of the allocation formula. The distribution of social services funds on the basis of population does not adequately provide funds where they are most needed, nor where there is a disposition to use them to assist people. Moreover, a distribution based on past use of funds prior to fiscal year 1972 within the states, as is done in New York State, for example, often means that there is no opportunity to fund services to areas which were unaware of their needs in the past.

Conclusion: The National Council of Jewish Women supports a permanent increase in the Title XX ceiling for social services to compensate for inflation, and to provide fiscal relief to the states so that needed services will be provided to encourage self-sufficiency and self-support by individuals and families—the goal of Title XX.

STATEMENT OF UNITED WAY OF AMERICA

SUMMARY

The United Way of America supports the Social Services Amendments of 1978, HR 12973, amending the Title XX program.

HR 12973 strengthens the concepts of coordination, consultation and cooperation that have been encouraged under Title XX. This legislation will accomplish this by providing a mechanism for local input to the planning process, permitting longer planning periods, providing specified allocations to the territories and by increasing the funding ceiling to offset the erository effects of inflation.

Title XX has represented a partnership between the public and voluntary sectors in financing, planning, implementing and assessing essential community services to protect the most vulnerable groups in the community and to increase self-sufficiency in others. Title XX has provided a major incentive for greater coordination between public and voluntary service delivery systems because of its emphasis on citizen participation, a thorough planning process and the integration of federal, state, local and private resources.

Local consultation will broaden the base of the Title XX planning process and make it more easily accessible to community groups. Permitting two year instead of annual plans will support more thorough planning and enable planners to better modify plans based on past performance. Providing specific allocations to the territories such as Puerto Rico will permit advance planning in those jurisdictions.

Finally, increasing the funding ceiling over the next three years will reverse the erository effects of inflation on the program and will give communities enough lead time to engage in effective and thorough planning.

STATEMENT

The United Way of America supports the Social Services Amendments of 1978, HR 12973, amending the Title XX program. HR 12973 strengthens the concepts of coordination, consultation and cooperation that have been encouraged under Title XX. This legislation will accomplish this by providing a mechanism for local input to the planning process, permitting longer planning periods, providing specified allocations to the territories and by increasing the allocations ceiling to offset the erosory effect of inflation on planning and delivery of services.

The United Way movement is made up of over 2,000 local United Way organizations who are deeply involved in the planning and delivery of social services in local communities across the country. Each local United Way is an independent entity run largely through the volunteer effort of men and women from labor, business, social welfare organizations, minority groups and public interest groups. Through the United Way committees for fund raising, planning and allocations, these volunteers work together with the professional staffs of United Way and service provider agencies to assess the community's human service needs and to determine the most effective means of meeting them. The Title XX program has become an important element in this assessment process. Title XX has represented a partnership between the public and voluntary sectors in financing, planning, implementing and assessing essential community services. Title XX has provided a major incentive for greater coordination between public and voluntary service delivery systems because of its emphasis on citizen participation, a thorough planning process and the integration of federal, state, local and private resources.

Through Title XX, voluntary dollars and effort can be matched with federal, state and local effort to set community priorities and to meet service needs. Private contributions are widely used in many states for the local matching requirement. For each dollar in private participation, four dollars of service can be provided, thus substantially supplementing and extending the governmental effort.

Title XX supports some of the most basic and critical services provided to children, the aging, the physically disabled and other vulnerable groups. These services include protective services to prevent and treat abuse and neglect of children and some adults; chore, homemaker and home health services to prevent unnecessary institutionalization or to keep families together; and adoption and foster care services to provide children with care and supervision. Furthermore, Title XX also provides the primary support for day care and other services to help individuals enter the labor force or remain in it.

H.R. 12973 will strengthen these efforts by providing for local consultation to broaden the base of the Title XX planning process. States will be directed to consult with local elected officials prior to the publication of the Comprehensive Annual Social Services Plan. The states will also have to notify the public when they intend to consult with local officials so that citizens can participate in the process by relaying their concerns to their local officials. This provision will give interested community groups a local focus for their input into the planning process instead of having to make contact at the state capital. It will encourage states that have not already done so to decentralize human service planning. Increasing local participation should result in a better utilization of Title XX resources because of local identification of service needs and the most effective providers.

H.R. 12973 will also improve the Title X planning process by permitting the states to submit two year plans instead of the current annual plan. Now, one program year has barely started before planning is begun for the following year. As a result, planners never have the time to monitor the appropriateness of the current plan and use the results to modify the next year's plan. Under these circumstances such planning is in danger of losing its significance and becoming only a paper exercise. Permitting the option of two-year plans will give planners, service providers and community groups a better opportunity to assess the Title XX program and to revise priorities as needed.

By providing definite Title XX allocations to such nonstate jurisdictions as Puerto Rico, H.R. 12973 will enable those jurisdictions to engage in real planning for the first time. Previously, these jurisdictions had no firm allocation to plan around. They have been allocated whatever funds remained from the regular state allocations that states had indicated they would not use. As more

and more states utilized their full allocations, this left fewer and fewer resources for nonstate jurisdictions. Furthermore, the actual amount of funds being made available to these jurisdictions has not been known until after the state planning process was completed. This has resulted in an insufficient amount of time for program planning.

Finally, H.R. 12973 will remedy the erosive effects of inflation on the Title XX program and the planning process. The provision of social services under the Social Security Act was originally instituted for the purposes of reducing welfare dependency and increasing self sufficiency. More recently, under Title XX, the goals were broadened to include reducing costly institutional care and preventing abuse of vulnerable groups.

Since the social services program was begun, communities have expanded their efforts to accomplish these goals and to offer concrete assistance to their citizens in need. Furthermore, under the planning and citizen participation requirements established when the program was revised and consolidated as Title XX in 1975, communities have made great strides in developing structures and mechanisms for determining community problems and setting priorities for service needs. Title XX has begun to foster a more rational, more broadly based approach to local human services.

However, since 1972 when the ceiling was first placed on Title X expenditures, inflation has been unrelenting. It has been chipping away at the planning process in states and local communities. Without adequate funding for social services all incentives for improving community planning, priority setting and assessment of the services and systems are lost. In fiscal year 1978, 48 states have planned to use their entire federal Title XX allocations. In fiscal year 1979, this situation is expected to become universal.

The varied responses to the pinch of inflation on social services resources in states and local communities have been detrimental to the goals of fostering cooperation, consultation and coordination within the social services systems. For example, in a recent survey of state reaction to this erosion conducted by Representative Donald Fraser's office, 21 of the 39 states responding reported their intentions to reduce or eliminate purchase of service contracts under these services.

In some cases, this will eliminate entire service categories. In other cases, it is diminishing the quality of the services offered. In New York, for example, fiscal constraints have forced the state to contract for only the most basic level of day care services. Now their focus is primarily on a purely supervisory approach, instead of on a child development approach.

In all cases, these program cuts will tend to reduce community based services and the utilization of a varied range of service providers and, thus, limit program flexibility. Furthermore, all 39 states are also eliminating all demonstration and innovation projects because of the lack of resources. This is occurring despite the fact that nearly all of them are still planning to increase their own expenditures above the 25 percent matching requirement or they are already doing so.

These actions are also reducing the planning capacity of local communities as well as the states. Decisions are now based on the problem of a constantly diminishing resource rather than on community needs and effectiveness of services. Instead of encouraging cooperation the program is now generating conflicts. Rural needs are pitted against urban needs. Program planning and accountability expenditures are pitted against direct services. Purchased services are pitted against direct state delivered services. Welfare recipients are pitted against the working poor for eligibility for Title XX services. This situation is not conducive to coordinating anything.

Title XX was designed to have the flexibility to address continually changing community needs. This design is effective only if adequate and dependable resources are available for long range planning. If funds are continually and severely eroded by inflation, making the real value of the annual allocations uncertain, Title XX will never achieve its potential to influence the building of well planned human service systems. All present gains will eventually be lost.

H.R. 12973 would help to avert this impasse and strengthen the human service systems by increasing the allocation ceiling over the next three years so that communities will have adequate funding with sufficient advance notice to conduct effective planning. Therefore, we urge you to support this bill.

STATEMENT OF THE COUNCIL OF JEWISH FEDERATIONS, B'NAI B'RITH, THE AMERICAN JEWISH COMMITTEE, AND THE AMERICAN JEWISH CONGRESS

We are pleased to submit this testimony in support of the 1978 Social Services Amendments (HR 12973) on behalf of the Council of Jewish Federations, and in conjunction with B'nai B'rith, the American Jewish Committee, and the American Jewish Congress.

The Council of Jewish Federations is the umbrella organization for 215 Jewish Federations and over 600 affiliated nonprofit agencies which provide a wide range of social services in over 800 communities throughout the United States.

