AMENDMENTS TO THE SOCIAL SECURITY ACT 1969 – 1972

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HEALTH AND HUMAN SERVICES
Social Security Administration

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Social Security Amendments of 1972 and Related Amendments

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Social Security Administration
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Calendar No. 1175

92D CONGRESS
2D SESSION

H. R. 1

[Report No. 92-1230]

IN THE SENATE OF THE UNITED STATES

JUNE 28, 1971
Read twice and referred to the Committee on Finance

SEPTEMBER 26 (legislative day, SEPTEMBER 25), 1972
Reported by Mr. LONG, with amendments

[Omit the part struck through and in [black brackets] and insert the part printed in italic]

AN ACT

To amend the Social Security Act to increase benefits and improve eligibility and computation methods under the OASDI program, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis on improvements in their operating effectiveness, to replace the existing Federal-State public assistance programs with a Federal program of adult assistance and a Federal program of benefits to low-income families with children with incentives and requirements for employment and training to improve the capacity for employment of members of such families, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents, may be cited as the "Social Security Amendments of ~~1971~~ *1972*".

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TITLE I—PROVISIONS RELATING TO OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

~~INCREASE IN OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS, AND IN BENEFITS FOR CERTAIN INDIVIDUALS AGE 72 OR OVER~~

~~Sec. 101. (a) Section 215(a) of the Social Security Act (as amended by section 105(c) of this Act) is amended by striking out the table and inserting in lieu thereof the following:~~

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

"I		II	III		IV	V
(Primary insurance benefit under 1939 Act, as modified)		(Primary insurance amount effective for January 1971)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
----------	$16.20	$70.40	----------	$76	$74.00	$111.00
$16.21	16.84	71.50	$77	78	75.10	112.70
16.85	17.60	73.10	79	80	76.80	115.20
17.61	18.40	74.50	81	81	78.30	117.50
18.41	19.24	75.80	82	83	79.60	119.40
19.25	20.00	77.40	84	85	81.30	122.00
20.01	20.64	78.80	86	87	82.80	124.20
20.65	21.28	80.10	88	89	84.20	126.30
21.29	21.88	81.70	90	90	85.80	128.80
21.89	22.28	83.10	91	92	87.30	131.00
22.29	22.68	84.50	93	94	88.80	133.20
22.69	23.08	85.80	95	96	90.10	135.20
23.09	23.44	87.40	97	97	91.80	137.70
23.45	23.76	88.90	98	99	93.40	140.10
23.77	24.20	90.60	100	101	95.20	142.80
24.21	24.60	91.90	102	102	96.50	144.80
24.61	25.00	93.40	103	104	98.10	147.20
25.01	25.48	95.10	105	106	99.90	149.90
25.49	25.92	96.60	107	107	101.50	152.30
25.93	26.40	98.20	108	109	103.20	154.80
26.41	26.94	99.70	110	113	104.70	157.10
26.95	27.46	101.10	114	118	106.20	159.30
27.47	28.00	102.70	119	122	107.90	161.90
28.01	28.68	104.20	123	127	109.50	164.30
28.69	29.25	105.90	128	132	111.20	166.90
29.26	29.68	107.30	133	136	112.70	169.10
29.69	30.36	108.70	137	141	114.20	171.30
30.37	30.92	110.40	142	146	116.00	174.00
30.93	31.36	111.90	147	150	117.50	176.30
31.37	32.00	113.30	151	155	119.00	178.50
32.01	32.60	115.00	156	160	120.80	181.20
32.61	33.20	116.40	161	164	122.30	183.50
33.21	33.88	118.00	165	169	123.90	185.90
33.89	34.50	119.50	170	174	125.50	188.30
34.51	35.00	121.00	175	178	127.10	190.70
35.01	35.80	122.60	179	183	128.80	193.20
35.81	36.40	124.00	184	188	130.20	195.30
36.41	37.08	125.70	189	193	132.00	198.10
37.09	37.60	127.20	194	197	133.60	200.40
37.61	38.20	128.60	198	202	135.10	202.70
38.21	39.12	130.30	203	207	136.90	205.40
39.13	39.68	131.80	208	211	138.40	207.60
39.69	40.33	133.10	212	216	139.80	209.70
40.34	41.12	134.80	217	221	141.60	212.40
41.13	41.76	136.30	222	225	143.20	214.80
41.77	42.44	137.90	226	230	144.80	217.30
42.45	43.20	139.40	231	235	146.40	219.60
43.21	43.76	141.10	236	239	148.20	222.30
43.77	44.44	142.50	240	244	149.70	225.60
44.45	44.88	143.90	245	249	151.10	230.20
44.89	45.60	145.60	250	253	152.90	233.90
		147.10	254	258	154.50	238.50
		148.40	259	263	155.90	243.10
		150.10	264	267	157.70	246.80
		151.60	268	272	159.20	251.40
		153.20	273	277	160.90	256.00
		154.70	278	281	162.50	259.70
		156.20	282	286	164.10	264.30
		157.90	287	291	165.80	269.00
		159.20	292	295	167.20	272.60
		160.90	296	300	169.00	277.20
		162.40	301	305	170.60	281.90
		163.80	306	309	172.00	285.60
		165.50	310	314	173.80	290.30
		166.90	315	319	175.30	294.90
		168.30	320	323	176.80	298.60
		170.00	324	328	178.50	303.20
		171.50	329	333	180.10	307.80
		173.20	334	337	181.90	311.50
		174.50	338	342	183.30	316.10
		176.00	343	347	184.80	320.70
		177.70	348	351	186.60	324.40
		179.10	352	356	188.10	329.00
		180.80	357	361	189.90	333.60

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

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for January 1971)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
		$182.20	$362	$365	$191.40	$337.30
		183.60	366	370	192.80	341.90
		185.30	371	375	194.60	346.50
		186.80	376	379	196.20	350.30
		188.50	380	384	198.00	354.90
		189.80	385	389	199.30	359.60
		191.30	390	393	200.90	363.20
		193.00	394	398	202.70	367.90
		194.40	399	403	204.20	372.50
		196.10	404	407	206.00	376.20
		197.40	408	412	207.30	380.80
		198.80	413	417	208.80	385.40
		200.20	418	421	210.30	389.10
		201.80	422	426	211.90	393.70
		203.10	427	431	213.30	398.30
		204.50	432	436	214.80	402.90
		206.10	437	440	216.50	404.80
		207.40	441	445	217.80	407.10
		208.80	446	450	219.30	409.40
		210.40	451	454	221.00	411.20
		211.70	455	459	222.30	413.50
		213.10	460	464	223.80	415.80
		214.50	465	468	225.30	417.70
		216.10	469	473	227.00	420.00
		217.40	474	478	228.30	422.40
		218.80	479	482	229.80	424.20
		220.40	483	487	231.50	426.60
		221.70	488	492	232.80	428.90
		223.10	493	496	234.30	430.70
		224.70	497	501	236.00	433.00
		226.00	502	506	237.30	435.30
		227.40	507	510	238.80	437.20
		228.80	511	515	240.30	439.50
		230.30	516	520	241.90	441.80
		231.70	521	524	243.30	443.60
		233.10	525	529	244.80	445.90
		234.70	530	534	246.50	448.20
		236.00	535	538	247.80	450.10
		237.40	539	543	249.30	452.40
		239.00	544	548	251.00	454.70
		240.30	549	553	252.40	457.00
		241.70	554	556	253.80	458.40
		242.90	557	560	255.10	460.30
		244.20	561	563	256.50	461.60
		245.50	564	567	257.80	463.50
		246.80	568	570	259.20	464.90
		248.00	571	574	260.40	466.70
		249.30	575	577	261.80	468.10
		250.50	578	581	263.10	469.90
		251.80	582	584	264.40	471.30
		253.00	585	588	265.70	473.20
		254.40	589	591	267.20	474.50
		255.60	592	595	268.40	476.40
		256.90	596	598	269.80	477.80
		258.10	599	602	271.10	479.70
		259.40	603	605	272.40	481.10
		260.60	606	609	273.70	482.80
		262.00	610	612	275.10	484.30
		263.20	613	616	276.40	486.10
		264.50	617	620	277.80	488.00
		265.70	621	623	279.00	489.30
		267.00	624	627	280.40	491.20
		268.20	628	630	281.70	492.90
		269.50	631	634	283.00	495.30
		270.80	635	637	284.40	497.60
		272.10	638	641	285.80	500.10
		273.30	642	644	287.00	502.30
		274.60	645	648	288.40	504.70
		275.80	649	652	289.60	506.90
		276.60	653	656	290.50	508.40
		277.40	657	660	291.30	509.80
		278.40	661	665	292.40	511.60
		279.40	666	670	293.40	513.50
		280.40	671	675	294.50	515.30

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

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for January 1971)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
		$281.40	$676	$680	$295.50	$517.20
		282.40	681	685	296.60	519.00
		283.40	686	690	297.60	520.80
		284.40	691	695	298.70	522.60
		285.40	696	700	299.70	524.50
		286.40	701	705	300.80	526.30
		287.40	706	710	301.80	528.20
		288.40	711	715	302.90	530.00
		289.40	716	720	303.90	531.90
		290.40	721	725	305.00	533.70
		291.40	726	730	306.00	535.50
		292.40	731	735	307.10	537.30
		293.40	736	740	308.10	539.20
		294.40	741	745	309.20	541.00
		295.40	746	750	310.20	542.90
		296.40	751	755	311.30	544.70
		297.40	756	760	312.30	546.60
		298.40	761	765	313.40	548.40
		299.40	766	770	314.40	550.20
		300.40	771	775	315.50	552.00
		301.40	776	780	316.50	553.90
		302.40	781	785	317.60	555.70
		303.40	786	790	318.60	557.60
		304.40	791	795	319.70	559.40
		305.40	796	800	320.70	561.30
		306.40	801	805	321.80	563.10
		307.40	806	810	322.80	564.90
		308.40	811	815	323.90	566.70
		309.40	816	820	324.90	568.60
		310.40	821	825	326.00	570.40
		311.40	826	830	327.00	572.30
		312.40	831	835	328.10	574.10
		313.40	836	840	329.10	576.00
		314.40	841	845	330.20	577.80
		315.40	846	850	331.20	579.60".

~~(b) Section 203(a) of such Act is amended by striking out paragraph (2) and inserting in lieu thereof the following:~~

~~"(2) when two or more persons were entitled (without the application of section 202(j)(1) and section 223(b)) to monthly benefits under section 202 or 223 for May 1972 on the basis of the wages and self-employment income of such insured individual and~~

the provisions of this subsection were applicable in January 1971 or any prior month in determining the total of the benefits for persons entitled for any such month on the basis of such wages and self-employment income, such total of benefits for June 1972 or any subsequent month shall not be reduced to less than the larger of—

"(A) the amount determined under this subsection without regard to this paragraph, or

"(B) an amount derived by multiplying the sum of the benefit amounts determined under this title for May 1972 (including this subsection, but without the application of section 222(b), section 202(q), and subsections (b), (c), and (d) of this section), by 105 percent and raising such increased amount, if it is not a multiple of $0.10, to the next higher multiple of $0.10;

but in any such case (i) paragraph (1) of this subsection shall not be applied to such total of benefits after the application of subparagraph (B), and (ii) if section 202(k)(2)(A) was applicable in the case of any such benefits for June 1972, and ceases to apply after such month, the provisions of subparagraph (B) shall be applied, for and after the month in which section 202

~~(k)(2)(A) ceases to apply, as though paragraph (1) had not been applicable to such total of benefits for June 1972, or".~~

~~(c) Section 215(a) of such Act is amended by striking out the matter which precedes the table and inserting in lieu thereof the following:~~

~~"(a) The primary insurance amount of an insured individual shall be determined as follows:~~

~~"(1) Subject to the conditions specified in subsections (b), (c), and (d) of this section and except as provided in paragraph (2) of this subsection, such primary insurance amount shall be whichever of the following amounts is the largest:~~

~~"(A) the amount in column IV of the following table on the line on which in column III of such table appears his average monthly wage (as determined under subsection (b));~~

~~"(B) the amount in column IV of such table on the line on which in column II appears his primary insurance amount (as determined under subsection (c)); or~~

~~"(C) the amount in column IV of such table on the line on which in column I appears his pri-~~

mary insurance benefit (as determined under subsection (d)).

"(2) In the case of an individual who was entitled to a disability insurance benefit for the month before the month in which he died, became entitled to old-age insurance benefits, or attained age 65, such primary insurance amount shall be the amount in column IV of such table which is equal to the primary insurance amount upon which such disability insurance benefit is based; except that if such individual was entitled to a disability insurance benefit under section 223 for the month before the effective month of a new table and in the following month became entitled to an old-age insurance benefit, or he died in such following month, then his primary insurance amount for such following month shall be the amount in column IV of the new table on the line on which in column II of such table appears his primary insurance amount for the month before the effective month of the table (as determined under subsection (c)) instead of the amount in column IV equal to the primary insurance amount on which his disability insurance benefit is based. For purposes of this paragraph, the term 'primary insurance amount' with respect to any individual means only a primary insur-

ance amount determined under paragraph (1) (and such individual's benefits shall be deemed to be based upon the primary insurance amount as so determined)."

(d) Section 215(b)(4) of such Act is amended by striking out "December 1970" each time it appears and inserting in lieu thereof "May 1972".

(e) Section 215(e) of such Act is amended to read as follows:

"Primary Insurance Amount Under Act of March 17, 1971

"(e)(1) For the purposes of column II of the table appearing in subsection (a) of this section, an individual's primary insurance amount shall be computed on the basis of the law in effect prior to June 1972.

"(2) The provisions of this subsection shall be applicable only in the case of an individual who became entitled to benefits under section 202(a) or section 223 before June 1972, or who died before such month."

(f) Section 215(f)(2) of such Act is amended by striking out "(a) (1) and (3)" and inserting in lieu thereof "(a)(1)(A) and (C)".

(g)(1)(A) Section 227(a) of such Act is amended by striking out "$48.30" and inserting in lieu thereof "$50.80", and by striking out "$24.20" and inserting in lieu thereof "$25.40".

(B) Section 227(b) of such Act is amended by striking out "$48.30" and inserting in lieu thereof "$50.80".

(2)(A) Section 228(b)(1) of such Act is amended by striking out "$48.30" and inserting in lieu thereof "$50.80".

(B) Section 228(b)(2) of such Act is amended by striking out "$48.30" and inserting in lieu thereof "$50.80", and by striking out "$24.20" and inserting in lieu thereof "$25.40".

(C) Section 228(c)(2) of such Act is amended by striking out "$24.20" and inserting in lieu thereof "$25.40".

(D) Section 228(c)(3)(A) of such Act is amended by striking out "$48.30" and inserting in lieu thereof "$50.80".

(E) Section 228(c)(3)(B) of such Act is amended by striking out "$24.20" and inserting in lieu thereof "$25.40".

(h) The amendments made by this section (other than the amendments made by subsection (g)) shall apply with respect to monthly benefits under title II of the Social Security Act for months after May 1972 and with respect to lump-sum death payments under such title in the case of deaths occurring after such month. The amendments made by subsection (g) shall apply with respect to monthly

benefits under title II of such Act for months after May 1972.

AUTOMATIC ADJUSTMENTS IN BENEFITS, THE CONTRIBUTION AND BENEFIT BASE, AND THE EARNING TEST

Adjustments in Benefits

SEC. 102. (a) (1) Section 215 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Cost-of-Living Increases in Benefits

"(i) (1) For purposes of this subsection—

"(A) the term 'base quarter' means (i) the calendar quarter ending on June 30 in each year after 1971, or (ii) any other calendar quarter in which occurs the effective month of a general benefit increase under this title;

"(B) the term 'cost-of-living computation quarter' means a base quarter, as defined in subparagraph (A) (i), in which the Consumer Price Index prepared by the Department of Labor exceeds, by not less than 3 per centum, such Index in the later of (i) the last prior cost-of-living computation quarter which was established under this subparagraph, or (ii) the most recent calendar quarter in which occurred the effective month of a general benefit increase under this title; except that there shall be no cost-of-living computation quarter in

any calendar year in which a law has been enacted providing a general benefit increase under this title or in which such a benefit increase becomes effective; and

"(C) the Consumer Price Index for a base quarter, a cost-of-living computation quarter, or any other calendar quarter shall be the arithmetical mean of such index for the 3 months in such quarter.

"(2)(A)(i) The Secretary shall determine each year (subject to the limitation in paragraph (1)(B) and to subparagraph (E) of this paragraph) whether the base quarter (as defined in paragraph (1)(A)(i)) in such year is a cost-of-living computation quarter.