B'nai B'rith is a Jewish service organization with 500,000 men, women and youth members in 42 countries of the world.

The American Jewish Committee is a national human relations organization founded in 1906 with local chapters and units in 100 American cities.

The American Jewish Congress is a national community relations organization established 65 years ago to promote peace and justice.

Title XX of the Social Security Act as approved by Congress in 1974 to provide, in comprehensive manner, substantial financial assistance for states that offer social services to the needy. The new title attempted to correct the abuses of the financially open-ended (before 1972) and programmatically unfocused social services programs which had preceded the 1974 Act. A \$2.5 billion ceiling as placed on the total federal funds made available to states, and the states were required to aim their services towards five broad goals relating to the economic and social self-sufficiency of service recipients. States were allowed to decide which services should be provided to meet the Act's goals, and which provider-agencies should deliver the services. Public input into the state decision-making process was to be insured by public hearings that would help shape the states' annual social services plan.

An evaluation of Title XX's performance to date suggests that the program has not met its potential and has experienced serious shortcomings. We thus look to HR 12973 to help overcome some of these problems and facilitate the realization of Title XX goals.

Legislative reconsideration of the existing Title XX program is necessary in three major areas:

1. The current \$2.5 billion ceiling (plus \$200 million for child day care) has not kept pace with the rate of inflation and increased cost of service provision, and is now inadequate.

2. There is inadequate opportunity for state residents and concerned service providers to have useful input into the state Title XX social services plan.

3. States are only minimally accountable for the ways in which they spend Title XX dollars. Consequently, there is no way to determine whether a state has provided social services in the most effective manner possible.

We strongly support Section 2 of HR 12973 which would raise the permanent ceiling on Title XX funds to \$2.7 billion (plus \$200 million for day care services) in fiscal year 1979; to \$3.15 billion in fiscal year 1980; and to \$3.45 billion in fiscal year 1981.

The original \$2.5 billion Title XX ceiling, which has been increased by the addition of \$200 million in day care funds, is simply insufficient to meet the expanding costs of social services provision. There is no indication that state social service budgets have increased to meet the higher service costs. As a result of the stagnating state and federal financial commitments, in a context of rapid increases in inflation and the cost of living over the past six years, states have often experienced actual decreases in total Title XX services provided. A higher Title XX ceiling is thus vital to insure an adequate provision of social services to needy individuals.

We also support Section 3 of the bill which requires states to consult with local elected officials and provide them the opportunity to present their views prior to publication of the proposed Title XX plan. We strongly back the view expressed in the House Committee Report that this section requires that all organizations and individuals who are involved in the delivery or receipt of services have an opportunity to be involved at the planning stage.

Currently, although the Title XX planning process requires that state residents and concerned service providers be given an opportunity to comment on the state's proposed annual service plan, the mechanisms provided for this purpose are often ineffective. Public hearings on the annual service plan frequently take place after the real estate budgetary decisions have already been made,

effectively precluding useful community input. This situation is exacerbated when the state does not explain the criteria which it uses in making its Title XX policy decisions.

Additionally, the current absence of a needs assessment component in the Title XX process, in which citizens and nonprofit service providers could be involved, makes it difficult to create a well-planned, comprehensive social services program. Such a system of services also requires a coordination of efforts with the state's nonprofit service providers. These voluntary community agencies, as existing service providers, should play a much more important role in Title XX needs assessment, policy making, and service provision.

Finally, in an area not directly covered by HR 12973, additional problems exist concerning state accountability for the ways in which Title XX funds are actually spent. Although the state is required to publish an annual plan describing its service goals, there is no indication at the end of the year of how these goals were actually met. No information is available to the public on the exact kinds and numbers of services provided; which agencies provided the services and who the recipients were; the cost effectiveness of the services; and the balance between Title XX funds used for administrative expenses and those supporting direct service provision.

While Title XX was intended to give states flexibility in the provision of social services, this lack of basic accountability to state citizens for the expenditure of federal funds is unwarranted. It is therefore essential that states publish an annual report that includes data on actual Title XX expenditures made during the previous year. Such information on services, methods of delivery, client groups, and administrative/service delivery cost breakdowns will facilitate responsible program review and the citizen input that is mandated by law.

CONCLUSION

In sum, we urge Senate approval of HR 12973 and encourage additional programmatic reconsideration of Title XX implementation.

1. In accord with Section 2 of HR 12973, the Title XX ceiling must be raised to keep pace with inflation and the rising costs of social services provision.

2. As provided by Section 3 of the bill, local officials and community providers of Title XX services must have an opportunity to be substantively involved in the state's Title XX planning process. Towards this end, public hearings and comment periods should be scheduled in advance of final preparation of the state social services budget. Proposed criteria for the allocation of Title XX funds should be made public at the same time.

To facilitate community involvement, a service providers advisory council could be involved on an ongoing basis in Title XX needs assessment and decision-making. States should also be encouraged to contract with voluntary agencies as service providers where quality of service and cost effectiveness can be better demonstrated by the private, nonprofit agencies.

3. To improve communities' ability to help in the Title XX planning process, states should publish year-end summaries of actual Title XX expenditures including a breakdown of costs, services provided, clients served, provider agencies used, and administrative expenses.

STATEMENT OF THE NATIONAL RETIRED TEACHERS ASSOCIATION AND THE AMERICAN ASSOCIATION OF RETIRED PERSONS

The National Retired Teachers Association and the American Association of Retired Persons appreciate this opportunity to express a concern over the adequacy of funding for social services in Title XX of the Social Security Act. These two affiliated, non-profit associations, with a combined membership in excess of 11 million older Americans, are the largest service and advocacy organizations promoting the interests of the elderly.

We are concerned with the legislation now pending (H.R. 12973, S. 3148) respecting Title XX because it has no direct bearing upon the level of social services which can be made available. Many older persons, because of their economic status, often are eligible for benefits from such services. State and Area Agencies on Aging, created under the Older Americans Act, have been successful in pooling more than \$77 million in funds from Title XX to begin addressing the critical social service needs of our older population.

A serious problem has developed for the states, however, resulting from the fact that the statutory ceiling for federal Title XX funds has been fixed at the \$2.5 billion level since 1972. This has forced implementation of the Act to fall behind the level of need. The steady march of inflation has substantially eroded the value of the ceiling to the extent that states which had not previously used their full allocated portion of federal funds have now done so and are, in fact, cutting back on levels of service to stay within ever narrowing budget constraints.

While we all hold in common the view that too few funds are available to meet pressing social needs, our continued discussion of Title XX is not aimed at a redivision of the present funding level to favor a single target group but is concerned with the provision of sufficient, quality services. As long as this funding level continues to shrink from adequacy to meet total need, however, the seriousness with which services can be provided for all in need is jeopardized. In that instance, we fear that Title XX funding will be drawn off in other directions to the detriment of our older population. Evidence of this is already appearing in some states where inflation reduced funding levels and increased need have forced cut-backs in programs and services.

We strongly support, therefore the multi year increases provided in H.R. 12973 which raise the federal ceiling to \$2.9 billion in FY 1979, to \$3.15 billion in FY 1980 and to \$3.45 billion in FY 1981 and beyond. This multi year increase is essential if states and localities are to implement effectively their long range planning. Where funding is uncertain, program continuity is uncertain and planning is reduced to an almost meaningless task. This uncertainty often leaves broad program gaps. If planners know in advance what levels of funding to expect, then planning and budgeting on a need basis can become a reality. All populations in need would benefit.

Our Associations believe that the adequacy of the federal ceiling for Title XX funding is an issue with which this Congress must deal this session. We would urge adoption of the funding levels set out in H.R. 12973.

Turning briefly to a second issue raised by these hearings, our Associations do not believe that sufficient time remains in this session of the 95th Congress to address adequately the revision of the funding allocation formula. While some states may now be at a disadvantage with respect to funds received through the formula, further discussion is needed to develop a more equitable formula. We would therefore recommend that consideration of a new allocation formula be put aside and that the merits of the current legislation on Title XX be allowed to advance without further delay.

We trust these comments will be useful in this committee's deliberations over Title XX.

STATEMENT BY THE NATIONAL LEAGUE OF CITIES

Mr. Chairman and Members of the Subcommittee: The National League of Cities urges you to support amendments to the Title XX bill which would increase the role of local officials in the planning and administration of the social services program. We also urge your support for an increase in funding for the Title XX ceiling.

Cities are taking in increased responsibilities for human services directed at alleviating the needs of urban residents. Favorable committee action will enable cities to plan their expenditures more effectively and eliminate duplication in programs which increasingly utilize limited amounts of available local funds.

Following are NLC's positions on matters of interest to the Committee:

LOCAL PARTICIPATION IN PLANNING

(1) NLC urges the Senate to keep the House-passed provision which provides local participation in the state planning process. Cities will be able to direct funds to needy areas and be able to readily point out state-funded social services which duplicate or interfere with current services. At the present time, cities do not know how funds are actually spent. HEW is now undertaking a thorough review of Title XX funds and is planning to establish a Social Services Reporting Requirement (SSRR) system next year. Cities will work with HEW to fully utilize the SSRR in the local consultation process.

LINKAGES

(2) NLC supports "comprehensive" welfare reform. We believe any attempt to deal piecemeal with the present welfare system (AFDC, SSI, food stamps, and

general assistance) will only exacerbate the problem and lead to higher costs for state and local governments in the years to come. Title XX is an important link in the ability to provide services for low income individuals who are the recipients of Title XX services. NLC supports the Administration's attempt to establish rational linkages and consolidate programs in the human services area, such as the provisions in the Better Jobs and Income Act—(Administration's Welfare Reform) and the House passed Title XX provision on local government participation.

FUNDING

(3) The three year authorization and increased ceiling for social services funding provide the needed planning time for states and local governments to determine needs and how best to meet them more effectively. The present \$2.5 billion ceiling, which was established in 1972, is inadequate because of inflation and rising service demands. Most states have reached the ceiling and have had to cut back services or reduce eligibility. H.R. 12973 also mandates that state officials give public notice of their intent to consult. This would allow general purpose local government officials an adequate opportunity to present their views before the publication of the comprehensive annual services plan.

State officials will also be required to describe the actual process used and provide a listing of the local elected officials who were consulted. At the present time, planning and funding of human services programs on the local level are hampered by state plans developed and implemented with only cursory—if any— involvement of local elected officials. It is hoped that the local consultation provision will provide city officials the opportunity to work with their states to determine the best way to meet the social service needs as determined locally.

We urge you to support the Title XX increase and the Administration's effort to involve local governments more fully in this key intergovernmental program.

STATEMENT OF THE URBAN ELDERLY COALITION

The Urban Elderly Coalition welcomes this opportunity to testify on Title XX of the Social Security Act and the legislation before this Subcommittee.

The Urban Elderly Coalition (UEC) is the only national organization representing city offices on aging. It is significant that 64 percent of our nation's elderly reside in the cities. Our constituents have the front-line responsibility of serving these elderly and administering programs which are funded under Title XX, among other sources.

The UEC strongly supports H.R. 12973 to increase the Title XX federal funding ceiling over the next three years and to allow for greater participation by local elected officials in the development of the State social service plan. The UEC also urges the Subcommittee to support greater coordination between programs funded under Title XX and the Older Americans Act, as amended.

In 1975, Title XX revised the Social Security Act by consolidating several categorical social service programs into a block grant. Title XX was not a new program, but presented a new planning mechanism for the States and Federal governments to coordinate and plan efforts to provide a more effective and efficient service delivery system. One primary goal of this Title was to assist individuals in becoming self-supporting and self-sufficient in their communities. Applying this goal to elderly, one purpose was to remove the costly, undesirable and in many cases, inappropriate alternative of institutionalization.

The block grant concept was to allow for State flexibility in tailoring programs to their unique needs and priorities. Title XX stressed the need for States to develop planning mechanisms to determine precise needs in order to have a responsive and efficient allocation of funds. Inherent in this philosophy is the need for states to have local input into the planning process in order to accomplish the goals of Title XX.

1. The Title XX funding ceiling should be increased from, \$2.5 billion to: \$2.9 billion in fiscal year 1979, \$3.15 billion in fiscal year 1980; and \$3.45 billion in fiscal year 1981.

In February of 1978, HEW predicted that 48 states will have reached their state allocation ceiling levels by fiscal year 1979. Of those states which have hit their spending ceilings (six of which reached their levels as early as 1972), most have limited recourses to maintain services. Thirty-three States have increased their contribution to the program (out of strained budgets) beyond the required

25 percent. Fourteen states have elected to lower the eligibility criteria, thereby reducing the eligible population. Others have discontinued services even for priority groups such as the elderly. At least nineteen States have reported a shifting of the match burden down to the local level. All of these measures, compounded by the increasing impact of inflation, has meant a reduction in the level and number of services to the eligible elderly. The major services to the elderly under the Title XX program include: home delivered meals; handman, home-maker, chore services; transportation; and health screening clinics. Without such services for the elderly who qualify for Title XX services, institutionalization becomes the only alternative for survival.

As a result of the Title XX funding ceiling one of the most difficult problems facing the local level service providers and particularly the city offices on aging is the increase in the local match. For example, Baton Rouge, Louisiana, for the home delivered meals program alone, is providing 63 percent of the costs since Louisiana reached its ceiling level several years ago. To compound the problem, Baton Rouge received the same level of funding from the State this year as it had in the last. The toll of inflation and exhausted local funding alternatives have forced the city office on aging to cut fifty-seven eligible senior citizens from the program and more cuts are anticipated. In the communities surrounding Baton Rouge, the situation has also deteriorated. The eligible elderly on waiting lists for Title XX programs now total over 1,450. This number accounts for those eligible elderly waiting for services which currently exist in the community. This situation is paralleled in cities across the nation. For instance, in Chicago, Illinois in excess of 10,000 elderly and younger handicapped persons needed home delivered meals and the city office could serve only 400 in 1976.

At the State level, the Louisiana State Contract Officer reports that there is a documented need for at least \$8 million in service contracts for the elderly which have not been issued for the past two years since the State does not have the funds. Baton Rouge and Chicago are not the only cities facing problems with Title XX funding. Jacksonville, Florida and other cities are contributing at least 20 percent in order to maintain services.

Once again at the State level, in Illinois, the Title XX fiscal year 1979 proposed budget reflects a 39 percent increase in total expenditures over fiscal year 1978, while the proportion of allocations to the Illinois Department on Aging remains at 2 percent. Illinois' aged citizens comprise approximately 15 percent of the State's population and are continuing to grow in numbers. An increase in the Title XX funding ceiling is necessary so that the elderly may receive their fair share of services and programs.

The UEC recognizes that the increase in the ceiling will not necessarily compensate for all the costs of inflation or the increased need. It will at the very least provide some needed relief and allow for continuation of services. Also, the three-year funding increase will allow for better communication and planning on the part of the State and local officials, thus resulting in improved services.

2. State officials must consult with elected local officials during the development of the State comprehensive social service plan.

The UEC strongly supports this technical amendment, section three of H.R. 12973. With the aid of this mechanism, the UEC maintains that the goals of Title XX will be better served and will provide for the development of a responsive State social service plan and an improvement in the current distribution of Title XX funds.

In several States consultation with local officials is part of the State mechanism of assessing the need areas and determining priority services under Title XX. This type of cooperative effort has proven successful in Nebraska and Iowa. The majority of States, however, do not interact with the local level until the preliminary State social service plan has been published and distributed for comment through public hearings. Our constituents have reported that the hearings have been held as late as two weeks prior to the publication of the final State Plan. These practices have precluded any input from the local level as well as any revisions of the State Plan other than minor ones.

By providing a forum for State and local officials to discuss the proposed State Plan, local officials will have the opportunity to provide local data and perhaps to incorporate the local area plan into the State Plan. Also, the local officials may discuss any inequities in distribution of Title XX funds. Currently, Title XX dollars are distributed to the States on a per capita-based formula and the State determines the priority areas and services as well as the level of funding. As previously indicated, the local level has minimal input into the State social service plan and as a result the plan may be inconsistent with local priorities and

not allow for adequate funds to address the local needs. Many of our constituents reported that after a costly needs assessment and area plan was submitted to the State, their recommendations were not addressed in the State Plan and they did not receive an adequate level of funding.

Although the UEC would recommend an investigation into the current distribution formula, particularly as it relates to the provision of services to high concentrations of eligible Title XX citizens, we maintain that such an investigation would take time and require a reliable data base. We contend that this provision for State and local consultations is the first step in attaining an improved information system and determination of priorities. Moreover, we maintain that the issue of revamping the distribution formula should not detract from the documented need to increase the Title XX funding ceiling in order to maintain current services and should not be used as a mechanism to prevent the passage of this bill.

3. Social Security Act programs for the elderly should be closely coordinated with programs provided through funds from the Older Americans Act of 1965, as amended.

The UEC makes this recommendation with the position that coordination between similar programs will prevent duplicate and perhaps inappropriate service delivery to the elderly. Inherent in this coordination, is the recommendation to have the States consult with area agencies on aging which are designated by Congress to plan and coordinate all services and programs for the elderly in a given geographic area, during the development of the States' Title XX Plan.