"(ii) If the Secretary determines that such base quarter is a cost-of-living computation quarter, he shall, effective with the month of January of the next calendar year (subject to subparagraph (E)) as provided in subparagraph (B), increase the benefit amount of each individual who for such month is entitled to benefits under section 227 or 228, and the primary insurance amount of each other individual under this title (including a primary insurance amount determined under section 202(a)(3), but not including a primary insurance amount determined under subsection (a)(3) of this section), by an amount derived by multiplying each such amount (including each such individual's primary

~~insurance amount or benefit amount under section 227 or 228 as previously increased under this subparagraph) by the same percentage (rounded to the nearest one-tenth of 1 percent) as the percentage by which the Consumer Price Index for such cost-of-living computation quarter exceeds such index for the most recent prior calendar quarter which was a base quarter under paragraph (1)(A)(ii) or, if later, the most recent cost-of-living computation quarter under paragraph (1)(B). Any such increased amount which is not a multiple $0.10 shall be increased to the next higher multiple of $0.10.~~

~~"(B) The increase provided by subparagraph (A) with respect to a particular cost-of-living computation quarter shall apply (subject to subparagraph (E)) in the case of monthly benefits under this title for months after December of the calendar year in which occurred such cost-of-living computation quarter, and in the case of lump-sum death payments with respect to deaths occurring after December of such calendar year.~~

~~"(C)(i) Whenever the level of the Consumer Price Index as published for any month exceeds by 2.5 percent or more the level of such index for the most recent base quarter (as defined in paragraph (1)(A)(ii)) or, if later, the most recent cost-of-living computation quarter, the Secretary shall (within 5 days after such publication) report the amount of~~

such excess to the House Committee on Ways and Means and the Senate Committee on Finance.

"(ii) Whenever the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall notify the House Committee on Ways and Means and the Senate Committee on Finance of such determination on or before August 15 of such calendar year, indicating the amount of the benefit increase to be provided, his estimate of the extent to which the cost of such increase would be met by an increase in the contribution and benefit base under section 230 and the estimated amount of the increase in such base, the actuarial estimates of the effect of such increase, and the actuarial assumptions and methodology used in preparing such estimates.

"(D) If the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall publish in the Federal Register on or before November 1 of such calendar year a determination that a benefit increase is resultantly required and the percentage thereof. He shall also publish in the Federal Register at that time (along with the increased benefit amounts which shall be deemed to be the amounts appearing in sections 227 and 228) a revision of the table of benefits contained in subsection (a) of this section (as it may have been most recently revised by another law or pursuant to this para-

graph); and such revised table shall be deemed to be the table appearing in such subsection (a). Such revision shall be determined as follows:

"(i) The headings of the table shall be the same as the headings in the table immediately prior to its revision, except that the parenthetical phrase at the beginning of column II shall reflect the year in which the primary insurance amounts set forth in column IV of the table immediately prior to its revision were effective.

"(ii) The amounts on each line of column I and column III, except as otherwise provided by clause (v) of this subparagraph, shall be the same as the amounts appearing in each such column in the table immediately prior to its revision.

"(iii) The amount on each line of column II shall be changed to the amount shown on the corresponding line of column IV of the table immediately prior to its revision.

"(iv) The amounts on each line of column IV and column V shall be increased from the amounts shown in the table immediately prior to its revision by increasing each such amount by the percentage specified in subparagraph (A) of paragraph (2). The amount on each

line of column V shall be increased, if necessary, so that such amount is at least equal to one and one-half times the amount shown on the corresponding line in column IV. Any such increased amount which is not a multiple of $0.10 shall be increased to the next higher multiple of $0.10.

"(v) If the contribution and benefit base (determined under section 230) for the calendar year in which the table of benefits is revised is lower than such base for the following calendar year, columns III, IV, and V of such table shall be extended. The amounts on each additional line of column III shall be the amounts on the preceding line increased by $5 until in the last such line of column III the second figure is equal to one-twelfth of the new contribution and benefit base for the calendar year following the calendar year in which such table of benefits is revised. The amount on each additional line of column IV shall be the amount on the preceding line increased by $1.00 until the amount on the last line of such column is equal to the last line of such column as determined under clause (iv) plus 20 percent of one-twelfth of the excess of the new contribution and benefit base for the calendar year following the calendar year in which such table of benefits is revised (as de-

termined under section 230) over such base for the calendar year in which the table of benefits is revised. The amount on each additional line of column V shall be equal to 1.75 times the amount on the same line of column IV. Any such increased amount which is not a multiple of $0.10 shall be increased to the next higher multiple of $0.10.

"(E) Notwithstanding a determination by the Secretary under subparagraph (A) that a base quarter in any calendar year is a cost-of-living computation quarter (and notwithstanding any notification or publication thereof under subparagraph (C) or (D)), no increase in benefits shall take effect pursuant thereto, and such quarter shall be deemed not to be a cost-of-living computation quarter, if during the calendar year in which such determination is made a law providing a general benefit increase under this title is enacted or becomes effective.

"(3) As used in this subsection, the term 'general benefit increase under this title' means an increase (other than an increase under this subsection) in all primary insurance amounts (including those determined under section 202(a)(3), but not including those determined under subsection (a)(3) of this section) on which monthly insurance benefits under this title are based."

(2)(A) Effective January 1, 1973, section 203(a)

of such Act is amended by striking out "the table in section 215(a)" in the matter preceding paragraph (1) and inserting in lieu thereof "the table in (or deemed to be in) section 215(a)".

(B) Effective January 1, 1973, section 203(a)(2) of such Act (as amended by section 101(b) of this Act) is further amended to read as follows:

"(2) when two or more persons were entitled (without the application of section 202(j)(1) and section 223(b)) to monthly benefits under section 202 or 223 of January 1971 or any prior month on the basis of the wages and self-employment income of such insured individual and the provisions of this subsection as in effect for any such month were applicable in determining the benefit amount of any persons on the basis of such wages and self-employment income, the total of benefits for any month after January 1971 shall not be reduced to less than the largest of—

"(A) the amount determined under this subsection without regard to this paragraph,

"(B) the largest amount which has been determined for any month under this subsection for persons entitled to monthly benefits on the basis of such insured individual's wages and self-employment income, or

"(C) if any persons are entitled to benefits on the basis of such wages and self-employment income for the month before the effective month (after June 1972) of a general benefit increase under this title (as defined in section 215(i)(3)) or a benefit increase under the provisions of section 215(i), an amount equal to the sum of such benefits for the month before such effective month increased by a percentage equal to the percentage of the increase provided under such benefit increase (with any such increased amount which is not a multiple of $0.10 being rounded to the next higher multiple of $0.10);

but in any such case (i) paragraph (1) of this subsection shall not be applied to such total of benefits after the application of subparagraph (B) or (C), and (ii) if section 202(k)(2)(A) was applicable in the case of any such benefits for a month, and ceases to apply for a month after such month, the provisions of subparagraph (B) or (C) shall be applied, for and after the month in which section 202(k)(2)(A) ceases to apply, as though paragraph (1) had not been applicable to such total of benefits for the last month for which subparagraph (B) or (C) was applicable, or".

(3)(A) Effective January 1, 1974, section 215

(a) of such Act (as amended by section 101(c) of this Act) is further amended—

(i) by inserting "(or, if larger, the amount in column IV of the latest table deemed to be such table under subsection (i)(2)(D))" after "the following table" in paragraph (1)(A); and

(ii) by inserting "(whether enacted by another law or deemed to be such table under subsection (i)(2)(D))" after "effective month of a new table" in paragraph (2).

(B) Effective January 1, 1974, section 215(b)(4) of such Act (as amended by section 101(d) of this Act) is further amended to read as follows:

"(4) The provisions of this subsection shall be applicable only in the case of an individual—

"(A) who becomes entitled to benefits under section 202(a) or section 223 in or after the month in which a new table that appears in (or is deemed by subsection (i)(2)(D) to appear in) subsection (a) becomes effective; or

"(B) who dies in or after the month in which such table becomes effective without being entitled to benefits under section 202(a) or section 223; or

"(C) whose primary insurance amount is required to be recomputed under subsection (f) (2) or (6)."

(C) Effective January 1, 1974, section 215(e) of such Act (as amended by section 101(c) of this Act) is further amended to read as follows:

"Primary Insurance Amount Under Prior Provisions

"(e)(1) For the purposes of column II of the latest table that appears in (or is deemed to appear in) subsection (a) of this section, an individual's primary insurance amount shall be computed on the basis of the law in effect prior to the month in which the latest such table became effective.

"(2) The provisions of this subsection shall be applicable only in the case of an individual who became entitled to benefits under section 202(a) or section 223, or who died, before such effective month."

(4) Effective January 1, 1974, sections 227 and 228 of such Act (as amended by section 101(g) of this Act) are further amended by striking out "$50.80" wherever it appears and inserting in lieu thereof "the larger of $50.80 or the amount most recently established in lieu thereof under section 215(i)", and by striking out "$25.40" wherever it appears and inserting in lieu thereof "the larger of $25.40 or the amount most recently established in lieu thereof under section 215(i)".

Adjustments in Contribution and Benefit Base

(b)(1) Title II of the Social Security Act is amended by adding at the end thereof the following new section:

"ADJUSTMENT OF THE CONTRIBUTION AND BENEFIT BASE

"SEC. 230. (a) Whenever the Secretary pursuant to section 215(i) increases benefits effective with the first month of the calendar year following a cost of living computation quarter, he shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs (along with the publication of such benefit increase as required by section 215(i)(2)(D)) the contribution and benefit base determined under subsection (b) which shall be effective (unless such increase in benefits is prevented from becoming effective by section 215(i)(2)(E)) with respect to remuneration paid after the calendar year in which such quarter occurs and taxable years beginning after such year.

"(b) The amount of such contribution and benefit base shall be the amount of the contribution and benefit base in effect in the year in which the determination is made or, if larger, the product of—

"(1) the contribution and benefit base which was in effect with respect to remuneration paid in (and taxable years beginning in) the calendar year in which the determination under subsection (a) with respect to such particular calendar year was made, and

"(2) the ratio of (A) the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of the calendar year in which the determination under subsection (a) with respect to such particular calendar year was made to (B) the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of 1972 or, if later, the first calendar quarter of the most recent calendar year in which an increase in the contribution and benefit base was enacted or a determination resulting in such an increase was made under subsection (a), with such product, if not a multiple of $300, being rounded to the next higher multiple of $300 where such product is a multiple of $150 but not of $300 and to the nearest multiple of $300 in any other case.

"(c) For purposes of this section, and for purposes of determining wages and self-employment income under sections 209, 211, 213, and 215 of this Act and sections 1402, 3121, 3122, 3125, 6413, and 6654 of the Internal Revenue Code of 1954, the 'contribution and benefit base' with respect to remuneration paid in (and taxable years beginning in) any calendar year after 1971 and prior to the calendar year with the first month of which the first increase in benefits pursuant to section 215(i) of this Act becomes effective shall be $10,200 or (if applicable) such other amount as

may be specified in a law enacted subsequent to the Social Security Amendments of 1971."

Adjustments in Earnings Test

(c) Section 203(f) of such Act is amended by adding at the end thereof the following new paragraph:

"(8)(A) Whenever the Secretary pursuant to section 215(i) increases benefits effective with the first month of the calendar year following a cost-of-living computation quarter, he shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs (along with the publication of such benefit increase as required by section 215(i)(2)(D)) a new exempt amount which shall be effective (unless such new exempt amount is prevented from becoming effective by subparagraph (C) of this paragraph) with respect to any individual's taxable year which ends with the close of or after the calendar year with the first month of which such benefit increase is effective (or, in the case of an individual who dies during such calendar year, with respect to such individual's taxable year which ends, upon his death, during such year).

"(B) The exempt amount for each month of a particular taxable year shall be whichever of the following is the larger—

~~"(i) the exempt amount which was in effect with respect to months in the taxable year in which the determination under subparagraph (A) was made, or~~

~~"(ii) the product of the exempt amount described in clause (i) and the ratio of (I) the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of the calendar year in which the determination under subparagraph (A) was made to (II) the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of 1972 *1973* or, if later, the first calendar quarter of the most recent calendar year in which an increase in the contribution and benefit base was enacted or a determination resulting in such an increase was made under section 230(a), with such product, if not a multiple of $10, being rounded to the next higher multiple of $10 where such product is a multiple of $5 but not of $10 and to the nearest multiple of $10 in any other case.~~

~~Whenever the Secretary determines that the exempt amount is to be increased in any year under this paragraph, he shall notify the House Committee on Ways and Means and the Senate Committee on Finance no~~

later than August 15 of such year of the estimated amount of such increase, indicating the new exempt amount, the actuarial estimates of the effect of the increase, and the actuarial assumptions and methodology used in preparing such estimates.

"(C) Notwithstanding the determination of a new exempt amount by the Secretary under subparagraph (A) (and notwithstanding any publication thereof under such subparagraph or any notification thereof under the last sentence of subparagraph (B)), such new exempt amount shall not take effect pursuant thereto if during the calendar year in which such determination is made a law increasing the exempt amount for providing a general benefit increase under this title (as defined in section 215(i)(3)) is enacted."

SPECIAL MINIMUM PRIMARY INSURANCE AMOUNT

SEC. 103 *101.* (a) Section 215(a) of the Social Security Act (as amended by section 101(c) of this Act) is further *is* amended—

(1) by striking out "paragraph (2)" in the matter preceding subparagraph (A) of paragraph (1) and inserting in lieu thereof "paragraphs (2) and (3)"; and

(2) by inserting after paragraph (2) the following:

"(3) Such primary insurance amount shall be an amount equal to ~~$5~~ *$10* multiplied by the individual's years of coverage *in excess of 10* in any case in which such amount is higher than the individual's primary insurance amount as determined under paragraph (1) or (2).

For purposes of paragraph (3), an individual's 'years of coverage' is the number (not exceeding 30) equal to the sum of (i) the number (not exceeding 14 and disregarding any fraction) determined by dividing the total of the wages credited to him *(including wages deemed to be paid prior to 1951 to such individual under section 217, compensation under the Railroad Retirement Act of 1937 prior to 1951 which is creditable to such individual pursuant to this title, and wages deemed to be paid prior to 1951 to such individual under section 231)* for years after 1936 and before 1951 by $900, plus (ii) the number equal to the number of years after 1950 each of which is a computation base year (within the meaning of subsection (b) (2) (C)) and in each of which he is credited with wages *(including wages deemed to be paid to such individual under section 217, compensation under the Railroad Retirement Act of 1937 which is creditable to such individual pursuant to this title, and wages deemed to be paid to such individual under section 229)* and self-employment income of not less than 25 percent of

the maximum amount which, pursuant to subsection (c), may be counted for such year."

(b) Section 203 (a) of such Act ~~(as amended by sections 101 (b) and 102 (a) (2) of this Act)~~ is ~~further~~ *is* amended by striking out "or" at the end of paragraph ~~(2)~~ *(3)*, by striking out the period at the end of paragraph ~~(3)~~ *(4)* and inserting in lieu thereof ", or", and by inserting after paragraph ~~(3)~~ *(4)* the following new paragraph:

"~~(4)~~ *(5)* whenever the monthly benefits of such individuals are based on an insured individual's primary insurance amount which is determined under section 215 (a) (3) and such primary insurance amount does not appear in column IV of the table in (or deemed to be in) section 215 (a), the applicable maximum amount in column V of such table shall be the amount in such column that appears on the line on which the next higher primary insurance amount appears in column IV, or, if larger, the largest amount determined for such persons under this subsection for any month prior to ~~February 1971~~ *October 1972*."

(c) Section 215 (a) (2) of such Act ~~(as amended by section 101 (c) of this Act)~~ is ~~further~~ *is* amended by striking out "such primary insurance amount shall be" and all that follows and inserting in lieu thereof the following:

"such primary insurance amount shall be—

"(A) the amount in column IV of such table which is equal to the primary insurance amount upon which such disability insurance benefit is based; except that if such individual was entitled to a disability insurance benefit under section 223 for the month before the effective month of a new table (whether enacted by another law or deemed to be such table under subsection (i) (2) (D)) and in the following month became entitled to an old-age insurance benefit, or he died in such following month, then his primary insurance amount for such following month shall be the amount in column IV of the new table on the line on which in column II of such table appears his primary insurance amount for the month before the effective month of the table (as determined under subsection (c)) instead of the amount in column IV equal to the primary insurance amount on which his disability insurance benefit is based. For purposes of this paragraph, the term 'primary insurance amount' with respect to any individual means only a primary insurance amount determined under paragraph (1) (and such individual's benefits shall be deemed to be based upon the primary insurance amount as so determined); or

"(B) an amount equal to the primary insur-

ance amount upon which such disability insurance benefit is based if such primary insurance amount was determined under paragraph (3)."

(d) Section 215(f)(2) of such Act ~~(as amended by section 101(f) of this Act)~~ is ~~further~~ *is* amended by striking out "subsection (a)(1)(A) and (C)" and inserting in lieu thereof "subsections (a)(1)(A) and (C) and (a)(3)".

(e) Section 215(i)(2)(A)(ii) of such Act is amended by striking out "under this title" and inserting in lieu thereof "under this title (but not including a primary insurance amount determined under subsection (a)(3) of this section)".