Currently, in many States, this coordination has not been the practice. In the case of Illinois, the Department of Aging does not collect data from the Title XX contractors for consideration in their needs assessment. By implementing a coordinated system, unnecessary duplication or oversights will be reduced and the quality of service improved.

When considering the costs of services to the elderly, certain Older Americans Act (OAA) provisions should be extended to the Title XX program. For example, under Title VII—Nutrition of the OAA, contractors and agencies may purchase surplus commodities from the Department of Agriculture at a price comparable to that of the Federally funded "school lunch" program. Title XX contractors, providing home delivered meals to the most needy elderly, however, are not afforded this opportunity. If such provisions were extended to Title XX service providers and coordinated with OAA programs, costs of the service would be significantly reduced.

By extending the planning process for Title XX from one to three years, will enable the State prime sponsors to more effectively coordinate services and the extend potential benefits of the resultant services to an expanded group of eligible elderly.

The UEC would like to commend the Subcommittee for its concerns on the Title XX program and urge you support for the three year funding ceiling and for formal local official access to the State planning process. We also urge that the Subcommittee endorse better coordination between Title XX and the Older Americans Act of 1965, as amended. The UEC maintains that these recommendations will result in a more efficient, effective and equitable delivery of services, particularly to our nation's elderly.

STATEMENT OF THE NATIONAL ASSOCIATION OF STATE MENTAL RETARDATION PROGRAM DIRECTORS, INC.

The National Association of State Mental Retardation Program Directors represents directors from fifty states and the District of Columbia. We are pleased to endorse H.R. 12973 which would amend Title XX of the Social Security Act to increase the entitlement ceiling.

According to HEW, 45 states will be spending up to their Title XX allotment ceiling in FY 1978.¹ Some states have been at their maximum federal funding level since before the Title XX program was established. From the perspective of state mental retardation agencies, the cap on social services funding has been a major impediment to the growth of community based services for the mentally retarded, a vital link in the effort to deinstitutionalize mentally retarded persons and to prevent their inappropriate placement in institutions.

¹ From Title XX Technical Notes, May 1978.

Title XX has been used to provide a variety of needed social and support services in the community for mentally retarded persons, ranging from protective services, day care and foster care to transportation and recreation. However, the demand for these services far exceeds Title XX resources. Since the ceiling was set, funding for social services has been chipped away by the needs of other worthy programs and the eroding effects of inflation. As Congressman Donald Fraser, sponsor of H.R. 12973, so aptly noted in his testimony before the House Subcommittee even with the increases proposed by the legislation, the spending power of the \$3.45 billion in FY 1981 would be only 96 percent of the entitlement set in FY 1973.

EFFECTS OF THE CEILING

Some states have relied heavily on Title XX funding for their community based mental retardation services, while others have had less luck in getting a fair shake from Title XX for their MR population. In both circumstances, however, it has been reported that reaching the entitlement ceiling has had a noticeable detrimental effect on existing services.

For example, in California, less than \$10 million in Title XX funds—or roughly 4 percent of the state's total allotment—goes to the state's department administering services for developmentally disabled persons—an agency which has a budget of over \$400 million. Prior to the establishment of Title XX, California had used Social Services funds, authorized under Title IV and XVI of the Social Security Act to support a wide variety of special services for developmentally disabled children. However, once Title XX was put into place, carrying with it a lid that California hit almost immediately, federal social services funding was diverted into special services for other populations. County welfare agencies now provide few special services for developmentally disabled children.

During the early years of this decade, federal social services monies played a key role in the establishment in Nebraska, of one of the Nation's finest community based program for mentally retarded persons. In FY 1974, Nebraska expended close to fifty percent of its state Title XX allotment on mental retardation services. As a result, there was a rapid expansion of services, which topped out in 1975, when the state hit its ceiling. As other groups accessed Title XX, the MR share gradually slipped to 35 percent. At the same time, local funding reached its limit, leaving state general fund appropriations as the only source of revenue for continuing the development of community mental retardation programs. These state funds have been used mainly to keep up with inflation and, consequently, there has been very limited expansion for the past two fiscal years.

Existing mental retardation programs in Arkansas lost \$2 million when the state hit its Title XX ceiling. Under its current Title XX budget, Arkansas was not able to budget for salary increments to Title XX contract agencies.

Not only has Ohio reached its entitlement ceiling, but overall Title XX funds are diminishing because Ohio's population has been decreasing relative to other states. If the ceiling were raised to the level proposed in H.R. 12973, Ohio would get an additional \$20 million.

Although Ohio's community residential programs for the mentally retarded have offset losses through state dollars, county MR boards have not been able to hire special staff as planned. Provision of such "secondary" services as speech, hearing and physical therapy services have suffered from the absence of needed staff.

USE OF INCREASED FUNDING

Despite the diverse uses of Title XX funds by state mental retardation programs, it is clear that the current entitlement ceiling has imposed various hardships on state-supported service programs. The infusion of new funds will certainly ease some of the great demand for community social services for mentally retarded persons, and permit the deinstitutionalization of many individuals who are ready and waiting.

Michigan currently provides \$22 million worth of Title XX services for the mentally retarded, of which only \$13 million is federal funds (i.e., the state "overmatches" federal dollars by \$5.8 million). The state has determined a need for an expansion of services equal to \$15 million for MR persons residing in the community. In addition, there are 3200 people in institutions who could be moved out as soon as money is available to set up community programs for them.

In Nebraska, there are 500 persons in institutions for the mentally retarded, 500 in intermediate care facilities and another 1,000 living at home awaiting

community based social services. If the Title XX ceiling was raised, many of these retarded persons could be placed in less restrictive community settings and future placements in institutions could be minimized.

The role of Title XX funding in deinstitutionalization and in preventing the institutionalization of mentally retarded persons is dramatically illustrated in the State of Louisiana. In recent years, new requests for admission into institutions for the retarded has dropped from 135 per month to a mere 21 per month. The major cause for this drop is the Title XX-supported day development centers across the state. These community-based centers provide early intervention, adult activities and other services to 1500 severely and profoundly retarded persons who live at home. If the proposed increase in the Title XX funding ceiling were to be enacted, Louisiana would add \$1.3 million to the current \$4.1 million budget for these worthy day centers.

Connecticut would use increased Title XX dollars to develop and expand five types of community social services for mentally retarded persons:

- (1) Job placement, career training and on-the-job training;
- (2) Early childhood intervention to pick up the children ages 0 to 3 not covered by the federal/state education of the handicapped program (authorized under P.L. 94-142);
- (3) Generic mental health services to meet the special needs of mentally retarded persons and their families;
- (4) Foster care and respite care; and
- (5) Socio-recreational programs for MR children and adults.

NEED FOR MULTI-YEAR INCREASES

The National Association of State Mental Retardation Program Directors views the spending increases called for in the Fraser-Keys bill as a necessary step in helping state mental retardation programs keep pace with the demand for services and the effects of inflation. In one sense, raising the entitlement ceiling can be viewed as a reward to the states for demonstrating their commitment to the provision of social services. The FY 1978 estimates for Title XX social services reflect a \$371 million increase over estimates for FY 1976. More than 60 percent of the increase represents additional state funds above the level required for federal matching being provided to expand the availability of social services.³

We note that the Carter Administration has recommended that Congress increase the entitlement ceiling by \$150 million, in FY 1979, with no further increases projected in future years. While this increase would provide some additional funding in FY 1979, it would leave states with the same restrictions under which they currently must operate. Costs of providing social services are increasing, like costs in every other sector of our economy. It is foolhardy to think that states can sustain the vital human services supported with Title XX dollars without at least modest annual increases in federal aid.

CONCLUSION

The National Association of State Mental Retardation Program Directors endorses the Fraser-Keys bill (H.R. 12973) to increase the Title XX entitlement ceiling. Problems created by the current funding limitations and the obvious need for more federal support for social services clearly dictates an increase in the Title XX spending ceiling. State efforts to match and indeed surpass federal matching requirements prove a sincere dedication to providing these special services to their needy populations.

We oppose the Administration's proposal of a limited \$150 million increase, since it is no solution to the problems of inflation and unmet service needs.

COMMENTS ON VARIOUS PROPOSALS AND QUESTIONS RELATING TO TITLE XX BY THE UNITED NEIGHBORHOOD HOUSES OF N.Y., INC.

1. UNH, as a New York provider of a number of Title XX services from the first year of its enactment, believes that a number of its provisions could usefully be changed at present. Some, but not all, of the changes are covered in the House Bill 12973.

³ From Title XX Technical Notes, May 1978.