~~(e)~~ *(f)* Whenever an insured individual is entitled to benefits for a month which are based on a primary insurance amount under paragraph (1) or paragraph (3) of section 215(a) of the Social Security Act and for the following month such primary insurance amount is increased or such individual becomes entitled to benefits on a higher primary insurance amount under a different paragraph of such section 215(a), such individual's old-age or disability insurance benefit (beginning with the effective month of the increased primary insurance ~~amount,~~ *amount*) shall be increased by an amount equal to the difference between the higher primary insurance amount and the primary insurance amount on

which such benefit was based for the month prior to such effective month, after the application of section 202 (q) of such Act where applicable to such difference.

~~(f)~~ *(g)* The amendments made by this section shall apply with respect to monthly insurance benefits under title II of the Social Security Act for months after December ~~1971~~ *1972* (without regard to when the insured individual became entitled to such benefits or when he died) and with respect to lump-sum death payments under such title in the case of deaths occurring after such month.

INCREASED WIDOW'S AND WIDOWER'S INSURANCE BENEFITS

SEC. ~~104~~ *102.* (a) (1) Section 202 (e) (1) of the Social Security Act is amended—

(A) by striking out "82½ percent of" wherever it appears;

(B) by striking out "entitled, after attainment of age 62, to wife's insurance benefits," in subparagraph (C) (i) and inserting in lieu thereof "entitled to wife's insurance benefits," and by striking out "or" *at the end of clause (i)* in such subparagraph and inserting in lieu thereof "and (I) has attained age 65 or (II) is not entitled to benefits under subsection (a) ~~(other than under paragraph (3) thereof)~~ or section 223, or"; and

(C) by striking out "age 62" in subparagraph (C)

(ii), and in the matter following subparagraph (G), and inserting in lieu thereof in each instance "age 65".

(2) Paragraph (2) of section 202(e) of such Act is amended to read as follows:

"(2) (A) Except as provided in subsection (q), paragraph (4) of this subsection, and subparagraph (B) of this paragraph, such widow's insurance benefit for each month shall be equal to the primary insurance amount of such deceased individual.

"(B) If the deceased individual (on the basis of whose wages and self-employment income a widow or surviving divorced wife is entitled to widow's insurance benefits under this subsection) was, at any time, entitled to an old-age insurance benefit which was reduced by reason of the application of subsection (q), the widow's insurance benefit of such widow or surviving divorced wife for any month shall, if the amount of the widow's insurance benefit of such widow or surviving divorced wife (as determined under subparagraph (A) and after application of subsection (q)) is greater than—

"(i) the amount of the old-age insurance benefit to which such deceased individual would have been entitled (after application of subsection (q)) for such month if such individual were still living, and

"(ii) 82½ percent of the primary insurance amount of such deceased individual,

be reduced to the amount referred to in clause (i), or (if greater) the amount referred to in clause (ii)."

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

(A) by striking out "82½ percent of" wherever it appears;

(B) by striking out "died," in subparagraph (C) and inserting in lieu thereof "died, and (I) has attained age 65 or (II) is not entitled to benefits under subsection (a) or section 223,"; and

(C) by striking out "age 62" in the matter following subparagraph (G) and inserting in lieu thereof "age 65".

(2) Paragraph (3) of section 202 (f) of such Act is amended to read as follows:

"(3) (A) Except as provided in subsection (q), paragraph (5) of this subsection, and subparagraph (B) of this paragraph, such widower's insurance benefit for each month shall be equal to the primary insurance amount of his deceased wife.

"(B) If the deceased wife (on the basis of whose wages and self-employment income a widower is entitled to widower's insurance benefits under this subsection) was, at any time, entitled to an old-age insurance benefit which was

reduced by reason of the application of subsection (q), the widower's insurance benefit of such widower for any month shall, if the amount of the widower's insurance benefit of such widower (as determined under subparagraph (A) and after application of subsection (q) is greater than—

"(i) the amount of the old-age insurance benefit to which such deceased wife would have been entitled (after application of subsection (q)) for such month if such wife were still living; and

"(ii) 82½ percent of the primary insurance amount of such deceased wife;

be reduced to the amount referred to in clause (i), or (if greater) the amount referred to in clause (ii)."

(c) (1) The last sentence of section 203 (c) of such Act is amended by striking out all that follows the semicolon and inserting in lieu thereof the following: "nor shall any deduction be made under this subsection from any widow's insurance benefits for any month in which the widow or surviving divorced wife is entitled and has not attained age 65 (but only if she became so entitled prior to attaining age 60), or from any widower's insurance benefit for any month in which the widower is entitled and has not attained age 65 (but only if he became so entitled prior to attaining age 62)."

(2) Clause (D) of section 203 (f) (1) of such Act is

amended to read as follows: "(D) for which such individual is entitled to widow's insurance benefits and has not attained age 65 (but only if she became so entitled prior to attaining age 60), or widower's insurance benefits and has not attained age 65 (but only if he became so entitled prior to attaining age 62), or".

(d) Section 202 (k) (3) (A) of such Act is amended by striking out "subsection (q) and" and inserting in lieu thereof "subsection (q), subsection (e) (2) or (f) (3), and".

(e) (1) Section 202 (q) (1) of such Act is amended to read as follows:

"(1) If the first month for which an individual is entitled to an old-age, wife's, husband's, widow's, or widower's insurance benefit is a month before the month in which such individual attains retirement age, the amount of such benefit for such month and for any subsequent month shall, subject to the succeeding paragraphs of this subsection, be reduced by—

"(A) $\frac{5}{9}$ of 1 percent of such amount if such benefits is an old-age insurance benefit, $\frac{25}{36}$ of 1 percent of such amount if such benefit is a wife's or husband's insurance benefit, or $\frac{19}{40}$ of 1 percent of such amount if such benefit is a widow's or widower's insurance benefit, multiplied by—

"(B) (i) the number of months in the reduction period for such benefit (determined under paragraph (6) (A)), if such benefit is for a month before the month in which such individual attains retirement age, or

"(ii) if less, the number of such months in the adjusted reduction period for such benefit (determined under paragraph (7)), if such benefit is (I) for the month in which such individual attains age 62, or (II) for the month in which such individual attains retirement age;

and in the case of a widow or widower whose first month of entitlement to a widow's or widower's insurance benefit is a month before the month in which such widow or widower attains age 60, such benefit, reduced pursuant to the preceding provisions of this paragraph (and before the application of the second sentence of paragraph (8)), shall be further reduced by—

"(C) $^{43}/_{240}$ of 1 percent of the amount of such benefit, multiplied by—

"(D) (i) the number of months in the additional reduction period for such benefit (determined under paragraph (6) (B)), if such benefit is for a month before the month in which such individual attains age 62, or

"(ii) if less, the number of months in the additional

adjusted reduction period for such benefit (determined under paragraph (7)), if such benefit is for the month in which such individual attains age 62 or any month thereafter."

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

(A) by striking out everything that precedes subparagraph (A) and inserting in lieu thereof the following:

"(7) For purposes of this subsection the 'adjusted reduction period' for an individual's old-age, wife's, husband's, widow's, or widower's insurance benefit is the reduction period prescribed in paragraph (6)(A) for such benefit, and the 'additional adjusted reduction period' for an individual's, widow's, or widower's insurance benefit is the additional reduction period prescribed by paragraph (6)(B) for such benefit, excluding from each such period—"; and

(B) by striking out "attained retirement age" in subparagraph (E) and inserting in lieu thereof "attained age 62, and also for any later month before the month in which he attained retirement age,".

(3) Section 202(q)(9) of such Act is amended to read as follows:

"(9) For purposes of this subsection, the term 'retirement age' means age 65."

(f) Section 202 (m) of such Act is amended to read as follows:

"Minimum Survivor's Benefit

"(m) (1) In any case in which an individual is entitled to a monthly benefit under this section on the basis of the wages and self-employment income of a deceased individual for any month and no other person is (without the application of subsection (j) (1)) entitled to a monthly benefit under this section for such month on the basis of such wages and self-employment income, such individual's benefit amount for such month, prior to reduction under subsection (k) (3), shall be not less than the first amount appearing in column IV of the table in (or deemed to be in) section 215 (a), except as provided in paragraph (2).

"(2) In the case of any such individual who is entitled to a monthly benefit under subsection (e) or (f), such individual's benefit amount, after reduction under subsection (q) (1), shall be not less than—

"(A) ~~$70.40~~ *$84.50*, if his first month of entitlement to such benefit is the month in which such individual attained age 62 or a subsequent month, or

"(B) ~~$70.40~~ *$84.50* reduced under subsection (q) (1) as if retirement age as specified in subsection (q) (6) (A) (ii) were age 62 instead of the age specified in subsection (q) (9), if his first month of entitlement to

such benefit is before the month in which he attained age 62.

"(3) In the case of any individual whose benefit amount was computed (or recomputed) under the provisions of paragraph (2) and such individual was entitled to benefits under subsection (e) or (f) for a month prior to any month after ~~1971~~ *1972* for which a general benefit increase under this title (as defined in section 215(i)(3)) or a benefit increase under section 215(i) becomes effective, the benefit amount of such individual as computed under paragraph (2) without regard to the reduction specified in subparagraph (B) thereof shall be increased by the percentage increase applicable for such benefit increase, prior to the application of subsection (q)(1) pursuant to paragraph (2)(B) and subsection (q)(4)."

(g) *(1)* In the case of an individual who is entitled to widow's or widower's insurance benefits for the month of ~~December 1971 (and whose benefit is not determined under section 202(m) of the Social Security Act),~~ *December 1972,* the Secretary shall, *if it would increase such benefits,* redetermine the amount of such benefits for months after ~~December 1971~~ *December 1972* under title II of the Social Security Act as if the amendments made by this section had been in effect for the first month of such individual's entitlement to such benefits.

(2) For purposes of paragraph (1)—

(A) any deceased individual on whose wages and self-employment income the benefits of an individual referred to in paragraph (1) are based, shall be deemed not to have been entitled to benefits if the record, of insured individuals who were entitled to benefits, that is readily available to the Secretary contains no entry for such deceased individual; and

(B) any deductions under subsections (b) and (c) of section 203 of such Act, applicable to the benefits of an individual referred to in paragraph (1) for any month prior to September 1965, shall be disregarded in applying the provisions of section 202(q)(7) of such Act (as amended by this Act).

(h) Where—

(1) two or more persons are entitled to monthly benefits under section 202 of the Social Security Act for December ~~1971~~ *1972* on the basis of the wages and self-employment income of a deceased individual, and one or more of such persons is so entitled under subsection (e) or (f) of such section 202, and

(2) one or more of such persons is entitled on the basis of such wages and self-employment income to monthly benefits under subsection (e) or (f) of such

section 202 (as amended by this section) for January ~~1972~~ *1973*, and

(3) the total of benefits to which all persons are entitled under section 202 of such Act on the basis of such wages and self-employment income for January ~~1972~~ *1973* is reduced by reason of section 203 (a) of such Act, as amended by this Act (or would, but for the penultimate sentence of such section 203 (a), be so reduced),

then the amount of the benefit to which each such person referred to in paragraph (1) is entitled for months after December ~~1971~~ *1972* shall in no case be less after the application of this section and such section 203 (a) than the amount it would have been without the application of this section.

(i) The amendment made by this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after December ~~1971~~ *1972*.

~~INCREASE OF EARNINGS COUNTED FOR BENEFIT AND TAX PURPOSES~~

~~SEC. 105. (a) (1) (A) Section 209 (a) (6) of the Social Security Act is amended—~~

~~(i) by striking out "$9,000" and inserting in lieu thereof "$10,200", and~~

~~(ii) by inserting "and prior to 1973" after "1971".~~

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

"(7) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to the contribution and benefit base (determined under section 230) with respect to employment has been paid to an individual during any calendar year after 1972 with respect to which such contribution and benefit base is effective, is paid to such individual during such calendar year;".

(2)(A) Section 211(b)(1)(F) of such Act is amended—

(i) by inserting "and prior to 1973" after "1971",

(ii) by striking out "$9,000" and inserting in lieu thereof "$10,200", and

(iii) by striking out "; or" and inserting in lieu thereof "; and".

(B) Section 211(b)(1) of such Act is further amended by adding at the end thereof the following new subparagraph:

"(G) For any taxable year beginning in any calendar year after 1972, (i) an amount equal to the contribution and benefit base (as determined under section 230) which is effective for

such calendar year, minus (ii) the amount of the wages paid to such individual during such taxable year; or".

(3) (A) Section 213(a)(2)(ii) of such Act is amended by striking out "$9,000 in the case of a calendar year after 1971" and inserting in lieu thereof "$10,200 in the case of a calendar year after 1971 and before 1973, or an amount equal to the contribution and benefit base (as determined under section 230) in the case of any calendar year after 1972 with respect to which such contribution and benefit base is effective".

(B) Section 213(a)(2)(iii) of such Act is amended by striking out "$9,000 in the case of a taxable year beginning after 1971" and inserting in lieu thereof "$10,200 in the case of a taxable year beginning after 1971 and before 1973, or an amount equal to the contribution and benefit base (as determined under section 230) which is effective for the calendar year in the case of any taxable year beginning in any calendar year after 1972".

(4) Section 215(c)(1) of such Act is amended by striking out "and the excess over $9,000 in the case of any calendar year after 1971" and inserting in lieu thereof "the excess over $10,200 in the case of any calendar year after 1971 and before 1973, and the excess over an amount equal

to the contribution and benefit base (as determined under section 230) in the case of any calendar year after 1972 with respect to which such contribution and benefit base is effective".

(b)(1)(A) Section 1402(b)(1)(F) of the Internal Revenue Code of 1954 (relating to definition of self-employment income) is amended—

(i) by inserting "and before 1973" after "1971",

(ii) by striking out "$9,000" and inserting in lieu thereof "$10,200", and

(iii) by striking out "; or" and inserting in lieu thereof "; and".

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

"(C) for any taxable year beginning in any calendar year after 1972, (i) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for such calendar year, minus (ii) the amount of the wages paid to such individual during such taxable year; or".

(2)(A) Section 3121(a)(1) of such Code (relating to definition of wages) is amended by striking out "$9,000"

each place it appears and inserting in lieu thereof "$10,200".

(B) Effective with respect to remuneration paid after 1972, section 3121(a)(1) of such Code is amended—

(i) by striking out "$10,200" each place it appears and inserting in lieu thereof "the contribution and benefit base (as determined under section 230 of the Social Security Act)"; and

(ii) by striking out "by an employer during any calendar year", and inserting in lieu thereof "by an employer during the calendar year with respect to which such contribution and benefit base is effective".

(3)(A) The second sentence of section 3122 of such Code (relating to Federal service) is amended by striking out "$9,000" and inserting in lieu thereof "$10,200".

(B) Effective with respect to remuneration paid after 1972, the second sentence of section 3122 of such Code is amended by striking out "the $10,200 limitation" and inserting in lieu thereof "the contribution and benefit base limitation".

(4)(A) Section 3125 of such Code (relating to returns in the case of governmental employees in Guam, American Samoa, and the District of Columbia) is amended by striking out "$9,000" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$10,200".

~~(B) Effective with respect to remuneration paid after 1972, section 3125 of such Code is amended by striking out "the $10,200 limitation" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "the contribution and benefit base limitation".~~

~~(5) Section 6413(c)(1) of such Code (relating to special funds of employment taxes) is amended—~~

~~(A) by inserting "and prior to the calendar year 1973" after "after the calendar year 1971";~~

~~(B) by striking out "exceed $9,000," and inserting in lieu thereof the following: "exceed $10,200, or (F) during any calendar year after the calendar year 1972, the wages received by him during such year exceed the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year,"; and~~

~~(C) by striking out "the first $9,000 of such wages received in such calendar year after 1971" and inserting in lieu thereof "the first $10,200 of such wages received in such calendar year after 1971 and before 1973, or which exceeds the tax with respect to an amount of such wages received and such calendar year after 1972 equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year".~~

~~(6) Section 6413(c)(2)(A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by striking out "or $9,000 for any calendar year after 1971" and inserting in lieu thereof "$10,200 for the calendar year 1972, or an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) for any calendar year after 1972 with respect to which such contribution and benefit base is effective".~~

~~(7)(A) Section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out "$9,000" and inserting in lieu thereof "$10,200".~~

~~(B) Effective with respect to taxable years beginning after 1972, section 6654(d)(2)(B)(ii) of such Code is amended by striking out "the excess of $10,200 over the amount" and inserting in lieu thereof "the excess of (I) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for the calendar year in which the taxable year begins, over (II) the amount".~~

~~(c) The table in section 215(a) of such Act is amended~~

by adding at the end of columns III, IV, and V the following:

"751	755	296.40	518.70
756	760	297.40	520.50
761	765	298.40	522.20
766	770	299.40	524.00
771	775	300.40	525.70
776	780	301.40	527.50
781	785	302.40	529.20
786	790	303.40	531.00
791	795	304.40	532.70
796	800	305.40	534.50
801	805	306.40	536.20
806	810	307.40	538.00
811	815	308.40	539.70
816	820	309.40	541.50
821	825	310.40	543.20
826	830	311.40	545.00
831	835	312.40	546.70
836	840	313.40	548.50
841	845	314.40	550.20
846	850	315.40	552.00"

(d) The amendments made by subsections (a)(1) and (a)(3)(A), and the amendments made by subsection (b) (except paragraphs (1) and (7) thereof), shall apply only with respect to remuneration paid after December 1971. The amendments made by subsections (a)(2), (a)(3)(B), (b)(1), and (b)(7) shall apply only with respect to taxable years beginning after 1971. The amendment made by subsection (a)(4) shall apply only with respect to calendar years after 1971. The amendment made by subsection (c) shall apply only with respect to months after December 1971.

DELAYED RETIREMENT CREDIT

SEC. 106 *103*. (a) Section 202 of the Social Security Act is amended by adding after subsection (v) thereof the following:

"Increase in Old-Age Insurance Benefit Amounts on Account of Delayed Retirement

"(w) (1) If the first month for which an old-age insurance benefit becomes payable to an individual is not earlier than the month in which such individual attains age 65 (or his benefit payable at such age is not reduced under subsection (q)), the amount of the old-age insurance benefit (other than a benefit based on a primary insurance amount determined under section 215(a)(3)) which is payable without regard to this subsection to such individual shall be increased by—

"(A) 1/12 of 1 percent of such amount, multiplied by

"(B) the number (if any) of the increment months for such individual.

"(2) For purposes of this subsection, the number of increment months for any individual shall be a number equal to the total number of the months—

"(A) which have elapsed after the month before the month in which such individual attained age 65 ~~or (if later) December 1970~~ and prior to the month in which such individual attained age 72, and

"(B) with respect to which—

"(i) such individual was a fully insured individual (as defined in section 214(a)), and

"(ii) such individual either was not entitled to an old-age insurance benefit or suffered deductions under section 203 (b) or 203 (c) in amounts equal to the amount of such benefit.

"(3) For purposes of applying the provisions of paragraph (1), a determination shall be made under paragraph (2) for each year, beginning with ~~1971,~~ *1972*, of the total number of an individual's increment months through the year for which the determination is made and the total so determined shall be applicable to such individual's old-age insurance benefits beginning with benefits for January of the year following the year for which such determination is made; except that the total number applicable in the case of an individual who attains age 72 after ~~1971~~ *1972* shall be determined through the month before the month in which he attains such age and shall be applicable to his old-age insurance benefit beginning with the month in which he attains such age.

"(4) This subsection shall be applied after reduction under section 203 (a)~~, and, in the case of a husband and wife whose benefits are determined under section 203(a)(3), shall be applied separately to the benefit of each as so determined~~."

(b) ~~Paragraph (2)~~ *The matter following paragraph*

(3) of section 202 (a) of such Act ~~(as amended by section 110 (a) of this Act)~~ is ~~further~~ *is* amended by inserting "and subsection (w)" after "subsection (q)".

(c) Effective January 1, 1974, section 203(a)(2)(C) of such Act is amended by striking out "determined under this title" and inserting in lieu thereof "determined under this title (excluding any part thereof determined under section 202(w))".

~~(c)~~ *(d)* The amendments made by this section shall be applicable with respect to old-age insurance benefits payable under title II of the Social Security Act for months beginning after ~~1971.~~ *1972.*

AGE-62 COMPUTATION POINT FOR MEN

SEC. ~~107~~ *104.* (a) Section 214 (a) (1) of the Social Security Act is amended by striking out "before—" and all that follows down through "except" and inserting in lieu thereof the following:

"before the year in which he died or (if earlier) the year in which he attained age 62, except".

(b) Section 215 (b) (3) of such Act is amended by striking out "before—" and all that follows down through "For" and inserting in lieu thereof the following:

"before the year in which he died, or if it occurred earlier but after 1960, the year in which he attained age 62. For".

(c) Section 223 (a) (2) of such Act is amended—

(1) by striking out "(if a woman) or age 65 (if a man)",

(2) by striking out "in the case of a woman" and inserting in lieu thereof "in the case of an individual", and

(3) by striking out "she" and inserting in lieu thereof "he".

(d) Section 223 (c) (1) (A) of such Act is amended by striking out "(if a woman) or age 65 (if a man)".

(e) Section 227 (a) of such Act is amended by striking out "so much of paragraph (1) of section 214 (a) as follows clause (C)" and inserting in lieu thereof "paragraph (1) of section 214 (a)".

(f) Section 227 (b) of such Act is amended by striking out "so much of paragraph (1) thereof as follows clause (C)" and inserting in lieu thereof "paragraph (1) thereof".

(g) Sections 209 (i) and 216 (i) (3) (A), of such Act are amended by striking out "(if a woman) or age 65 (if a man)".

(h) Section 303 (g) (1) of the Social Security Amendments of 1960 ~~is~~ *(as amended by the Social Security Amendments of 1967) is further* amended—

(1) by striking out "Amendments of 1965 and 1967" and inserting in lieu thereof "Amendments of

1965, 1967, ~~1969, and 1971 (and by Public Law 92-5)~~ *and 1972*"; and

(2) by striking out "Amendments of 1967" wherever it appears and inserting in lieu thereof "Amendments of ~~1971~~ *1972*".

(i) Paragraph (9) of section 3121(a) of the Internal Revenue Code of 1954 (relating to definition of wages) is amended to read as follows:

"(9) any payment (other than vacation or sick pay) made to an employee after the month in which he attains age 62, if such employee did not work for the employer in the period for which such payment is made;".

(j) (1) The amendments made by this section (except the amendment made by subsection (i), and the amendment made by subsection (g) to section 209(i) of the Social Security Act) shall apply only in the case of a man who attains (or would attain) age 62 after December ~~1973~~ *1974*. The amendment made by subsection (i), and the amendment made by subsection (g) to section 209(i) of the Social Security Act, shall apply only with respect to payments after ~~1973~~ *1974*.

(2) In the case of a man who attains age 62 prior to ~~1974,~~ *1975*, the number of his elapsed years for purposes of section 215(b)(3) of the Social Security Act shall be equal

to (A) the number determined under such section as in effect on ~~January 1, 1971,~~ *September 1, 1972,* or (B) if less, the number determined as though he attained age 65 in ~~1974,~~ *1975,* except that monthly benefits under title II of the Social Security Act for months prior to ~~1972~~ *January 1973* payable on the basis of his wages and self-employment income shall be determined as though this section had not been enacted.

(3) (A) In the case of a man who attains or will attain age 62 in ~~1972,~~ *1973,* the figure "65" in sections 214(a)(1), 223(c)(1)(A), ~~209(i),~~ and 216(i)(3)(A) of the Social Security Act and section 3121(a)(9) of the Internal Revenue Code of 1954 shall be deemed to read "64".

(B) In the case of a man who attains or will attain age 62 in ~~1973,~~ *1974,* the figure "65" in sections 214(a)(1), 223(c)(1)(A), ~~209(i),~~ and 216(i)(3)(A) of the Social Security Act and section 3121(a)(9) of the Internal Revenue Code of 1954 shall be deemed to read "63".

~~ADDITIONAL DROP-OUT YEARS~~

~~SEC. 108. (a) Section 215(b)(2)(A) of the Social Security Act is amended by inserting ", and further reduced by one additional year for each 15 years of coverage of such individual (as determined under the last sentence of subsection (a) without regard to the 30-year limitation contained therein)" immediately after "reduced by five".~~

~~(b) The amendments made by subsection (a) shall be effective for purposes of computing or recomputing, effective for months after December 1971, the average monthly wage of an insured individual who was born after January 1, 1910, and—~~

~~(1) who becomes entitled to benefits under section 202(a) or section 223 of such Act after December 1971;~~

~~(2) who dies after December 1971; or~~

~~(3) who was entitled to benefits under section 223 of such Act for December 1971.~~

~~ELECTION TO RECEIVE ACTUARIALLY REDUCED BENEFITS IN ONE CATEGORY NOT TO BE APPLICABLE TO CERTAIN BENEFITS IN OTHER CATEGORIES~~

~~SEC. 109. (a)(1) Sections 202(b)(1)(E) and 202(c)(1)(D) of the Social Security Act are each amended by striking out "old-age or disability insurance benefits based on a primary insurance amount" and inserting in lieu thereof "an old-age or disability insurance benefit".~~

~~(2) Section 202(b)(1)(K) of such Act and the matter in section 202(c)(1) of such Act following subparagraph (D) thereof are each amended by striking out "based on a primary insurance amount".~~

~~(b)(1) Section 202(q)(3)(A) of such Act is amended by striking out all that follows clause (ii) and inserting in lieu thereof the following: "then (subject to the~~

succeeding paragraphs of this subsection) such wife's, husband's, widow's, or widower's insurance benefit for each month shall be reduced as provided in subparagraph (B), (C), or (D) of this paragraph, in lieu of any reduction under paragraph (1), if the amount of the reduction in such benefit under this paragraph is less than the amount of the reduction in such benefit would be under paragraph (1)."

(2) Section 202(q)(3) of such Act is further amended by striking out subparagraphs (E), (F), and (G).

(c) Section 202(r) of such Act is repealed.

(d)(1) Subject to paragraph (2), subsection (a) of this section and the amendments made thereby shall apply with respect to benefits for months commencing with the sixth month after the month in which this Act is enacted pursuant to applications filed in or after the month in which this Act is enacted.

(2) In the case of an individual who became entitled to benefits under subsection (a) of section 202 or section 223 of such Act for a month prior to the month in which he attains age 65 pursuant to an application filed before the month in which this Act is enacted, and who is so entitled for the fifth month following the month of enactment of the Act, and whose entitlement to benefits under subsection (b) or (c) of such section 202 was prevented by subsection (b)(1)(E) or (c)(1)(D) of such section as in effect prior to the enactment

of this Act, the benefits to which such individual is entitled for months after such fifth month shall be redetermined in accordance with subparagraphs (B), (C), (D) of subsection (e)(2) of this section, if, in addition to the application required by paragraph (A) of subsection 202(b)(1) and 202(e)(1), he files a written request for such a redetermination.

(e)(1)(A) Subject to subparagraph (B), subsection (b) of this section and the amendments made thereby shall apply with respect to benefits for months commencing with the sixth month after the month in which the Act is enacted.

(B) Subsection (b) of this section and the amendments made thereby shall apply in the case of an individual whose entitlement to benefits under section 202 of the Social Security Act began (without regard to sections 202(j)(1) and 223(b) of such Act) before the sixth month after the month in which this Act is enacted only if such individual files with the Secretary of Health, Education, and Welfare, in such manner and form as the Secretary shall by regulations prescribe, a written request that such subsection and such amendments apply. In the case of such an individual who is described in paragraph (2)(A)(i) of this subsection, the request for a redetermination under paragraph (2) shall constitute the request required by this subparagraph, and subsection (b) of this section and the amendments made thereby shall apply pursuant to such request with respect to such

individual's benefits as redetermined in accordance with paragraph (2) (B) (i) (but only if he does not refuse to accept such redetermination). In the case of any individual with respect to whose benefits subsection (b) of this section and the amendments made thereby may apply only pursuant to a request made under this subparagraph, such subsection and such amendments shall be effective (subject to paragraph (2) (D)) with respect to benefits for months commencing with the sixth month after the month in which this Act is enacted or, if the request required by this subparagraph is not filed before the end of such sixth month, with the second month following the month in which the request is filed.

(C) Subsection (c) of this section shall apply with respect to benefits payable pursuant to applications filed on or after the date of the enactment of this Act.

(2) (A) In any case where an individual—

(i) is entitled, for the fifth month following the month in which this Act is enacted, to a monthly insurance benefit under section 202 of the Social Security Act (I) which was reduced under subsection (q) (3) of such section, and (II) the application for which was deemed (or, except for the fact that an application had been filed, would have been deemed) to have been filed

by such individual under subsection (r) (1) or (2) of such section, and

(ii) files a written request for a redetermination under this subsection, on or after the date of the enactment of this Act and in such manner and form as the Secretary of Health, Education, and Welfare shall by regulations prescribe,

the Secretary shall redetermine the amount of such benefit, and the amount of the other benefit (reduced under subsection (q) (1) or (2) of such section) which was taken into account in computing the reduction in such benefit under such subsection (q) (3), in the manner provided in subparagraph (B) of this paragraph.

(B) Upon receiving a written request for the redetermination under this paragraph of a benefit which was reduced under subsection (q) (1), (2), or (3) of section 202 of the Social Security Act (or would have been so reduced except for subsection (b) (1) (E) or (c) (1) (D) of such section 202 as in effect prior to the enactment of this Act) and of the other benefit which was (or would have been) taken into account in computing such reduction, filed by an individual as provided in subsection (d) (2) or subparagraph (A) of this paragraph, the Secretary shall—

(i) determine the highest monthly benefit amount which such individual could receive under the subsec-

tions of such section 202 which are involved (or under section 223 of such Act and the subsection of such section 202 which is involved) for the month with which the redetermination is to be effective under subparagraph (D) of this subsection (without regard to sections 202 (k), 203 (a), and 202 (b) through (l) as if—

(I) such individual's application for one of such two benefits had been filed in the month in which it was actually filed or was deemed under subsection (r) of such section 202 to have been filed, and his application for the other such benefit had been filed in a later month, and

(II) the amendments made by this section had been in effect at the time each such application was filed; and

(ii) determine whether the amounts which were actually received by such individual in the form of such benefit or of such two benefits during the period prior to the month with which the redetermination under this paragraph is to be effective were in excess of the amounts which would have been received during such period if the applications for such benefits had actually been filed at the times fixed under clause (i) (I) of this subparagraph, and, if so, the total amount by which benefits otherwise payable to such individual under such

section 202 (and section 223) would have to be reduced in order to compensate the Federal Old-Age and Survivors Insurance Trust Fund (and the Federal Disability Insurance Trust Fund) for such excess.

(C) The Secretary shall then notify such individual of the amount of each such benefit as computed in accordance with the amendments made by subsections (a), (b), and (c) of this section and as redetermined in accordance with subparagraph (B)(i) of this paragraph, specifying (i) the amount (if any) of the excess determined under subparagraph (B)(ii) of this paragraph, and (ii) the period during which payment of any increase in such individual's benefits resulting from the application of the amendments made by subsections (a), (b), and (c) of this section would under designated circumstances have to be withheld in order to effect the reduction described in subparagraph (B)(ii). Such individual may at any time within thirty days after such notification is mailed to him refuse (in such manner and form as the Secretary shall by regulations prescribe) to accept the redetermination under this paragraph, in which event such redetermination shall not take effect.

(D) Unless the last sentence of subparagraph (C) applies, a redetermination under this paragraph shall be effective (but subject to the reduction described in subparagraph (B)(ii) over the period specified pursuant to clause

~~(ii) of the first sentence of subparagraph (C)) beginning with the sixth month following the month in which this Act is enacted, or, if the request for such redetermination is not filed before the end of such sixth month, with the second month following the month in which the request for such redetermination is filed.~~

~~(E) The Secretary, by withholding amounts from benefits otherwise payable to an individual under title II of the Social Security Act as specified in clause (ii) of the first sentence of subparagraph (C) (and in no other manner), shall recover the amounts necessary to compensate the Federal Old-Age and Survivors Insurance Trust Fund (and the Federal Disability Insurance Trust Fund) for the excess (described in subparagraph (B)(ii)) attributable to benefits which were paid such individual and to which a redetermination under this subsection applies.~~

~~(f) Where—~~

~~(1) two or more persons are entitled on the basis of the wages and self-employment income of an individual (without the application of sections 202(j)(1) and 223(b) of the Social Security Act) to monthly benefits under section 202 of such Act for the month preceding the month with which (A) a redetermination under subsection (c) of this section becomes effective with respect~~

to the benefits of any one of them and (B) such benefits are accordingly increased by reason of the amendments made by subsections (a), (b), and (c) of this section, and

(2) the total of benefits to which all persons are entitled under such section 202 on the basis of such wages and self-employment income for the month with which such redetermination and increase becomes effective is reduced by reason of section 203(a) of such Act as amended by this Act (or would, but for the penultimate sentence of such section 203(a), be so reduced), then the amount of the benefit to which each of the persons referred to in paragraph (1), other than the person with respect to whose benefits such redetermination and increase is applicable, is entitled for months beginning with the month with which such redetermination and increase becomes effective shall be adjusted, after the application of such section 203(a), to an amount no less than the amount it would have been if such redetermination and increase had not become effective.

COMPUTATION OF BENEFITS BASED ON COMBINED EARNINGS OF HUSBAND AND WIFE

SEC. 110. (a) Section 202(a) of the Social Security Act is amended to read as follows:

"(a) (1) Every individual who—

"(A) is a fully insured individual (as defined in section 214(a)),

"(B) has (without regard to section 223(a)(2)) attained age 62, and

"(C) has filed application for old-age insurance benefits or was entitled to disability insurance benefits for the month preceding the month in which he attained age 65,

shall be entitled to an old-age insurance benefit for each month beginning with the first month in which such individual becomes so entitled to such insurance benefits and ending with the month preceding the month in which he dies.

"(2) Except as provided in subsection (q), such individual's old-age insurance benefit for any month shall be equal to his primary insurance amount for such month as determined under section 215(a), or as determined under paragraph (3) of this subsection if such paragraph is applicable and its application increases the total of the monthly insurance benefits to which such individual and his spouse are entitled for the month in which the provisions of paragraph (3) are met. If the primary insurance amount of an individual or his spouse for any month is determined under paragraph (3), the primary insurance amount of each of

them for such month shall, notwithstanding the preceding sentence, be determined only under paragraph (3).