2. With respect to the allocation formula, we feel strongly that the basis of the allocation should be more closely related to cost of living, numbers of individuals receiving or needing public assistance, and some of the special needs of urban areas. We believe the population figure as used is not a useful or adequate index of need.

In the earlier years, when many States and districts did not use their total allocation, we urged that the unexpended funds be allocated to States needing the funds and willing to put up or obtain the required "match." Today, we understand that few unallocated funds exist.

Moreover, if the temper of the Congress, related to Proposition 13, should result in smaller rather than larger allocations to Cities such as New York, we would be hesitant to push for any change—other than to ensure that specific rather than "leftover" funds be allocated to Puerto Rico, Guam, the Virgin Islands and the Mariana Islands, as proposed in the House bill.

3. With respect to the increase in the proposed ceiling, we believe there should be exceptions or waivers so that both the total ceiling and the allocations to individual States could be increased where unemployment and other special economic and social needs indicate a greater need for social services.

4. We also believe that there should be an escalator clause tying additional increases in the ceiling to changes in the cost of living, and relating eligibility requirements to similar changes. (The changes in the median income in New York has made many people in need of services unable to receive them on the basis of income eligibility.)

5. We are especially concerned that the amendments relating to Title XX training, that were removed from the original House Bill, should be reinserted in the Senate. They read as follows:

Sec. 8. The first sentence of section 2002(a) (1) of the Social Security Act is amended by inserting immediately after "enrolled in such institutions" in the matter appearing after clause (E) the following: ", and including training provided (for one full day or more) through grants to individuals, or organizations described in section 501(c) (3) of the Internal Revenue Code of 1954 as exempt from taxation under section 501(a) of such Code, when such individuals or organizations are determined under regulations prescribed by the Secretary to be qualified to provide such training on the basis of their background, experience, or training."

We would also like to see them enlarged so as to include permission to train volunteers attached to voluntary agencies in appropriate training courses. (We attach a copy of a letter sent to Congressman Rangel which outlines some of the reasons for this approach.)

6. We are also enclosing an extract from a forthcoming Legislative Bulletin relating to our views on H.R. 12973.

Voluntary agencies will want to study the bill and make their views known to the Senate before it is dealt with by that body. Special attention is called to possible gaps that might be met in the Senate version; i.e., (1) consultation of voluntary and other community agencies similar to that with locally elected officials; (2) a requirement that States pass through the additional funds to providers of services (especially with respect to day care); (3) that specific provisions be included authorizing voluntary provider agencies to participate directly in the training provisions on terms similar to governments; and (4) that increases in funds and allocations be tied to raises in the cost of living.

7. While we recognize the close relationship of Title XX to welfare reform, we believe that the current need for change in Title XX should be dealt with now, without waiting for any of the welfare reform provisions. Indeed, as we stated in our testimony on welfare reform, we believe that an additional service component (as in the original FAP plan), should be included as a component of welfare legislation. Current—or even increased—Title XX funds would not be adequate to cover many of the needs of persons on public assistance. These service funds should be kept available for the many families and individuals in need of social services who are not seeking or requiring full scale income assistance.

8. In conclusion, we believe that the technical and rather limited changes in Title XX now put forward should be enacted this year, without waiting for any more far-reaching reconsideration of concepts.

UNITED NEIGHBORHOOD HOUSES OF NEW YORK, INC.,
New York, N.Y., July 20, 1978.

HON. CHARLES B. RANGEL,
New York, N.Y.

DEAR CHARLIE: My attention has just been called to two provisions in your original bill (HR 12973) which are of great concern to voluntary agencies such as ours and which were not retained in the bill in the form in which it was reported out of Ways and Means.

I refer to the provision (formerly Sec. 8) permitting non-profit agencies to provide Title XX training "on the basis of their background experience or training" and to the provision requiring states to consult with private organizations at the planning stage.

I understand that the accompanying report can be used to interpret the "will of the Congress" with respect to the consultation progress. I have also seen the letter of "Intent" of the Deputy Assistant Secretary of HEW to Mr. Corman promising that HEW will issue regulations providing for use of training funds by provider agencies.

However, our experience with HEW over the last years makes me very skeptical of the likelihood of either of these provisions being carried out in good faith if there is not a clear legislative requirement. I therefore, on behalf of United Neighborhood Houses and many other voluntary agencies, urge that the bill be amended to put these requirements into the legislation.

Also, because we understand that action on the bill in the House may be under suspension rules, I am sending a copy of this letter to Senator Moynihan, in the hope that the Senate bill may be changed and a conference required. I know you agree with me on the need for the provisions and hope you will make every effort to obtain the needed changes.

Sincerely,

JOSEPH E. JENKINS,
Executive Director.

AMERICAN FEDERATION OF LABOR AND
 CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D.C., August 17, 1978.

HON. DANIEL PATRICK MOYNIHAN,
Chairman, Subcommittee on Public Assistance, Committee on Finance, U.S. Senate, Russell Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: The AFL-CIO commends you and the members of your Subcommittee in your continuing efforts to improve and expand on the delivery of badly needed services to the underprivileged through Title XX of the Social Security Act.

The AFL-CIO strongly supports H.R. 12973 as passed by the House. We feel this critically important legislation is necessary to insure the continuation of programs affecting over 5 million people in this country and is essential in order to carry out the mandate of Title XX to expand services to the working poor population.

We urge the adoption of the provision in H.R. 12973 which raises the ceiling on social service expenditures to \$2.9 billion in fiscal 1979, \$3.15 billion in fiscal 1980 and \$3.45 billion in fiscal 1981. We feel these increases to be modest ones which will effect a far greater monetary and humane return by enabling individuals to stay out of institutions, off of public assistance and generally independent. The funding increases projected through 1981, although of amounts barely sufficient to keep up with projected inflationary increases, will be of great value in enabling efficient, cost-saving and effective planning on the part of state governments.

It should be noted that since 1972, the combined recession and inflation have severely decreased the purchasing power of the limited Title XX dollars while at the same time increasing the need for social services. We understand that no less than thirty states have long reached their spending allotment and are being forced to cut back or limit the provision of life sustaining services to unattended or needy children as well as aged, blind and disabled individuals. Inflation has had an additional impact on the quality of the services provided, and many states have been unable to attain the standards necessary to insure the effectiveness of the services being provided. The adoption of funding provisions, as in H.R. 12973, will provide a welcome and long overdue beginning to insurance that the intent of the Congress when it passed Title XX will be carried out.

We also wish to express our support for the provision in H.R. 12973 which requires the input of local elected officials in the planning process. We feel the views of these officials are a necessary part of effective planning of human services.

We would appreciate it if you would incorporate this letter in the record of the hearings of your Subcommittee on social services proposals.

Sincerely yours,

ANDREW J. BIEMILLER,
Director, Department of Legislation.

APPENDIX

DEPARTMENTAL RESPONSES TO QUESTIONS OF COMMITTEE MEMBERS

REFINANCING OF TITLE XX SERVICES UNDER TITLE XIX

Question. One of the arguments that some have advanced in favor of a substantial increase in title XX funding is that States are able to evade the existing ceiling in any case by shifting services over to the title XIX (medicaid) funding category. Do you believe that this is correct? If so, does it not reflect a failure on the part of the Department to adequately monitor what is being claimed under the two programs inasmuch as title XX specifically prohibits the funding of medical or remedial services which are eligible for matching under title XIX?

Answer. We do not believe there is wide scale shifting of services from title XX to title XIX due to two factors: (1) There are only a limited number of services, e.g., family planning, transportation, medical examination, etc., that are fundable under both social services and medical programs; and (2) a large percentage of title XX clients (primarily those whose eligibility is based on income status) are ineligible for benefits under title XIX.

The statement that "title XX specifically prohibits the funding of medical or remedial services which are eligible for matching under title XIX" is incorrect. What the law says is that title XX may not fund a medical or remedial service for an individual if that *individual* is eligible for *that service* under title XIX. (Emphasis supplied.)

ADMINISTRATION POSITION ON CEILING INCREASES

Question. Mr. Secretary, if I understand the Administration position opposing the title XX ceiling increases in the House bill, it is based on a belief that we ought to consider those increases in relation to what we will be doing in welfare reform and fiscal relief. It seems to me, however, that Congress and the Administration are very close to consensus on the first step. You propose a \$2.85 ceiling for next year. The House-passed bill proposes \$2.9 billion and this Committee, in its budget recommendations, has anticipated that same level of funding. If Congress simply increased the permanent ceiling to the \$2.9 billion level starting with fiscal 1979 without building in the future year increases, would the Administration be willing to accept such a change?

Answer. The Administration has proposed that the title XX ceiling for fiscal year 1979 be increased to \$2.866 billion. If the Congress increased the ceiling to \$2.9 billion, I believe that we would be willing to accept that level for fiscal year 1979.