"(3) If an individual and his spouse—

"(A) each has at least 20 years of coverage (as determined under the last sentence of section 215(a), with years of coverage determined under clause (i) of such sentence being credited for 1950 and consecutive prior years, and without the application of the last sentence of section 215(b)(2)(C)), taking into account only years occurring during the period beginning with the calendar year in which they were married,

"(B) each attained age 62 after 1971,

"(C) each is entitled to benefits under this subsection (or section 223), and

"(D) each has filed an election to have his primary insurance amount determined under this paragraph,

then the primary insurance amount of such individual and the primary insurance amount of such spouse, for purposes of determining the old-age insurance benefit (prior to the application of subsection (w)) or disability insurance benefit of each of them for any month beginning with January 1972 or, if later, the month in which their elections under subparagraph (D) were filed, and ending with the month preceding the month in which either of them dies or they are divorced,

shall be equal to 75 percent of the amount (specified in subparagraph (G)) derived by—

"(E) combining the annual wages and self-employment income of such individual and such spouse (including any wages and self-employment income taken into account in a recomputation made under section 215(f)) for each year in which either or both of them had any such wages or self-employment income, up to the maximum amount prescribed in section 215(e) for such year,

"(F) computing (under section 215(b) and (d)) an average monthly wage on the basis of the wages and self-employment income determined under subparagraph (E) (or, if any wages and self-employment income have been taken into account in a recomputation under section 215(f), recomputing as provided in section 215(a)(1)(A) and (C) as though the year with respect to which such recomputation is made is the last year of the period specified in section 215(b)(2)(C)), as though all of such wages and self-employment income had been earned or derived by such individual or his spouse, whichever is younger, and

"(G) determining (under section 215(a)) an amount equal to the primary insurance amount which

would result from the average monthly wage determined under subparagraph (F).

For purposes of subparagraph (F) if an individual or his spouse is entitled to disability insurance benefits, such individual or spouse shall be deemed to have attained age 62 at the time provided in section 223(a)(2).

"(4) No benefits payable under subsections (b), (c), (d), (e), (f), (g), (h), or (i) shall be computed on the basis of a primary insurance amount determined under paragraph (3) of this subsection.

"(5) The term 'primary insurance amount' as used in the provisions of this title other than this subsection shall not include a primary insurance amount determined under paragraph (3) unless specifically so indicated."

(b)(1) Section 202(c)(1)(C)(i) of such Act (as amended by section 104(a)(1)(B) of this Act) is further amended by striking out "such individual," and inserting in lieu thereof "such individual or to an old-age or disability insurance benefit determined under subsection (a)(3),".

(2) Section 202(c)(2) of such Act (as amended by section 104(a)(2) of this Act) is further amended—

(A) by striking out "and subparagraph (B) of this paragraph" in subparagraph (A) and inserting in lieu thereof "and subparagraphs (B) and (C) of this paragraph"; and

(B) by adding at the end thereof the following new subparagraph:

"(C) In any case where a widow was entitled for the month preceding the month in which the deceased individual died to an old-age insurance benefit or a disability insurance benefit based on a primary insurance amount determined under section 202(a)(3), such widow's insurance benefit for each month shall be determined only on the basis of the wages and self-employment income of her deceased spouse and, for purposes of subparagraph (B), the old-age or disability insurance benefit of the deceased spouse shall be deemed to be the amount it would have been if it had been determined under subsection (a)(1) or section 223, except that after the application of subparagraphs (A) and (B), and subsection 203(a), such widow's insurance benefit shall be not less than the amount of the old age disability insurance benefit to which she would be entitled for such month (based on a primary insurance amount determined under subsection (a)(3)) if such individual had not died, disregarding for this purpose the period beginning with the year after the year of such individual's death and any wages and self-employment income paid to or derived by either of them during such period. This subparagraph shall not apply, in the case of a widow who remarries, with respect to the month in which such remarriage occurs or any subsequent month."

(c) Section 202(f)(3) of such Act (as amended by section 104(b)(2) of this Act) is further amended—

(A) by striking out "and subparagraph (B) of this paragraph" in subparagraph (A) and inserting in lieu thereof "and subparagraphs (B) and (C) of this paragraph"; and

(B) by adding at the end thereof the following new subparagraph:

"(C) In any case where a widower was entitled for the month preceding the month in which the deceased individual died to an old-age insurance benefit or a disability insurance benefit based on a primary insurance amount determined under section 202(a)(3), such widower's insurance benefit for each month shall be determined only on the basis of the wages and self-employment income of his deceased spouse and, for purposes of subparagraph (B), the old-age or disability insurance benefit of the deceased spouse shall be deemed to be the amount it would have been if it had been determined under subsection (a)(1) or section 223, except that after the application of subparagraphs (A) and (B), and subsection 203(a), such widower's insurance benefit shall be not less than the amount of the old-age or disability insurance benefit to which he would be entitled for such month (based on a primary insurance amount determined under subsection (a)(3)) if such individual had not died, disregarding for

this purpose the period beginning with the year after the year of such individual's death and any wages and self-employment income paid to or derived by either of them during such period. This subparagraph shall not apply, in the case of a widower who remarries, with respect to the month in which such remarriage occurs or any subsequent month."

(d) Section 203(a) of such Act (as amended by sections 101(b), 102(a)(2), and 103(b) of this Act) is further amended by striking out "or" at the end of paragraph (3), by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; or", and by inserting after paragraph (4) the following new paragraph:

"(5) in applying this subsection in any case where the primary insurance amount of the insured individual was determined under section 202(a)(3) and his entitlement under such section has not terminated, the total of monthly benefits to which persons other than such individual may be entitled on the basis of such individual's wages and self-employment income shall be determined as though such individual's primary insurance amount had instead been determined under section 215(a) and without regard to section 202(a)(3)."

(e)(1) Section 215(a)(1) of such Act (as amended by sections 101(c) and 103(a)(1) of this Act) is amended by inserting after "this subsection" in the matter preceding

subparagraph (A) the following: "and in section 202 (a) (3)".

(2) Section 215 (a) (2) of such Act (as amended by sections 101 (c) and 103 (c) of this Act) is further amended—

(A) by striking out "or" at the end of subparagraph (A);

(B) by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; or", and

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

"(C) an amount equal to the primary insurance amount on which such disability insurance benefit is based if such primary insurance amount was determined under section 202 (a) (3)."

(3) Section 215 (f) (1) of such Act is amended by inserting "(or section 202 (a) (3))" after "determined under this section."

(4) The second sentence of section 215 (f) (2) of such Act is amended by inserting before the period at the end thereof the following "; and, in the case of an individual whose primary insurance amount was determined under section 202 (a) (3), as though such amount had instead been determined under subsection (a) of this section and without regard to section 202 (a) (3)".

~~(5) Section 223(a)(2) of such Act (as amended by section 107(c) of this Act) is amended by inserting "(or under section 202(a)(3))" after "under section 215".~~

~~(f) The amendments made by this section shall apply only with respect to monthly insurance benefits under title II of the Social Security Act for months after December 1971.~~

LIBERALIZATION *AND AUTOMATIC ADJUSTMENT* OF EARNINGS TEST

SEC. ~~111.~~ *105.* (a) (1) Paragraphs (1) and (4) (B) of section 203 (f) of the Social Security Act are each amended by striking out "$140" and inserting in lieu thereof ~~"$166.66⅔~~ *$200* or the exempt amount as determined under paragraph (8)".

(2) Paragraph (1) (A) of section 203 (h) of such Act is amended by striking out "$140" and inserting in lieu thereof ~~"$166.66⅔~~ *$200* or the exempt amount as determined under subsection (f) (8)".

(3) Paragraph (3) of section 203 (f) of such Act is amended to read as follows:

"(3) For purposes of paragraph (1) and subsection (h), an individual's excess earnings for a taxable year shall be 50 per centum of his earnings for such year in excess of the product of ~~$166.66⅔~~ *$200* or the exempt amount as determined under paragraph (8),

multiplied by the number of months in such year. The excess earnings as derived under the preceding sentence, if not a multiple of $1, shall be reduced to the next lower multiple of $1."

(b) Section 203(f) of such Act is amended by adding at the end thereof the following new paragraph:

"(8)(A) Whenever the Secretary pursuant to section 215(i) increases benefits effective with the first month of the calendar year following a cost-of-living computation quarter, he shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs (along with the publication of such benefit increase as required by section 215(i)(2)(D)) a new exempt amount which shall be effective (unless such new exempt amount is prevented from becoming effective by subparagraph (C) of this paragraph) with respect to any individual's taxable year which ends with the close of or after the calendar year with the first month of which such benefit increase is effective (or, in the case of an individual who dies during such calendar year, with respect to such individual's taxable year which ends, upon his death, during such year).

"(B) The exempt amount for each month of a particular taxable year shall be whichever of the following is the larger—

"(i) the exempt amount which was in effect with respect to months in the taxable year in which the determination under subparagraph (A) was made, or

"(ii) the product of the exempt amount described in clause (i) and the ratio of (I) the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of the calendar year in which the determination under subparagraph (A) was made to (II) the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of 1973, or, if later, the first calendar quarter of the most recent calendar year in which an increase in the contribution and benefit base was enacted or a determination resulting in such an increase was made under section 230(a), with such product, if not a multiple of $10, being rounded to the next higher multiple of $10 where such product is a multiple of $5 but not of $10 and to the nearest multiple of $10 in any other case. Whenever the Secretary determines that the exempt amount is to be increased in any year under this paragraph, he shall notify the House Committee on Ways and Means and the Senate Committee on Finance no later than August 15 of such year of the estimated amount of such increase, indicating the new exempt amount, the actuarial estimates of the

effect of the increase, and the actuarial assumptions and methodology used in preparing such estimates.

"(C) Notwithstanding the determination of a new exempt amount by the Secretary under subparagraph (A) (and notwithstanding any publication thereof under such subparagraph or any notification thereof under the last sentence of subparagraph (B)), such new exempt amount shall not take effect pursuant thereto if during the calendar year in which such determination is made a law increasing the exempt amount or providing a general benefit increase under this title (as defined in section 215(i)(3)) is enacted."

~~(b)~~ *(c)* The amendments made by this section shall apply with respect to taxable years ending after December ~~1971~~ *1972.*

EXCLUSION OF CERTAIN EARNINGS IN YEAR OF ATTAINING AGE 72

SEC. ~~112~~ *106.* (a) The first sentence of section 203 (f) (3) of the Social Security Act (as amended by section ~~111~~ *105* (a) (3) of this Act) is further amended by inserting before the period at the end thereof the following: ", except that, in determining an individual's excess earnings for the taxable year in which he attains age 72, there shall be excluded any earnings of such individual for the month in which he attains such age and any subsequent month (with any net earnings or net loss from self-employment in such year being

prorated in an equitable manner under regulations of the Secretary)".

(b) The amendment made by subsection (a) shall apply with respect to taxable years ending after December ~~1971~~ *1972*.

REDUCED BENEFITS FOR WIDOWERS AT AGE 60

SEC. ~~113~~ *107*. (a) Section 202 (f) of the Social Security Act (as amended by section ~~104~~ *102* (b) of this Act) is further amended—

(1) by striking out "age 62" each place it appears in subparagraph (B) of paragraph (1) and in paragraph (6) and inserting in lieu thereof "age 60";

(2) by striking out "or the third month" in the matter following subparagraph (G) in paragraph (1) and inserting in lieu thereof "or, if he became entitled to such benefits before he attained age 60, the third month"; and

(3) by striking out "the age of 62" in paragraph (5) and inserting in lieu thereof "the age of 60".

(b) (1) The last sentence of section 203 (c) of such Act (as amended by section ~~104~~ *102* (c) (1) of this Act) is further amended by striking out "age 62" and inserting in lieu thereof "age 60".

(2) Clause (D) of section 203 (f) (1) of such Act as amended by section ~~104~~ *102* (c) (2) of this Act is further

amended by striking out "age 62" and inserting in lieu thereof "age 60".

(3) Section 222 (b) (1) of such Act is amended by striking out "a widow or surviving divorced wife who has not attained age 60, a widower who has not attained age 62" and inserting in lieu thereof "a widow, widower or surviving divorced wife who has not attained age 60".

(4) Section 222 (d) (1) (D) of such Act is amended by striking out "age 62" each place it appears and inserting in lieu thereof "age 60".

(5) Section 225 of such Act is amended by striking out "age 62" and inserting in lieu thereof "age 60".

(c) The amendments made by this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after December ~~1971,~~ *1972*, except that in the case of an individual who was not entitled to a monthly benefit under title II of such Act for December ~~1971~~ *1972* such amendments shall apply only on the basis of an application filed in or after the month in which this Act is enacted.

ENTITLEMENT TO CHILD'S INSURANCE BENEFITS BASED ON DISABILITY WHICH BEGAN BETWEEN AGE 18 AND 22

SEC. ~~114.~~ *108.* (a) Clause (ii) of section 202 (d) (1) (B) of the Social Security Act is amended by striking out "which began before he attained the age of eighteen" and

inserting in lieu thereof "which began before he attained the age of 22".

(b) Subparagraphs (F) and (G) of section 202(d)(1) of such Act are amended to read as follows:

"(F) if such child was not under a disability (as so defined) at the time he attained the age of 18, the earlier of—

"(i) the first month during no part of which he is a full-time student, or

"(ii) the month in which he attains the age of 22,

but only if he was not under a disability (as so defined) in such earlier month; or

"(G) if such child was under a disability (as so defined) at the time he attained the age of 18, or if he was not under a disability (as so defined) at such time but was under a disability (as so defined) at or prior to the time he attained (or would attain) the age of 22, the third month following the month in which he ceases to be under such disability or (if later) the earlier of—

"(i) the first month during no part of which he is a full-time student, or

"(ii) the month in which he attains the age of 22,

but only if he was not under a disability (as so defined) in such earlier month."

(c) Section 202 (d) (1) of such Act is further amended by adding at the end thereof the following new sentence: "No payment under this paragraph may be made to a child who would not meet the definition of disability in section 223 (d) except for paragraph (1) (B) thereof for any month in which he engages in substantial gainful activity."

(d) Section 202 (d) (6) of such Act is amended by striking out "in which he is a full-time student and has not attained the age of 22" and all that follows and inserting in lieu thereof "in which he—

"(A) (i) is a full-time student or is under a disability (as defined in section 223 (d)), and (ii) had not attained the age of 22, or

"(B) is under a disability (as so defined) which began before the close of the 84th month following the month in which his most recent entitlement to child's insurance benefits terminated because he ceased to be under such disability,

but only if he has filed application for such reentitlement. Such reentitlement shall end with the month preceding whichever of the following first occurs:

"(C) the first month in which an event specified in paragraph (1) (D) occurs;

"(D) the earlier of (i) the first month during no part of which he is a full-time student, or (ii) the month in which he attains the age of 22, but only if he is not under a disability (as so defined) in such earlier month; or

"(E) if he was under a disability (as so defined), the third month following the month in which he ceases to be under such disability or (if later) the earlier of—

"(i) the first month during no part of which he is a full-time student, or

"(ii) the month in which he attains the age of 22."

(e) Section 202(s) of such Act is amended—

(1) by striking out "which began before he attained such age" in paragraph (1); and

(2) by striking out "which began before such child attained the age of 18" in paragraphs (2) and (3).

(f) The amendments made by this section shall apply only with respect to monthly benefits under section 202 of the Social Security Act for months after December ~~1971~~ *1972* except that in the case of an individual who was not

entitled to a monthly benefit under such section 202 for December ~~1971~~ *1972* such amendments shall apply only on the basis of an application filed after September 30, ~~1971~~ *1972*.

(g) Where—

(1) one or more persons are entitled (without the application of sections 202 (j) (1) and 223 (b) of the Social Security Act) to monthly benefits under section 202 or 223 of such Act for December ~~1971~~ *1972* on the basis of the wages and self-employment income of an insured individual, and

(2) one or more persons (not included in paragraph (1)) are entitled to monthly benefits under such section 202 or 223 for January ~~1972~~ *1973* solely by reason of the amendments made by this section on the basis of such wages and self-employment income, and

(3) the total of benefits to which all persons are entitled under such sections 202 and 223 on the basis of such wages and self-employment income for January ~~1972~~ *1973* is reduced by reason of section 203 (a) of such Act as amended by this Act (or would, but for the penultimate sentence of such section 203 (a), be so reduced),

then the amount of the benefit to which each person referred to in paragraph (1) of this subsection is entitled for months

after December ~~1971~~ *1972* shall be adjusted, after the application of such section 203 (a), to an amount no less than the amount it would have been if the person or persons referred to in paragraph (2) of this subsection were not entitled to a benefit referred to in such paragraph (2).