WELFARE POPULATION FACTOR

Question. The title XX statute requires that States devote a significant part of the funding (equal to 50 percent of the Federal share) to serving welfare recipients. In view of this requirement, shouldn't the size of a State's welfare caseload be factored into the allocation formula?

Answer. We do not believe that the size of a state's welfare caseload should be factored into the state's allocation. The current population-based formula was designed to provide funds to states to serve their total populations, not just the welfare recipient population.

REQUIREMENT TO CONSULT WITH LOCAL OFFICIALS

Question. The Administration is recommending that we require States to consult with local elected officials in the development of title XX plans. Do you have evidence to believe that this kind of consultation is not taking place under

the current State planning procedures? What tangible effect can we expect if we add this new requirement?

Answer. We believe that a requirement on states to consult with chief elected officials will improve the development of title XX state plans. We have heard from a number of organizations representing chief local elected officials that this consultation does not take place and decisions about services to be provided in the diverse areas of the state do not take into consideration local needs and concerns. We believe that this requirement will improve the coordination and delivery of services.

Question. The Administration's bill speaks of "services in areas of special need", which I take to refer primarily to urban areas. But so far as I can tell, the only actual changes made are in the statement of purposes for title XX and in the broad description of what state plans should contain. I see nothing in the bill that resembles actual "targeting" of funds or services on urban areas or other "areas of special need". Would you give me your candid appraisal of the actual changes in state behavior vis-a-vis title XX that would occur if we included those provisions in the Social Security Act?

Answer. I believe that this language is designed to encourage states to consider what the "areas of special need" in the state are and to plan and implement services according to this consideration. While this provision may not dramatically change state behavior, it is designed to increase the realization within the state of the needs of certain areas.

SERVICES PROVIDED ON THE BASIS OF INCOME

Question. Title XX generally requires States to provide services only to persons with incomes below 115 percent of the State median family income level. However, certain kinds of services, specifically protective services for children and adults, information and referral services, and family planning services, can be offered without regard to the client's income. And, since 1976, HEW has by regulation allowed States to provide any kind of service without regard to income so long as it is "directed at preventing or remedying neglect, abuse, or exploitation of children or adults." Since 1976 there has been a marked increase in the amount of title XX funds being spent without any kind of income test; 14.4 percent of program funds are now being spent this way, compared to about 8 percent 2 years earlier. What is your explanation for this trend? Do you expect it to continue? Are we moving away from the idea of targeting services on those who are most in need? Should we?

Answer. The trend data cited in this question are from the summaries of state plans. We do not have data yet from the Social Services Reporting Requirements, the SSRR, on actual expenditures covering the same time.

Preliminary information, though, from the SSRR through 1977 presents a different picture than does the plan information. The trend in spending under the universal category that is the category of services provided in that regard to income suggests that there may not have been an increase, contradicting the plan information. We do not know why these two sources differ but are looking into it. One preliminary thought is that plan summaries may be counting more than is included in the SSRR category. At present, we are not sure whether the amount of money spent with a means test is increasing or not.

The question asks whether "we are moving away from the idea of targeting services on those who are most in need." Since the major component of the universal category is protective services to children and adults in danger of abuse and neglect, people served under this category may be some of the most needy in title XX. We do not view an expansion of protective services, if that has occurred, as a change from the idea of serving those most in need.

DECREASE IN SERVICES TO AFDC RECIPIENTS

Question. Mr. Secretary, your Department's analysis of State title XX plans shows that between 1976 and 1978 there was an estimated 9 percent decrease in

program resources used in behalf of AFDC recipients. Does this decrease reflect a decreased need in services by AFDC recipients? Does it mean that in earlier years AFDC recipients were getting a disproportionate share of services? How would you explain this change?

Answer. First, a point of clarification. The title XX plans do not provide information about resources *used* but rather resources *planned*. We will not know about actual expenditures for this period of time until SSSR data are available. At present we have that data only for 1976 but expect reports covering all of 1977 and part of 1978 soon.

We believe that the main reason there is a drop in the planned allocation to AFDC recipients is that a change in regulations permitted a much broader use of the universal eligibility option for protective services. Over this period of time, the universal category increased by 5 percent. We believe that many AFDC recipients receive protective services, and are included in the universal category.

Also, over this time there has been a decrease in the major service provided to AFDC recipients—day care. Under pressure to diversify their programs to serve other needs, States have been cutting back on day care as a share of the total title XX program (but actual dollars have not decreased).

There is one other reason which may contribute to the reported decrease. States more and more are including in their title XX plans State moneys which are above the amount needed to match federal moneys. We think, but can not determine definitely, that this money is addressed to the needs of needy persons other than AFDC recipients. In other words, we think that the drop reflected in the plans would not be as great if just the basic federal program was included in the plans.

Assuming that there is a real decrease in expenditures for AFDC recipients, what does this say about the *need* for services? Not much. States make allocation decisions within a tight ceiling and must balance the competing needs of other target groups against those of AFDC recipients. Rather than a decrease in need, a shift more likely represents a change in allocation priorities.

The basic point, though, is that we really do not know what share of title XX resources is spent on AFDC recipients since the universal category masks who is served. We think it premature to conclude that AFDC recipients have been losing relative to other groups.

TARGET POPULATION FOR TITLE XX PROGRAM

Question. The title XX statute generally limits eligibility for services to persons whose incomes fall below 115 percent of the State median income if a fee is charged for the service or below 80 percent of State median income if the service is provided without any charge. I wonder if you can tell us what proportion of the national population is covered by each of these two limits? Could you supply for the record a table which shows what proportion of the population of each State falls within these two limits?

Answer. These income standards in the title XX statute are misleading as indicators of the title XX target population. No State can serve all the persons in need allowed by the law for services, given the fixed allocations. States have set eligibility standards well below the 115 percent level in most cases.

We did an analysis in 1975 of the population covered by the statutory eligibility levels of title XX, 115 and 80 percent of median of families adjusted by family size.¹ Since the relevant data were not available by State for that year, 1970 census data had to be used. The attached table, from that analysis, gives estimates of the proportion of population covered by the income standards for five States studied. We did not believe extending the analysis to other States would provide new information. The frequencies on this table obviously are outdated given population growth but the percentages probably are reasonable estimates.

¹Gerald Silverman, "Demographics of the Title XX Income Standards," Office of the Assistant Secretary for Planning and Evaluation, HEW, Feb. 4, 1975.

TABLE 1.—PERCENTAGE AND FREQUENCY OF PEOPLE AND FAMILIES COVERED BY TITLE XX INCOME STANDARDS, BY SELECTED STATES, 1970

{Frequencies in parentheses, in thousands}

States and income standards	Coverage	
	Persons	Families
Arkansas:		
80-percent standard.....	48.9 (919)	48.4 (298)
115-percent standard.....	68.4 (1,285)	65.9 (405)
Louisiana:		
80-percent standard.....	64.0 (2,272)	60.9 (642)
115-percent standard.....	81.4 (2,887)	77.9 (820)
Nebraska:		
80-percent standard.....	37.2 (535)	38.0 (160)
115-percent standard.....	59.6 (856)	57.0 (270)
Oregon:		
80-percent standard.....	40.8 (829)	40.5 (280)
115-percent standard.....	57.6 (1,170)	54.7 (378)
California:		
80-percent standard.....	38.5 (7,455)	37.1 (2,440)
115-percent standard.....	61.8 (11,969)	56.8 (3,736)
New York:		
80-percent standard.....	37.3 (6,625)	36.1 (2,132)
115-percent standard.....	56.6 (10,042)	53.8 (3,108)

MULTIPLE YEAR PLANNING

Question. The Administration proposes allowing the States to adopt either 1-, 2-, or 3-year social services plans. The House bill would permit either 1- or 2-year plans. Present law permits only a 1-year plan. I would like to ask two questions. First, what is the rationale for a 3-year rather than a 1- or 2-year limit? Second, why can't we leave that type of decision entirely up to the States?

Answer. We are proposing to allow states to adopt either 1-, 2-, or 3-year title XX plans in order to:

Co-ordinate better the title XX planning process with state budget and legislative cycles; and

Enable states to coordinate title XX plans with other statutorially mandated plans such as for aging and rehabilitation services.

Question. Restrictions were written into title XX to attempt to prevent the improper use of private funds in meeting the State share requirement. The law requires that private funds (1) must be transferred to the State and be under its administrative control, (2) generally be donated with restrictions as to use, and (3) not revert to the donor's facility or use. There have been some allegations that these restrictions are not always being enforced, and that there is in fact abuse of the provision allowing use of private funds as matching funds. Is this true, and if so, what are you doing about it?