CONTINUATION OF CHILD'S BENEFITS THROUGH END OF SEMESTER

SEC. ~~115~~ *109.* (a) Paragraph (7) of section 202 (d) of the Social Security Act is amended by adding at the end thereof the following new subparagraph:

"(D) A child who attains age 22 at a time when he is a full-time student (as defined in subparagraph (A) of this paragraph *and without application of subparagraph (B) of such paragraph*) but has not (at such time) completed the requirements for, or received, a degree from a four-year college or university shall be deemed (for purposes of determining whether his entitlement to benefits under this subsection has terminated under paragraph (1) (F) and for purposes of determining his initial entitlement to such benefits under clause ~~(ii)~~ *(i)* of paragraph (1) (B)) not to have attained such age until the first day of the first month following the end of the quarter or semester in which he is enrolled at such time (or, if the educational institution (as defined in this paragraph) in which he is enrolled is not

operated on a quarter or semester system, until the first day of the first month following the completion of the course in which he is so enrolled or until the first day of the third month beginning after such time, whichever first occurs)."

(b) The amendment made by subsection (a) shall apply only with respect to benefits payable under title II of the Social Security Act for months after December ~~1971~~ *1972*.

CHILD'S BENEFITS IN CASE OF CHILD ENTITLED ON MORE THAN ONE WAGE RECORD

SEC. ~~116~~ *110*. (a) Section 202(k)(2)(A) of the Social Security Act is amended to read as follows:

~~"(2)(A)(i) Any child who under the preceding provisions of this section is entitled for any month to child's insurance benefits on the wages and self-employment income of more than one insured individual shall, notwithstanding such provisions, be entitled to only one of such child's insurance benefits for such month. Subject to the succeeding provisions of this subparagraph, such child's insurance benefit for such month shall be the largest benefit to which such child could be entitled under subsection (d) (without the application of section 203(a)).~~

~~"(ii) If the largest benefit to which such child could be entitled under subsection (d) is based on the wages and~~

self-employment income of an insured individual other than the insured individual who has the greatest primary insurance amount, but payment of such benefit on the basis of such wages and self-employment income would result in a smaller benefit (after the application of section 203(a)) for such month for any other person entitled to benefits based on such wages and self-employment income, such child's insurance benefit for such month shall (subject to clause (iii)) be the benefit based on the wages and self-employment income of the insured individual who has the greatest primary insurance amount.

"(iii) If there are two or more insured individuals (other than the insured individual who has the greatest primary insurance amount) on the basis of whose wages and self-employment income such child could be entitled under subsection (d) to a benefit larger than the benefit based on the wages and self-employment income of the insured individual who has the greatest primary insurance amount, such child's insurance benefit for such month shall be the largest benefit to which such child could be entitled under subsection (d) (without the application of section 203(a)) on the basis of the wages and self-employment income of any of them with respect to whom the provisions of clause (ii) are not applicable, and shall not be the benefit based on the wages and self-employment income of the insured individual who

~~has the greatest primary insurance amount as otherwise specified in clause (ii) unless the provisions of such clause are applicable with respect to all of such insured individuals."~~

"(2)(A) Any child who under the preceding provisions of this section is entitled for any month to child's insurance benefits on the wages and self-employment income of more than one insured individual shall, notwithstanding such provisions, be entitled to only one of such child's insurance benefits for such month. Such child's insurance benefits for such month shall be the benefit based on the wages and self-employment income of the insured individual who has the greatest primary insurance amount, except that such child's insurance benefits for such month shall be the largest benefit to which such child could be entitled under subsection (d) (without the application of section 203(a)) or subsection (m) if entitlement to such benefit would not, with respect to any person, result in a benefit lower (after the application of section 203(a)) than the benefit which would be applicable if such child were entitled on the wages and self-employment income of the individual with the greatest primary insurance amount. Where more than one child is entitled to child's insurance benefits pursuant to the preceding provisions of this paragraph, each such child who is entitled on the wages and self-employment income of the same insured individuals shall

be entitled on the wages and self-employment income of the same such insured individual."

(b) The amendment made by subsection (a) shall apply only with respect to monthly benefits under title II of the Social Security Act for months after ~~December 1971~~ *December 1972.*

ADOPTIONS BY DISABILITY AND OLD-AGE INSURANCE BENEFICIARIES

SEC. ~~117~~ *111.* (a) Section 202 (d) of the Social Security Act is amended by striking out paragraphs (8) and (9) and inserting in lieu thereof the following new paragraph:

"(8) In the case of—

"(A) an individual entitled to old-age insurance benefits (other than an individual referred to in subparagraph (B)), or

"(B) an individual entitled to disability insurance benefits, or an individual entitled to old-age insurance benefits who was entitled to disability insurance benefits for the month preceding the first month for which he was entitled to old-age insurance benefits,

a child of such individual adopted after such individual became entitled to such old-age or disability insurance benefits shall be deemed not to meet the requirements of clause (i) or (iii) of paragraph (1) (C) unless such child—

"(C) is the natural child or stepchild of such individual (including such a child who was legally adopted by such individual), or

"(D) (i) was legally adopted by such individual in an adoption decreed by a court of competent jurisdiction within the United States,

"(ii) was living with such individual in the United States and receiving at least one-half of his support from such individual (I) if he is an individual referred to in subparagraph (A), for the year immediately before the month in which such individual became entitled to old-age insurance benefits or, if such individual had a period of disability which continued until he had become entitled to old-age insurance benefits, the month in which such period of disability began, or (II) if he is an individual referred to in subparagraph (B), for the year immediately before the month in which began the period of disability of such individual which still exists at the time of adoption (or, if such child was adopted by such individual after such individual attained age 65, the period of disability of such individual which existed in the month preceding the month in which he attained age

65), or the month in which such individual became entitled to disability insurance benefits, and

"(iii) had not attained the age of 18 before he began living with such individual.

In the case of a child who was born in the one-year period during which such child must have been living with and receiving at least one-half of his support from such individual, such child shall be deemed to meet such requirements for such period if, as of the close of such period, such child has lived with such individual in the United States and received at least one-half of his support from such individual for substantially all of the period which begins on the date of birth of such child."

(b) The amendment made by subsection (a) shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after December 1967 on the basis of an application filed in or after the month in which this Act is enacted; except that such amendments shall not apply with respect to benefits for any month before ~~the month in which this Act is enacted~~ *January 1973* unless such application is filed before the close of the sixth month after the month in which this Act is enacted.

CHILD'S INSURANCE BENEFITS NOT TO BE TERMINATED BY REASON OF ADOPTION

SEC. ~~118~~ *112*. (a) Paragraph (1) (D) of section 202 (d) of the Social Security Act is amended by striking out "marries" and all that follows and inserting in lieu thereof "or marries,".

(b) The amendment made by subsection (a) shall apply only with respect to monthly benefits under title II of the Social Security Act for months beginning with the month in which this Act is enacted.

(c) Any child—

(1) whose entitlement to child's insurance benefits under section 202 (d) of the Social Security Act was terminated by reason of his adoption, prior to the date of the enactment of this Act, and

(2) who, except for such adoption, would be entitled to child's insurance benefits under such section for a month after the month in which this Act is enacted,

may, upon filing application for child's insurance benefits under the Social Security Act after the date of enactment of this Act, become reentitled to such benefits; except that no child shall, by reason of the enactment of this section, become reentitled to such benefits for any month prior to the month after the month in which this Act is enacted.

BENEFITS FOR CHILD BASED ON EARNINGS RECORD OF GRANDPARENT

SEC. ~~110~~ *113*. (a) The first sentence of section 216(e) of the Social Security Act is amended—

(1) by striking out "and" at the end of clause (1), and

(2) by inserting immediately before the period at the end thereof the following: ", and (3) a person who is the grandchild or stepgrandchild of an individual or his spouse, but only if (A) ~~neither of such person's natural or adoptive parents were living at the time~~ *there was no natural or adoptive parent (other than such a parent who was under a disability, as defined in section 223(d)) of such person living at the time* (i) such individual became entitled to old-age insurance benefits or disability insurance benefits or died, or (ii) if such individual had a period of disability which continued until such individual became entitled to old-age insurance benefits or disability insurance benefits, or died, at the time such period of disability began, or (B) such person was legally adopted after the death of such individual by such individual's surviving spouse in an adoption that was decreed by a court of competent jurisdiction within the United States and such person's natural or adopting

parent or stepparent was not living in such individual's household and making regular contributions toward such person's support at the time such individual died".

(b) Section 202 (d) of such Act (as amended by section ~~117~~ *111* of this Act) is further amended by adding at the end thereof the following new paragraph:

"(9) (A) A child who is a child of an individual under clause (3) of the first sentence of section 216 (e) and is not a child of such individual under clause (1) or (2) of such first sentence shall be deemed not to be dependent on such individual at the time specified in subparagraph (1) (C) of this subsection unless (i) such child was living with such individual in the United States and receiving at least one-half of his support from such individual (I) for the year immediately before the month in which such individual became entitled to old-age insurance benefits or disability insurance benefits or died, or (II) if such individual had a period of disability which continued until he had become entitled to old-age insurance benefits, or disability insurance benefits, or died, for the year immediately before the month in which such period of disability began, and (ii) the period during which such child was living with such individual began before the child attained age 18.

"(B) In the case of a child who was born in the one-year period during which such child must have been living

with and receiving at least one-half of his support from such individual, such child shall be deemed to meet such requirements for such period if, as of the close of such period, such child has lived with such individual in the United States and received at least one-half of his support from such individual for substantially all of the period which begins on the date of such child's birth."

(c) The amendments made by this section shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after December ~~1971~~ *1972*, but only on the basis of applications filed on or after the date of the enactment of this Act.

ELIMINATION OF SUPPORT REQUIREMENT AS CONDITION OF BENEFITS FOR DIVORCED AND SURVIVING DIVORCED WIVES

SEC. ~~120~~ *114*. (a) Section 202 (b) (1) of the Social Security Act is amended—

(1) by adding "and" at the end of subparagraph (C),

(2) by striking out subparagraph (D), and

(3) by ~~redesignating,~~ *redesignating* subparagraphs (E) through (L) as subparagraphs (D) through (K), respectively.

(b) (1) Section 202 (e) (1) of such Act (as amended by section 102 (a) of this Act) is further amended—

(A) by adding "and" at the end of subparagraph (C),

(B) by striking out subparagraph (D), and

(C) by redesignating subparagraphs (E) through (G) as subparagraphs (D) through (F), respectively.

(2) Section 202 (e) (6) of such Act is amended by striking out "paragraph (1) (G)" and inserting in lieu thereof "paragraph (1) (F)".

(c) Section 202 (g) (1) (F) of such Act is amended by striking out clause (i), and by redesignating clauses (ii) and (iii) as clauses (i) and (ii), respectively.

(d) The amendments made by this section shall apply only with respect to benefits payable under title II of the Social Security Act for months after December ~~1971~~ *1972* on the basis of applications filed on or after the date of enactment of this Act.

(e) Where—

(1) one or more persons are entitled (without the application of sections 202 (j) (1) and 223 (b) of the Social Security Act) to monthly benefits under section 202 or 223 of such Act for December ~~1971~~ *1972* on the

basis of the wages and self-employment income of an insured individual, and

(2) one or more persons (not included in paragraph (1)) are entitled to monthly benefits under such section 202 (g) *as a surviving divorced mother (as defined in section 216(d)(3))* for a month after December ~~1971~~ *1972* on the basis of such wages and self-employment income, and

(3) the total of benefits to which all persons are entitled under such sections 202 and 223 on the basis of such wages and self-employment income for any month after December ~~1971~~ *1972* is reduced by reason of section 203 (a) of such Act as amended by this Act (or would, but for the penultimate sentence of such section 203 (a), be so reduced),

then the amount of the benefit to which each person referred to in paragraph (1) of this subsection is entitled beginning with the first month after December ~~1971~~ *1972* for which any person referred to in paragraph (2) becomes entitled shall be adjusted, after the application of such section 203 (a), to an amount no less than the amount it would have been if the person or persons referred to in paragraph (2) of this sub-

section were not entitled to a benefit referred to in such paragraph (2).

WAIVER OF DURATION-OF-RELATIONSHIP REQUIREMENT FOR WIDOW, WIDOWER, OR STEPCHILD IN CASE OF REMARRIAGE TO THE SAME INDIVIDUAL

SEC. ~~121~~ *115*. (a) The heading of section 216 (k) of the Social Security Act is amended by adding at the end thereof ", or in Case of Remarriage to the Same Individual".

(b) Section 216 (k) of such Act is amended by striking out "if his death—" and all that follows and inserting in lieu thereof "if—

"(1) his death—

"(A) is accidental, or

"(B) occurs in line of duty while he is a member of a uniformed service serving on active duty (as defined in section 210 (l) (2)),

and he would satisfy such requirement if a three-month period were substituted for the nine-month period, or

"(2) (A) the widow or widower of such individual had been previously married to such individual and subsequently divorced and such requirement would have been satisfied at the time of such divorce if such previous

marriage had been terminated by the death of such individual at such time instead of by divorce; or

"(B) the stepchild of such individual had been the stepchild of such individual during a previous marriage of such stepchild's parent to such individual which ended in divorce and such requirement would have been satisfied at the time of such divorce if such previous marriage had been terminated by the death of such individual at such time instead of by divorce;

except that this subsection shall not apply if the Secretary determines that at the time of the marriage involved the individual could not have reasonably been expected to live for nine months. For purposes of paragraph (1) (A) of this subsection, the death of an individual is accidental if he receives bodily injuries solely through violent, external, and accidental means and, as a direct result of the bodily injuries and independently of all other causes, loses his life not later than three months after the day on which he receives such bodily injuries."

(c) The amendments made by this section shall apply only with respect to benefits payable under title II of the Social Security Act for months after December ~~1971~~ *1972*

on the basis of applications filed in or after the month in which this Act is enacted.

REDUCTION FROM 6 TO ~~5~~ *4* MONTHS OF WAITING PERIOD FOR DISABILITY BENEFITS

SEC. ~~122~~ *116*. (a) Section 223 (c) (2) of the Social Security Act is amended—

(1) by striking out "six" and inserting in lieu thereof ~~"five"~~ "*four*", and

(2) by striking out "eighteenth" each place it appears and inserting in lieu thereof ~~"seventeenth"~~ "*sixteenth*".

(b) Section 202 (e) (6) of such Act is amended—

(1) by striking out "six" and inserting in lieu thereof ~~"five"~~ "*four*",

(2) by striking out "eighteenth" and inserting in lieu thereof ~~"seventeenth"~~ "*sixteenth*", and

(3) by striking out "sixth" and inserting in lieu thereof ~~"fifth"~~ "*fourth*".

(c) Section 202 (f) (7) of such Act is amended—

(1) by striking out "six" and inserting in lieu thereof ~~"five"~~ "*four*",

(2) by striking out "eighteenth" and inserting in lieu thereof ~~"seventeenth"~~ "*sixteenth*", and

(3) by striking out "sixth" and inserting in lieu thereof ~~"fifth"~~ "*fourth*".

(d) Section 216 (i) (2) (A) of such Act is amended by striking out "6" and inserting in lieu thereof ~~"five"~~ *"four"*.

(e) The amendments made by this section shall be effective with respect to applications for disability insurance benefits under section 223 of the Social Security Act, applications for widow's and widower's insurance benefits based on disability under section 202 of such Act, and applications for disability determinations under section 216 (i) of such Act, filed—

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

(2) before the month in which this Act is enacted if—

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

(B) the notice referred to in subparagraph (A) has been so given before such month but a civil action with respect to such final decision is commenced under section 205 (g) of the Social Security Act (whether before, in, or after such month) and the decision in such civil action has not become final before such month;

except that no monthly benefits under title II of the Social

Security Act shall be payable or increased by reason of the amendments made by this section for any month before January ~~1972~~ *1973*.

~~ELIMINATION OF DISABILITY INSURED STATUS REQUIREMENT OF SUBSTANTIAL RECENT COVERED WORK IN CASE OF INDIVIDUALS WHO ARE BLIND~~

~~SEC. 123. (a) The first sentence of section 216(i)(3) of the Social Security Act is amended by striking out all that follows subparagraph (B) and inserting in lieu thereof the following:~~

~~"except that the provisions of subparagraph (B) of this paragraph shall not apply in the case of an individual who is blind (within the meaning of 'blindness' as defined in paragraph (1)).~~"

~~(b) Section 223(c)(1) of such Act is amended by striking out "coverage." in subparagraph (B)(ii) and inserting in lieu thereof "coverage;", and by striking out "For purposes" and inserting in lieu thereof the following:~~

~~"except that the provisions of subparagraph (B) of this paragraph shall not apply in the case of an individual who is blind (within the meaning of 'blindness' as defined in section 216(i)(1)). For purposes".~~

~~(c) The amendments made by this section shall be effective with respect to applications for disability insurance benefits under section 223 of the Social Security Act, and~~

~~for disability determinations under section 216(i) of such Act, filed—~~

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

~~(2) before the month in which this Act is enacted if—~~

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

~~(B) the notice referred to in subparagraph (A) has been so given before such month but a civil action with respect to such final decision is commenced under section 205(g) of the Social Security Act (whether before, in, or after such month) and the decision in such civil action has not become final before such month;~~

~~except that no monthly benefits under title II of the Social Security Act shall be payable or increased by reason of the amendments made by this section for months before January 1972.~~

DISABILITY BENEFITS FOR THE BLIND

SEC. 117. (a) The first sentence of section 216(i)(3) of the Social Security Act is amended by striking out all that follows subparagraph (B) and inserting in lieu thereof the following:

"except that the provisions of subparagraph (B) of this paragraph shall not apply in the case of an individual who is blind (within the meaning of 'blindness' as defined in paragraph (1))."