Answer. There have been allegations made which we suspect may be accurate but specific evidence of abuse has not been presented to us. We are told that such abuses, if true, exist principally through use of "gentlemen's agreements."

INSPECTOR GENERAL

Question. Has the offices of the Inspector General been involved in title XX in any way? Has there been any reported fraud and abuse to be investigated by him?

Answer. The Office of the Inspector General has not been involved in title XX, either in terms of investigations of fraud and abuse or in terms of service delivery assessment activities.

DAY CARE APPROPRIATENESS REPORT

Question. The Day Care (FIDCR) Appropriateness Report which was issued very recently has a section entitled "Recommendations" in which it is stated that the process of revising the Federal Interagency Day Care Requirements may lead HEW to propose legislation addressing "clarification of the goals of federally regulated day care." Can you explain to us what this means? Are you going to be asking the Congress to provide one set of goals for all programs that provide funding for day care? By "goals," do you mean establishing priorities? What is the significance of this recommendation?

Answer. In the process of revising the Federal Interagency Day Care Requirements, we will look at what federally regulated day care is designed to accomplish. We do not expect to ask Congress to provide one set of goals, as the various day care programs have been designed to serve different populations and different needs.

EVALUATIONS : BENEFITS

Question. The Department has spent a large sum of money to come up with evaluations of the title XX program. For example, almost \$150,000 went to the Pacific Consultants of Berkeley, California to do a report on the effectiveness of the social services program, almost \$400,000 to the National Institute for Advanced Studies for client-effect studies, and some \$500,000 to \$600,000 to the Urban Institute for an evaluation of the title XX program.

A. From all these studies, do we know if people who are receiving services provided by the program are benefiting from those services, and, if so, how?

B. Are there any data to show how many people have moved off of welfare as a result of receiving title XX services?

Answer. The three studies cited were not designed to answer the questions asked. The first, by Pacific Consultants, analyzed information in State management information systems on goal achievement. These goals were general. Success was defined and indicated by caseworkers. Consequently, the results provide a general official assessment by workers of whether services achieved the ascribed goal. For most services, there was a high rate of goal achievement.

The National Institute for Advanced Studies project on client-effects was mainly a study of client satisfaction. Obviously, this is not a definite measure of effectiveness but it is one aspect. Of those clients interviewed, in States across the country, most were satisfied with the services they received. For example, fewer than 3 percent of clients receiving child care were unhappy with the service, 83 percent of clients who received counseling services felt the service helped them as they expected and over 94 percent of clients who received homemaker services felt the service helped with respect to their expectations.

The Urban Institute Study was a 2-year evaluation of the process of title XX implementation and not a study of service effectiveness. This study addressed how States implemented the planning requirements, allocation of resources, citizen participation and other aspects of the program.

There have been other studies of particular services, often conducted by other units within HEW, that bear on the effectiveness of social services offered by title XX. For example, about 8 percent of title XX money was planned for protective services for children in 1978. A large demonstration in Louisville funded by the Children's Bureau indicates that there was a 50-percent reduction in the number of children removed from their homes and placed in substitute care after instituting a program of emergency protective services than before. There was also a reduction of 85 percent in the number of children who were institutionalized.

We know of no studies that establishes that the provision of social services has caused people to move off of welfare.

TITLE XX—QUESTIONS FOR THE SENATE FINANCE COMMITTEE

Question. Use of fee schedules: More and more States are establishing fee schedules for services. Has this had the effect of cutting the demand for services? Are the fee schedules which are being used, in your opinion, reasonable and equitable ones? Can you provide us with any studies which you have done on the fee schedules now in use by the States.

Answer. Title XX regulations require the imposition of a fee or other charge for services to individuals whose eligibility is based on income status if such income exceeds 80 percent of the median income for a family of four, adjusted for family size. Fees may be charged, at State option, for services to: (1) Individuals whose eligibility is based on income maintenance status, e.g., AFDC or NSI eligibles; (2) individuals whose eligibility is based on income status and whose income is less than 80 percent of the median income for a family of four, adjusted for family size; and (3) individuals receiving services without regard to income (family planning services, information and referral services, and services to prevent or remedy abuse, neglect, or exploitation of children and adults are offered without regard to income).

In these latter three categories, more and more States have begun to include fee schedules in their Comprehensive Annual Services Plans (CASP). The attached table reflects a 21 percent increase between fiscal year 1976 and fiscal

year 1979 in the number of States whose CASP's contain fee schedules. Over the same period, a 60 percent increase occurred in the number of States with fee schedules for services provided below 80 percent of the State median income for a family of four, adjusted for family size.

Although the number of States charging fees has increased, this trend has had little impact on the demand for services due to the nominal amounts charged in relationship to the recipient's income. One specific study has, however, documented a significant decrease in demand for day care services as the fee approached one-half of the actual service cost. This study, which was conducted by the State of Florida, indicated that families would turn to alternative day care arrangements, such as that which could be provided by a friend or relative, rather than pay the imposed fee. There were no documented decreases in demand until fees neared the one-half of cost level.

Concerning equity of fee schedules, State schedules are in accordance with Federal guidelines contained in title XX regulations. These guidelines require that the fees be reasonably related to the individual's income and that fees charged not exceed the cost of the service to the title XX agency. Federal regulations do allow fees to vary by geographical area and type of service and further require that total fees imposed not exceed an amount reasonably related to an individual's income in cases where several services are involved. Within these guidelines, States have tailored fee schedules to meet local needs. An annual review process allows private citizen and interest group participation in the preparation and review of the services and fee schedule plans.

Special studies addressing fee schedules are listed below:

Joan W. Milier, "The Development of Fee Schedules," May 1978. Can be obtained from the Administration for Public Services, Office of Human Development Services, Office of the Secretary, DHEW.

New Jersey State Department of Human Services, Division of Youth and Family Services, Bureau of Research, "Evaluation of New Jersey's Development and Demonstration of Title XX Eligibility Levels and Fee Scales" (February 1978).

Florida Department of Health and Rehabilitative Services, Office of Evaluation, State Day Care Management Project, "Evaluation of Title XX Child Day Care Fee Schedule Implemented July 1, 1976," Sharon Gordon—principal investigator (February 1977).

Florida Department of Health and Rehabilitative Services, Office of Evaluation, "The Impact of Lowering Fees in the Title XX Child Care Program: Fiscal Year 1978-79" (October 1978).

Florida Department of Health and Rehabilitative Services, Office of Evaluation, State Day Care Management Project, "Executive Summary Report on: Title XX Day Care Families Who Paid a Fee in February 7-March 4, 1977," Third and Final Report (May 1977).

TITLE XX—FEE SCHEDULES

[From comprehensive annual services plans]

	Fiscal year—			
	1976	1977	1978	1979
States that charge fees.....	33	35	39	40
States that charge fees for services below 80 percent of State median income.....	25	29	36	40

COORDINATION OF CASH AND SERVICES

Question. In the early 1970's HEW urged the States very strongly to separate the administration of their cash and services programs. Evidently there are still HEW matching and accounting requirements which not only encourage this, but actually make it *difficult* for States to coordinate the delivery of cash assistance and social services. Do you think we should consider changing this policy? Should we consider adopting a policy of actually encouraging States to unify their delivery of cash and services if they believe that this will improve their administration?

Answer. The policy now is for the Federal government to be neutral on the issue of separation of cash and services. There appears to be very little interest HEW becoming involved in the matter again. For example, at the recent National Conference on Social Welfare's Annual Forum, a workshop devoted to issues of

maintenance and social services did not raise the issue of separation as a problem.

Perhaps such statutory features as the match rate supports separation. However, to change match rates would have wide policy implications. Any effects match may have on the separation issue is surely minor in comparison.

There are a good many ways States can better coordinate their cash and service functions if they desire. They have much latitude even with present federal policy.

EXTENT OF HEW INFORMATION ABOUT STATE PROGRAMS

Question. According to HEW's summary of State plans for 1978, the State of Alaska is providing a category of services called information and referral services at a cost of \$330 per client. New York, on the other hand, is providing services called the same thing, but costing only \$25 per client. How can you explain this kind of extraordinary differences? Does HEW know enough about each State's program to evaluate whether, for example, Alaska's information and referral service are 13 times better than New York's? How much do you know about the quality of services being offered?

Answer. Title XX designates authority to the states to define the social services they plan to provide under the Act. New York defines information and referral services as information, brief assessment, referral, and follow up. Alaska defines information and referral to include: receipt of inquiries and requests for assistance; brief assessments; information; counseling regarding referrals; follow up; dissemination of information; provision of bilingual interpreters; and management of case records.