(b) The first sentence of section 222(b)(1) of the Social Security Act is amended by inserting "(other than such an individual whose disability is blindness, as defined in section 216(i)(1)(B))" after "an individual entitled to disability insurance benefits".

(c) Section 223(a)(1) of such Act is amended—

(1) by amending subparagraph (B) to read as follows:

"(B) in the case of any individual other than an individual whose disability is blindness (as defined in section 216(i)(1)(B)), has not attained the age of 65,";

(2) by striking out "the month in which he attains age 65" and inserting in lieu thereof "in the case of any individual other than an individual whose disability is blindness (as defined in section 216(i)(1)(B)), the month in which he attains age 65"; and

(3) by striking out the last sentence thereof.

(d) That part of section 223(a)(2) of such Act which precedes subparagraph (A) thereof is amended by inserting immediately after "age 62" the following: ", and, in the

case of any individual whose disability is blindness (as defined in section 216(i)(1)(B)), as though he were a fully insured individual,".

(e) Section 223(c)(1) of such Act is amended—

(1) by inserting "(other than an individual whose disability is blindness, as defined in section 216(i)(1)(B))," after "An individual"; and

(2) by adding at the end thereof (after the sentence following subparagraph (B)) the following new sentence: "An individual whose disability is blindness (as defined in section 216(i)(1)(B)) shall be insured for disability insurance benefits in any month if he had not less than six quarters of coverage before the quarter in which such month occurs."

(f) Section 223(d)(1)(B) of such Act is amended to read as follows:

"(B) blindness (as defined in section 216(i)(1)(B))."

(g) The second sentence of section 223(d)(4) of such Act is amended by inserting "(other than an individual whose disability is blindness, as defined in section 216(i)(1)(B))" immediately after "individual".

(h) The amendments made by this section shall be effective with respect to individuals entitled to disability insurance benefits under section 223 of the Social Security Act for the

month of January 1973, and with respect to applications for disability insurance benefits under section 223 of such Act filed—

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

(2) before the month in which this Act is enacted if—

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

(B) the notice referred to in subparagraph (A) has been so given before such month but a civil action with respect to such final decision is commenced under section 205(g) of the Social Security Act (whether before, in, or after such month) and the decision in such civil action has not become final before such month;

except that no monthly benefits under title II of the Social Security Act shall be payable or increased by reason of the amendments made by this section for months before January 1973.

APPLICATIONS FOR DISABILITY INSURANCE BENEFITS FILED AFTER DEATH OF INSURED INDIVIDUAL

SEC. ~~124~~ *118.* (a) (1) Section 223 (a) (1) of the Social Security Act is amended by adding at the end thereof the

following new sentence: "In the case of a deceased individual, the requirement of subparagraph (C) may be satisfied by an application for benefits filed with respect to such individual within 3 months after the month in which he died."

(2) Section 223 (a) (2) of such Act is amended by striking out "he filed his application for disability insurance benefits and was" and inserting in lieu thereof "the application for disability insurance benefits was filed and he was".

(3) The third sentence of section 223 (b) of such Act is amended by striking out "if he files such application" and inserting in lieu thereof "if such application is filed".

(4) Section 223 (c) (2) (A) of such Act is amended by striking out "who files such application" and inserting in lieu thereof "with respect to whom such application is filed".

(b) Section 216 (i) (2) (B) of such Act is amended by adding at the end thereof the following new sentence: "In the case of a deceased individual, the requirement of an application under the preceding sentence may be satisfied by an application for a disability determination filed with respect to such individual within 3 months after the month in which he died."

(c) The amendments made by this section shall apply in the case of deaths occurring after December 31, 1969. For purposes of such amendments (and for purposes of sections 202 (j) (1) and 223 (b) of the Social Security Act),

any application with respect to an individual whose death occurred after December 31, 1969, but before the date of the enactment of this Act which is filed ~~within 3 months in or after the~~ *in, or within 3 months after, the* month in which this Act is enacted shall be deemed to have been filed in the month in which such death occurred.

WORKMEN'S COMPENSATION OFFSET FOR DISABILITY INSURANCE BENEFICIARIES

SEC. ~~125~~ *119.* (a) The next to last sentence of section 224 (a) of the Social Security Act is amended—

(1) by striking out "larger" and inserting in lieu thereof "largest",

(2) by striking out "or" before "(B)", and

(3) by inserting before the period at the end thereof the following: ", or (C) one-twelfth of the total of his wages and self-employment income (computed without regard to the limitations specified in sections 209 (a) and 211 (b) (1)) for the calendar year in which he had the highest such wages and income during the period consisting of the calendar year in which he became disabled (as defined in section 223 (d)) and the five years preceding that year".

(b) The last sentence of section 224 (a) of such Act is amended by striking out "clause (B)" and inserting in lieu thereof "clauses (B) and (C)".

(c) The amendments made by subsections (a) and (b) shally apply with respect to monthly benefits under title II of the Social Security Act for months after December ~~1971.~~ *1972.*

WAGE CREDITS FOR MEMBERS OF THE UNIFORMED SERVICES

SEC. ~~126~~ *120.* (a) Subsection 229 (a) of the Social Security Act is amended—

(1) by striking out "after December 1967" and inserting in lieu thereof "after December ~~1971"~~ *1972*";

(2) by striking out "after 1967" and inserting in lieu thereof "after 1956"; and

(3) by striking out all that follows "(in addition to the wages actually paid to him for such service)" and inserting in lieu thereof "of $300."

(b) The amendments made by subsection (a) shall apply with respect to monthly benefits under title II of the Social Security Act for months after December ~~1971~~ *1972* and with respect to lump-sum death payments under such title in the case of deaths occurring after December ~~1971~~ *1972* except that, in the case of any individual who is entitled, on the basis of the wages and self-employment income of any individual to whom section 229 of such Act applies, to monthly benefits under title II of such Act for the month in which this Act is enacted, such amendments shall apply

(1) only if a written request for a recalculation of such benefits (by reason of such amendments) under the provisions of section 215 (b) and (d) of such Act, as in effect at the time such request is filed, is filed by such individual, or any other individual, entitled to benefits under such title II on the basis of such wages and self-employment income, and (2) only with respect to such benefits for months beginning with whichever of the following is later: January ~~1972~~ *1973* or the twelfth month before the month in which such request was filed. Recalculations of benefits as required to carry out the provisions of this ~~paragraph~~ *section* shall be made notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, and no such recalculation shall be regarded as a recomputation for purposes of section 215 (f) of such Act.

OPTIONAL DETERMINATION OF SELF-EMPLOYMENT EARNINGS

SEC. ~~127~~ *121*. (a) (1) Section 211 (a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"The preceding sentence and clauses (i) through (iv) of the second preceding sentence shall also apply in the case of any trade or business (other than a trade or business specified in such second preceding sentence) which is car-

ried on by an individual who is self-employed on a regular basis as defined in subsection (g), or by a partnership of which an individual is a member on a regular basis as defined in subsection (g), but only if such individual's net earnings from self-employment in the taxable year ~~(not counting any net earnings derived from a trade or business specified in such second preceding sentence)~~ as determined without regard to this sentence are less than $1,600 and less than 66⅔ percent of the sum (in such taxable year) of such individual's gross income derived from all ~~the~~ trades or businesses carried on by him ~~to which this sentence refers~~ and his distributive share of the income or loss from ~~such~~ *all* trades or businesses carried on by all the partnerships of which he is a member; except that this sentence shall not apply to more than 5 taxable years in the case of any individual, and in no case in which an individual elects to determine the amount of his net earnings from self-employment for a taxable year under the provisions of the two preceding sentences with respect to a trade or business to which the second preceding sentence applies and with respect to a trade or business to which this sentence applies shall such net earnings for such year exceed $1,600."

(2) Section 211 of such Act is amended by adding at the end thereof the following new subsection:

"Regular Basis

"(g) An individual shall be deemed to be self-employed on a regular basis in a taxable year, or to be a member of a partnership on a regular basis in such year, if he had net earnings from self-employment, as defined in the first sentence of subsection (a), of not less than $400 in at least two of the three consecutive taxable years immediately preceding such taxable year from trades or businesses carried on by such individual or such partnership."

(b) (1) Section 1402 (a) of the Internal Revenue Code of 1954 (relating to definition of net earnings from self-employment) is amended by adding at the end thereof the following new paragraph:

"The preceding sentence and clauses (i) through (iv) of the second preceding sentence shall also apply in the case of any trade or business (other than a trade or business specified in such second preceding sentence) which is carried on by an individual who is self-employed on a regular basis as defined in subsection (i), or by a partnership of which an individual is a member on a regular basis as defined in subsection (i), but only if such individual's net earnings from self-employment ~~(excluding any net earnings derived from a trade or business specified in such second preceding sentence)~~ as determined without regard to this sentence in the taxable year are less than $1,600 and less than 66⅔ percent

of the sum (in such taxable year) of such individual's gross income derived from all ~~the~~ trades or businesses carried on by him ~~to which this sentence refers~~ and his distributive share of the income or loss from ~~such~~ *all* trades or businesses carried on by all the partnerships of which he is a member; except that this sentence shall not apply to more than 5 taxable years in the case of any individual, and in no case in which an individual elects to determine the amount of his net earnings from self-employment for a taxable year under the provisions of the two preceding sentences with respect to a trade or business to which the second preceding sentence applies and with respect to a trade or business to which this sentence applies shall such net earnings for such year exceed $1,600."

(2) Section 1402 of such Code (definitions relating to Self-Employment Contributions Act of 1954) is amended by adding at the end thereof the following new subsection:

"Regular Basis

" (i) An individual shall be deemed to be self-employed on a regular basis in a taxable year, or to be a member of a partnership on a regular basis in such year, if he had net earnings from self-employment, as defined in the first sentence of subsection (a), of not less than $400 in at least two of the three consecutive taxable years immediately preceding such taxable year from trades or businesses carried on by such individual or such partnership."

(c) The amendments made by this section shall apply only with respect to taxable years beginning after December 31, ~~1971.~~ *1972.*

PAYMENTS BY EMPLOYER TO SURVIVOR OR ESTATE OF FORMER EMPLOYEE

SEC. ~~128~~ *122.* (a) Section 209 of the Social Security Act is amended by striking out "or" at the end of subsection (l), by striking out the period at the end of subsection (m) and inserting in lieu thereof "; or", and by inserting after subsection (m) the following new subsection:

"(n) Any payment made by an employer to a survivor or the estate of a former employee after the calendar year in which such employee died."

(b) Section 3121(a) of the Internal Revenue Code of 1954 (relating to definition of wages) is amended by striking out "or" at the end of paragraph (12), by striking out the period at the end of paragraph (13) and inserting in lieu thereof "; or", and by inserting after paragraph (13) the following new paragraph:

"(14) any payment made by an employer to a survivor or the estate of a former employee after the calendar year in which such employee died."

(c) The amendments made by this section shall apply in the case of any payment made after December ~~1971.~~ *1972.*

COVERAGE FOR VOW-OF-POVERTY MEMBERS OF RELIGIOUS ORDERS

SEC. ~~129~~ *123*. (a) (1) Section 210(a) (8) (A) of the Social Security Act is amended by inserting before the semicolon at the end thercof the following: ", except that this subparagraph shall not apply to service performed by a member of such an order in the exercise of such duties, if an election of coverage under section 3121 (r) of the Internal Revenue Code of 1954 is in effect with respect to such order, or with respect to the autonomous subdivision thereof to which such member belongs".

(2) Section 3121 (b) (8) (A) of the Internal Revenue Code of 1954 (relating to definition of employment) is amended by inserting before the semicolon at the end thereof the following: ", except that this subparagraph shall not apply to service performed by a member of such an order in the exercise of such duties, if an election of coverage under subsection (r) is in effect with respect to such order, or with respect to the autonomous subdivision thereof to which such member belongs".

(b) Section 3121 of such Code (definitions relating to Federal Insurance Contributions Act) is amended by adding at the end thereof the following new subsection:

"(r) ELECTION OF COVERAGE BY RELIGIOUS ORDERS.—

"(1) CERTIFICATE OF ELECTION BY ORDER.—A religious order whose members are required to take a vow of poverty, or any autonomous subdivision of such order, may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations under this chapter) electing to have the insurance system established by title II of the Social Security Act extended to services performed by its members in the exercise of duties required by such order or such subdivision thereof. Such certificate of election shall provide that—

"(A) such election of coverage by such order or subdivision shall be irrevocable;

"(B) such election shall apply to all current and future members of such order, or in the case of a subdivision thereof to all current and future members of such order who belong to such subdivision;

"(C) all services performed by a member of such an order or subdivision in the exercise of duties required by such order or subdivision shall be deemed to have been performed by such member as an employee of such order or subdivision; and

"(D) the wages of each member, upon which

such order or subdivision shall pay the taxes imposed by sections 3101 and 3111, will be determined as provided in subsection (i) (4).

"(2) DEFINITION OF MEMBER.—For purposes of this subsection, a member of a religious order means any individual who is subject to a vow of poverty as a member of such order and who performs tasks usually required (and to the extent usually required) of an active member of such order and who is not considered retired because of old age or total disability.

"(3) EFFECTIVE DATE FOR ELECTION.—(A) A certificate of election of coverage shall be in effect, for purposes of subsection (b) (8) (A) and for purposes of section 210(a) (8) (A) of the Social Security Act, for the period beginning with whichever of the following may be designated by the order or subdivision thereof:

"(i) the first day of the calendar quarter in which the certificate is filed,

"(ii) the first day of the calendar quarter succeeding such quarter, or

"(iii) the first day of any calendar quarter preceding the calendar quarter in which the certificate is filed, except that such date may not be earlier than the first day of the twentieth calendar quarter

preceding the quarter in which such certificate is filed.

Whenever a date is designated under clause (iii), the election shall apply to services performed before the quarter in which the certificate is filed only if the member performing such services was a member at the time such services were performed and is living on the first day of the quarter in which such certificate is filed.

"(B) If a certificate of election filed pursuant to this subsection is effective for one or more calendar quarters prior to the quarter in which such certificate is filed, then—

"(i) for purposes of computing interest and for purposes of section 6651 (relating to addition to tax for failure to file tax return), the due date for the return and payment of the tax for such prior calendar quarters resulting from the filing of such certificate shall be the last day of the calendar month following the calendar quarter in which the certificate is filed; and

"(ii) the statutory period for the assessment of such tax shall not expire before the expiration of 3 years from such due date.

"(4) COORDINATION WITH COVERAGE OF LAY EMPLOYEES.—Notwithstanding the preceding provisions of

this subsection, no certificate of election shall become effective with respect to an order or subdivision thereof, unless—

"(A) if at the time the certificate of election is filed a certificate of waiver of exemption under subsection (k) is in effect with respect to such order or subdivision, such order or subdivision amends such certificate of waiver of exemption (in such form and manner as may be prescribed by regulations made under this chapter) to provide that it may not be revoked, or

"(B) if at the time the certificate of election is filed a certificate of waiver of exemption under such subsection is not in effect with respect to such order or subdivision, such order or subdivision files such certificate of waiver of exemption under the provisions of such subsection except that such certificate of waiver of exemption cannot become effective at a later date than the certificate of election and such certificate of waiver of exemption must specify that such certificate of waiver of exemption may not be revoked. The certificate of waiver of exemption required under this subparagraph shall be filed notwithstanding the provisions of subsection (k) (3)."

(c) (1) Section 209 of the Social Security Act is

amended by adding at the end thereof the following new paragraph:

"For purposes of this title, in any case where an individual is a member of a religious order (as defined in section 3121 (r) (2) of the Internal Revenue Code of 1954) performing service in the exercise of duties required by such order, and an election of coverage under section 3121 (r) of such Code is in effect with respect to such order or with respect to the autonomous subdivision thereof to which such member belongs, the term 'wages' shall, subject to the provisions of subsection (a) of this section, include as such individual's remuneration for such service the fair market value of any board, lodging, clothing, and other perquisites furnished to such member by such order or subdivision thereof or by any other person or organization pursuant to an agreement with such order or subdivision, except that the amount included as such individual's remuneration under this paragraph shall not be less than $100 a month."

(2) Section 3121 (i) of the Internal Revenue Code of 1954 (relating to computation of wages in certain cases) is amended by adding at the end thereof the following new paragraph:

"(4) SERVICE PERFORMED BY CERTAIN MEMBERS OF RELIGIOUS ORDERS.—For purposes of this chapter, in any case where an individual is a member of a

religious order (as defined in subsection (r) (2)) performing service in the exercise of duties required by such order, and an election of coverage under subsection (r) is in effect with respect to such order or with respect to the autonomous subdivision thereof to which such member belongs, the term 'wages' shall, subject to the provisions of subsection (a) (1), include as such individual's remuneration for such service the fair market value of any board, lodging, clothing, and other perquisites furnished to such member by such order or subdivision thereof or by any other person or organization pursuant to an agreement with such order or subdivision, except that the amount included as such individual's remuneration under this paragraph shall not be less than $100 a month."