In addition to substantially different definitions for information and referral, the cost of provision of service in Alaska is estimated to be 25-50 percent higher than the cost in New York because of Alaska's escalated cost-of-living and inflation factors. Also, the average cost per client calculations are derived simply by taking the proportion of estimated cost to the estimated number of individuals to be served and do not necessarily reflect actual cost of the service in either state.

EMPLOYMENT OF WELFARE RECIPIENTS AS CHILD CARE WORKERS

Question. As you know, the Finance Committee initiated the legislation providing funds for the hiring of AFDC recipients as child care workers. We have been told that the program has been highly successful in some areas in providing AFDC mothers with jobs, and in improving child-staff ratios. Can you tell us specifically how many persons have been hired under this provision, and how much money has been used for this purpose?

Answer. There are no specific nationwide data available on the number of AFDC recipients hired as child care workers under the provisions of Public Law 94-401 as amended. Expenditures for this purpose are not separately identified.

As of the end of June, 1978, grants to States under Public Law 94-401 totalled \$183 million for fiscal year 1977 and \$166 million for fiscal year 1978. It is expected that States will claim \$193 million of the \$200 million available under this legislation for this fiscal year.

Although the provisions of Public Law 94-401 limited grants for the employment of welfare recipients to the specially allocated funds, a provision specifying maintenance of effort for child day care service expenditures was not included. As a consequence, numerous States used the additional funding for child day care services already in place. It has been estimated that during fiscal year 1977, 19 States used the additional funding for the employment of AFDC recipients, 29 financed additional day care and 37 used some or all of the funds made available to refinance existing services or administrative costs.

During the current fiscal year, an HEW/DOL Work Group was established to develop policy and project designs to improve the utilization of AFDC recipients as child care workers. As part of this undertaking, the group investigated six sites in which AFDC recipients were hired as day care workers both temporarily under Public Law 94-401 and as regular employees under State programs encouraging these hires. A synthesis of these findings is presented in the table attached.

In general, the investigation indicated that (a) most recipients were employed in public or private non-profit centers serving pre-school children and (b) most recipients were paid at, or slightly above, minimum wage. The recipient's net

financial and benefit status was improved as a result of accepting the job. Since the sites visited were located in States with both relatively high and low AFDC benefits, the Group felt it reasonable to conclude that programs for employment of AFDC recipients as day care workers did not introduce financial disincentives, even though most were at or near the minimum wage.

The day care providers were satisfied with the skills and job performance of the AFDC recipients when compared with other employees.

The conclusion that some AFDC recipients are competent day care workers was consequently not to be questioned. The investigators noted, however, that the extent to which the projects visited had selected the most outstanding candidates in a limited program was not ample evidence that results would be the same if AFDC recipients were employed under different circumstances (e.g., if 100,000 recipients nationally, rather than only a few thousand, were hired). When training was available and utilized, results were positive, suggesting that such programming could assist in expanding the number of AFDC recipients hired as child care workers.

The Office of Human Development Services is now developing a strategy for examining the costs and benefits of employment of welfare recipients in the child care field which will include the funding of demonstrations to examine the effects of establishing a special program to train and employ recipients in child care. This strategy is scheduled for completion by September 30.

CHARACTERISTICS OF THE INDIVIDUAL SITES VISITED BY HEW/DOL WORK GROUP

Site characteristics ¹	Connecticut (statewide)	Illinois (statewide)	New Orleans, La.	Western region, Pennsylvania ($\frac{1}{2}$ State)	Charleston County, S.C.	Shelby County, Tenn.	Comments
1. AFDC recipients employed in day care facilities at site:							
(a) Number employed	328	200	104	50 plus	125	218	Those hired under Public Law 94-401 are generally add-ons to the regular day care staff, while those hired under title XX are regular employees in every sense.
(b) Source of funds for their employment.	Public Law 94-401	Public Law 94-401	Public Law 94-401	Title XX	Title XX and local general revenues.	Public Law 94-401	
2. Characteristics of participating day care facilities:							
(a) Centers versus family day care.	95 centers, 62 family day care homes.	90 centers, 10 to 20 family day care homes.	90 centers, no family day care.	32 providers—each provider has 1 or more centers and/or several family day care centers.	16 centers, no family day care.	44 centers, no family day care.	The vast majority of the recipients are employed in centers which are public or private nonprofit serving entirely or predominantly preschool children.
(b) Types of centers (public, private nonprofit, private for profit).	All public and private nonprofit.	78 public, 12 private nonprofit.	34 private nonprofit, 56 private for profit.	All public and private nonprofit.	All public	All private nonprofit.	
(c) Age of children	95 percent preschool.	95 percent preschool.	Mostly preschool	Mostly preschool	All preschool (including infants).	80 to 85 percent preschool.	
3. Characteristics of participating AFDC recipients.	All female, most age 25 to 35.	All female, most age 20 to 35.	All female, most age 25 to 35, most high school education, 98 percent black, most previous work experience.	Unknown	Unknown	All female most age, 20 to 30, 35 percent previous work experience, 90 percent black.	Demographically, the recipients are all female, and are younger, have fewer children, more education and more previous work experience than the typical recipient.
4. Wages of participating recipients.	\$5,448/yr (slightly above minimum wage).	Minimum wage	90 percent at minimum wage, 10 percent above minimum wage.	Most at minimum wage, a few above minimum wage.	\$5,200/yr (slightly above minimum wage).	Minimum wage	All participants are at minimum wage or higher. These wage rates are comparable to the wages of non-AFDC recipients in similar positions (in addition, there appears to be little or no differentiation between the AFDC recipients and other employees in other respects).

See footnote at end of table.

CHARACTERISTICS OF THE INDIVIDUAL SITES VISITED BY HEW/DOL WORK GROUP—Continued

Site characteristics ¹	Connecticut (statewide)	Illinois (statewide)	New Orleans, La.	Western region, Pennsylvania (½ State)	Charleston County, S.C.	Shelby County, Tenn.	Comments
5. Impact of participation on a recipient's financial status.	All remained on medicaid, and remained on AFDC at a reduced level, but the wages received more than covered the reduction.	All remained on medicaid, and remained on AFDC at a reduced level, but the wages received more than covered the reduction.	All lost AFDC and medicaid, but the wages received more than covered the losses.	All remained on medicaid, and remained on AFDC at a reduced level, but the wages and standard employees' fringe benefits received more than covered the reduction.	All lost AFDC and medicaid, but the wages and standard State employees' fringe benefits received more than covered the reduction.	Some lost AFDC and medicaid, others remained on medicaid and on AFDC at a reduced level, but for most the wages and fringe benefits received more than covered the loss or reduction. (In a few cases, the loss of medicaid was not sufficiently covered by wages and fringe benefits.)	No financial disincentives to work were found. In almost every case, the recipients' net financial and benefits status improved as a result of accepting a job. This was true both in States with relatively high AFDC benefits (e.g., Connecticut) and those with relatively low benefits (e.g., Louisiana).
6. Training.....	3 to 4 weeks pre-service training required, extensive inservice training available.	No training available.	No preservice training, inservice training required for some recipients.	Both preservice and inservice training available, used by many, but not all recipients.	Both preservice and inservice training required.	Preservice training required; inservice training available in some centers.	Training available and training required varied considerably from site to site. Subjecting observations by participants and administrators on the utility of training were all positive.

¹ This information was collected in November and December 1977, and is accurate for September or October 1977.

Question. There have been complaints in some States that there are excessive expenditures for administering the title XX program at the expense of the actual provision of services. Is this a legitimate complaint, and if so, in which States?

Answer. This question has been raised on several occasions, particularly by service providers who were seeking to have more of the title XX money channeled into the purchase of services. Many of these people refer to the total cost of the title XX operation, other than services purchased from other agencies, as administrative cost. This view does not recognize that services are also provided directly by State and local staff of the title XX agency. Therefore we suggest that the complaint might not be valid because the cost of providing service should not be considered administrative cost.

INCREASE IN SOCIAL WORK TRAINING

Question. It would appear that we have a very vigorous and rapidly growing aid to education program in the form of social work training. In fact, title XX authorizes 75 percent Federal matching of State expenditures for social services training on an open-ended basis. Thus, while there is a cap on the amount States can spend for services, there is no cap on the amount they can spend for training social workers. According to the 1979 Budget, we spent \$45.8 million for training in 1977, which will increase to \$71.6 million in 1979. Do you believe this rapid expansion of training funds is the best use of scarce social services dollars? If we are going to approve a substantial increase in the basic title XX ceiling, should we not at the same time place some type of limit or control on the training funds?

Answer. We believe that a ceiling or some type of limit on title XX training funds may be the most effective way of allocating scarce resources. We are not sure that the rapid expansion in expenditures for training have been the best use of scarce dollars.