SELF-EMPLOYMENT INCOME OF CERTAIN INDIVIDUALS TEMPORARILY LIVING OUTSIDE THE UNITED STATES

SEC. ~~130~~ *124.* (a) Section 211 (a) of the Social Security Act is amended—

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

(2) by striking out the period at the end of paragraph (9) and inserting in lieu thereof "; and"; and

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

"(10) In the case of an individual who has been a resident of the United States during the entire taxable year, the exclusion from gross income provided by section 911 (a) (2) of the Internal Revenue Code of 1954 shall not apply."

(b) Section 1402 (a) of the Internal Revenue Code of 1954 (relating to definition of net earnings from self-employment) is amended—

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

(2) by striking out the period at the end of paragraph (10) and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (10) the following new paragraph:

"(11) in the case of an individual who has been a resident of the United States during the entire taxable year, the exclusion from gross income provided by section 911 (a) (2) shall not apply."

(c) The amendments made by this section shall apply with respect to taxable years beginning after December 31, ~~1971~~ *1972*.

COVERAGE OF FEDERAL HOME LOAN BANK EMPLOYEES

SEC. ~~131~~ *125*. (a) The provisions of section 210 (a) (6) (B) (ii) of the Social Security Act and section 3121 (b) (6) (B) (ii) of the Internal Revenue Code of 1954, inso-

far as they relate to service performed in the employ of a Federal home loan bank, shall be effective—

(1) with respect to all service performed in the employ of a Federal home loan bank on and after the first day of the first calendar quarter which begins on or after the date of the enactment of this Act; and

(2) in the case of individuals who are in the employ of a Federal home loan bank on such first day, with respect to any service performed in the employ of a Federal home loan bank after the last day of the sixth calendar year preceding the year in which this Act is enacted; but this paragraph shall be effective only if an amount equal to the taxes imposed by sections 3101 and 3111 of such Code with respect to the services of all such individuals performed in the employ of Federal home loan banks after the last day of the sixth calendar year preceding the year in which this Act is enacted are paid under the provisions of section 3122 of such Code by July 1, ~~1972,~~ *1973*, or by such later date as may be provided in an agreement entered into before such date with the Secretary of the Treasury or his delegate for purposes of this paragraph.

(b) Subparagraphs (A) (i) and (B) of section 104 (i) (2) of the Social Security Amendments of 1956 are repealed.

POLICEMEN AND FIREMEN IN IDAHO

SEC. ~~132~~ *126*. Section 218(p)(1) of the Social Security Act is amended by inserting "Idaho," after "Hawaii,".

COVERAGE OF CERTAIN HOSPITAL EMPLOYEES IN NEW MEXICO

SEC. ~~133~~ *127*. Notwithstanding any provisions of section 218 of the Social Security Act, the Agreement with the State of New Mexico heretofore entered into pursuant to such section may at the option of such State be modified at any time prior to the first day of the fourth month after the month in which this Act is enacted, so as to apply to the services of employees of a hospital which is an integral part of a political subdivision to which an agreement under this section has not been made applicable, as a separate coverage group within the meaning of section 218(b)(5) of such Act, but only if such hospital has prior to 1966 withdrawn from a retirement system which had been applicable to the employees of such hospital.

COVERAGE OF CERTAIN EMPLOYEES OF THE GOVERNMENT OF GUAM

SEC. ~~134~~ *128*. (a) Section 210(a)(7) of the Social Security Act is amended by striking out "or" at the end of subparagraph (C), by striking out the semicolon at the end of subparagraph (D) and inserting in lieu thereof ", or", and by adding at the end thereof the following new subparagraph:

"(E) service performed in the employ of the Government of Guam (or any instrumentality which is wholly owned by such Government) by an employee properly classified as a temporary or intermittent employee, if such service is not covered by a retirement system established by a law of Guam; except that (i) the provisions of this subparagraph shall not be applicable to services performed by an elected official or a member of the legislature or in a hospital or penal institution by a patient or inmate thereof, and (ii) for purposes of this subparagraph, clauses (i) and (ii) of subparagraph (C) shall apply;".

(b) Section 3121 (b) (7) of the Internal Revenue Code of 1954 is amended by striking out "or" at the end of subparagraph (B), by striking out the semicolon at the end of subparagraph (C) and inserting in lieu thereof ", or", and by adding at the end thereof the following new subparagraph:

"(D) service performed in the employ of the Government of Guam (or any instrumentality which is wholly owned by such Government) by an employee properly classified as a temporary or intermittent employee, if such service is not covered by a

retirement system established by a law of Guam; except that (i) the provisions of this subparagraph shall not be applicable to services performed by an elected official or a member of the legislature or in a hospital or penal institution by a patient or inmate thereof, and (ii) for purposes of this subparagraph, clauses (i) and (ii) of subparagraph (B) shall apply;"

(c) The amendments made by this section shall apply with respect to service performed on and after the first day of the first calendar quarter which begins on or after the date of the enactment of this Act.

COVERAGE EXCLUSION OF STUDENTS EMPLOYED BY NON-PROFIT ORGANIZATIONS AUXILIARY TO SCHOOLS, COLLEGES, AND UNIVERSITIES

SEC. ~~135~~ *129*. (a) (1) Section 210(a) (10) (B) of the Social Security Act is amended to read as follows:

"(B) ~~service~~ *Service* performed in the employ of—

"(i) a school, college, or university, or

"(ii) an organization described in section 509 (a) (3) of the Internal Revenue Code of 1954 if the organization is organized, and at all times thereafter is operated, exclusively for the benefit of, to perform the functions of, or to carry out the purposes of a school, college, or university and is oper-

ated, supervised, or controlled by or in connection with such school, college, or university, unless it is a school, college, or university of a State or a political subdivision thereof and the services in its employ performed by a student referred to in section 218 (c) (5) are covered under the agreement between the Secretary of Health, Education, and Welfare and such State entered into pursuant to section 218;

if such service is performed by a student who is enrolled and regularly attending classes at such school, college, or university;".

(2) Section 3121 (b) (10) (B) of the Internal Revenue Code of 1954 is amended to read as follows:

"(B) service performed in the employ of—

"(i) a school, college, or university, or

"(ii) an organization described in section 509 (a) (3) if the organization is organized, and at all times thereafter is operated, exclusively for the benefit of, to perform the functions of, or to carry out the purposes of a school, college, or university and is operated, supervised, or controlled by or in connection with such school, college, or university, unless it is a school, college, or university of a State or a

political subdivision thereof and the services performed in its employ by a student referred to in section 218(c)(5) of the Social Security Act are covered under the agreement between the Secretary of Health, Education, and Welfare and such State entered into pursuant to section 218 of such Act; if such service is performed by a student who is enrolled and regularly attending classes at such school, college, or university;".

(b) The amendments made by subsection (a) shall apply to services performed after December 31, ~~1971.~~ *1972.*

PENALTY FOR FURNISHING FALSE INFORMATION TO OBTAIN SOCIAL SECURITY ACCOUNT NUMBER, *AND FOR DECEPTIVE PRACTICES INVOLVING SOCIAL SECURITY ACCOUNT NUMBERS*

SEC. ~~136.~~ *130.* (a) Section 208 of the Social Security Act is amended by adding "or" after the semicolon at the end of subsection (e), and by inserting after subsection (e) the following new ~~subsection~~ *subsections:*

"(f) willfully, knowingly, and with intent to deceive the Secretary as to his true identity (or the true identity of any other person) furnishes or causes to be furnished false information to the Secretary with respect to any information required by the Secretary in connection with the establish-

ment and maintenance of the records provided for in section ~~(205)(c)(2);"~~ *205(c)(2); or*

"(g) for the purpose of causing an increase in any payment authorized under this title (or any other program financed in whole or in part from Federal funds), or for the purpose of causing a payment under this title (or any such other program) to be made when no payment is authorized thereunder, or for the purpose of obtaining (for himself or any other person) any payment or any other benefit to which he (or such other person) is not entitled—

"(1) willfully, knowingly, and with intent to deceive, uses a social security account number, assigned by the Secretary (in the exercise of his authority under section 205(c)(2) to establish and maintain records) on the basis of false information furnished to the Secretary by him or by any other person; or

"(2) with intent to deceive, falsely represents a number to be the social security account number assigned by the Secretary to him or to another person, when in fact such number is not the social security account number assigned by the Secretary to him or to such other person;".

(b) The amendments made by subsection (a) shall

apply with respect to information furnished to the Secretary after the date of the enactment of this Act.

GUARANTEE OF NO DECREASE IN TOTAL FAMILY BENEFITS

SEC. 137. (a) Section 203(a) of the Social Security Act (as amended by sections 101(b), 102(a)(2), 103(b), and 110(d) of this Act) is further amended by striking out "or" at the end of paragraph (4), by striking out the period at the end of paragraph (5) and inserting in lieu thereof ", or", and by inserting after paragraph (5) the following new paragraph:

"(6) notwithstanding any other provision of law, when—

"(A) two or more persons are entitled to monthly benefits for a particular month on the basis of the wages and self-employment income of an insured individual and (for such particular month) the provisions of this subsection and section 202(q) are applicable to such monthly benefits, and

"(B) such individual's primary insurance amount is increased for the following month under any provision of this title,

then the total of monthly benefits for all persons on the basis of such wages and self-employment income for such particular month, as determined under the provi-

~~sions of this subsection, shall for purposes of determining the total of monthly benefits for all persons on the basis of such wages and self-employment income for months subsequent to such particular month be considered to have been increased by the smallest amount that would have been required in order to assure that the total monthly benefits payable on the basis of such wages and self-employment income for any such subsequent month will not be less (after application of the other provisions of this subsection and section 202(q)) than the total of monthly benefits (after the application of the other provisions of this subsection and section 202(q)) payable on the basis of such wages and self-employment income for such particular month."~~

~~(b) In any case in which the provisions of section 1002(b)(2) of the Social Security Amendments of 1969 were applicable with respect to benefits for any month in 1970, the total of monthly benefits as determined under section 203(a) of the Social Security Act shall, for months after 1970, be increased to the amount that would be required in order to assure that the total of such monthly benefits (after the application of section 202(q) of such Act) will not be less than the total of monthly benefits that was applicable~~

~~(after the application of such sections 203(a) and 202(q)) for the first month for which the provisions of such section 1002(b)(2) applied.~~

INCREASE OF AMOUNTS IN TRUST FUNDS AVAILABLE TO PAY COSTS OF REHABILITATION SERVICES

SEC. ~~138~~ *131.* The first sentence of section 222(d)(1) of the Social Security Act (as amended by section ~~113~~ *107*(b)(4) of this Act) is further amended by striking out "except that the total amount so made available pursuant to this subsection in any fiscal year may not exceed 1 percent of the total of the benefits under section 202(d) for children who have attained age 18 and are under a disability" and inserting in lieu thereof the following: "except that the total amount so made available pursuant to this subsection may not exceed—

"(i) 1 percent in the fiscal year ending June 30, ~~1971~~ *1972*,

"(ii) 1.25 percent in the fiscal year ending June 30, ~~1972~~ *1973*,

"(iii) 1.5 percent in the fiscal year ending June 30, ~~1973~~ *1974*, and thereafter,

of the total of the benefits under section 202(d) for children who have attained age 18 and are under a disability".

ACCEPTANCE OF MONEY GIFTS MADE UNCONDITIONALLY TO SOCIAL SECURITY

SEC. ~~139~~ *132.* (a) The second sentence of section 201 (a) of the Social Security Act is amended by inserting after "in addition," the following: "such gifts and bequests as may be made as provided in subsection (i) (1), and".

(b) The second sentence of section 201 (b) of such Act is amended by inserting after "consist of" the following: "such gifts and bequests as may be made as provided in subsection (i) (1), and".

(c) Section 201 of such Act is further amended by adding after subsection (h) the following new subsection:

"(i) (1) The Managing Trustee of the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, and the Federal Supplementary Medical Insurance Trust Fund is authorized to accept on behalf of the United States money gifts and bequests made unconditionally to any one or more of such Trust Funds or to the Department of Health, Education, and Welfare, or any part or officer thereof, for the benefit of any of such Funds or any activity financed through such Funds.

"(2) Any such gift accepted pursuant to the authority

granted in paragraph (1) of this subsection shall be deposited in—

"(A) the specific trust fund designated by the donor or

"(B) if the donor has not so designated, the Federal Old-Age and Survivors Insurance Trust Fund."

(d) The second sentence of section 1817(a) of such Act is amended by inserting after "consist of" and before "such amounts" the following: "such gifts and bequests as may be made as provided in section 201(i)(1), and".

(e) The second sentence of section 1841(a) of such Act is amended by inserting after "consist of" and before "such amounts" the following: "such gifts and bequests as may be made as provided in section 201(i)(1), and".

(f) The amendments made by this section shall apply with respect to gifts and bequests received after the date of enactment of this Act.

(g) For the purpose of Federal income, estate, and gift taxes, any gift or bequest to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, or the Federal Supplementary Medical Insurance Trust Fund, or to the Department of Health, Education, and Welfare, or any part or officer thereof, for the benefit of any of such Funds or any activity financed through any of such

Funds, which is accepted by the Managing Trustee of such Trust Funds under the authority of section 201 (i) of the Social Security Act, shall be considered as a gift or bequest to or for the use of the United States and as made for exclusively public purposes.

PAYMENT IN CERTAIN CASES OF DISABILITY INSURANCE BENEFITS WITH RESPECT TO CERTAIN PERIODS OF DISABILITY

SEC. ~~140~~ *133*. (a) If an individual would (upon the timely filing of an application for a disability determination under section 216 (i) of the Social Security Act and of an application for disability insurance benefits under section 223 of such Act) have been entitled to disability insurance benefits under such section 223 for a period which began after 1959 and ended prior to 1964, such individual shall, upon filing application for disability insurance benefits under such section 223 with respect to such period not later than 6 months after the date of enactment of this section, be entitled, notwithstanding any other provision of title II of the Social Security Act, to receive in a lump sum, as disability insurance benefits payable under section 223, an amount equal to the total amounts of disability insurance benefits which would have been payable to him for such period if he had timely filed such an application for a disability determination and

such an application for disability insurance benefits with respect to such period; but only if—

(1) prior to the date of enactment of this section and after the date of enactment of the Social Security Amendments of 1967, such period was determined (under section 216 (i) of the Social Security Act) to be a period of disability as to such individual; and

(2) the application giving rise to the determination (under such section 216 (i)) that such period is a period of disability as to such individual would not have been accepted as an application for such a determination except for the provisions of section 216 (i) (2) (F).

(b) No payment shall be made to any individual by reason of the provisions of subsection (a) except upon the basis of an application filed after the date of enactment of this section.

RECOMPUTATION OF BENEFITS BASED ON COMBINED RAILROAD AND SOCIAL SECURITY EARNINGS

SEC. ~~141~~ *134.* (a) Section 215 (f) of the Social Security Act is amended—

(1) by striking out subparagraph (B) of paragraph (2) and inserting in lieu thereof the following:

"(B) in the case of an individual who died in such year, for monthly benefits beginning with benefits for the month in which he died."; and

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

"(6) Upon the death after 1967 of an individual entitled to benefits under section 202(a) or section 223, if any person is entitled to monthly benefits or a lump-sum death payment, on the wages and self-employment income of such individual, the Secretary shall recompute the decedent's primary insurance amount, but only if the decedent during his lifetime was paid compensation which was treated under section 205(o) as remuneration for employment."

(b) Section 215(d)(2) of such Act is amended by inserting "or (6)" before the period at the end thereof.

CHANGES IN TAX SCHEDULES

SEC. ~~142~~ *135*. (a) (1) Section 1401(a) of the Internal Revenue Code of 1954 (relating to rate of tax on self-employment income for purposes of old-age, survivors, and disability insurance) is amended—

~~(A) by striking out "and before January 1, 1973" in paragraph (3) and inserting in lieu thereof "and before January 1, 1972";~~

~~(B) by striking out "and" at the end of paragraph (3); and~~

~~(C) by striking out paragraph (4) and inserting in lieu thereof the following:~~

(A) by striking out "1978" in paragraph (3) and inserting in lieu thereof "1973"; and

(B) by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:

"(4) in the case of any taxable year beginning after December 31, ~~1971,~~ *1972*, ~~and before January 1, 1975,~~ the tax shall be equal to ~~6.3~~ *7.0* percent of the amount of the self-employment income for such taxable year~~; and~~."

~~"(5) in the case of any taxable year beginning after December 31, 1974, the tax shall be equal to 7.0 percent of the amount of the self-employment income for such taxable year."~~

(2) Section 3101 (a) of such Code (relating to rate of tax on employees for purposes of old-age, survivors, and ~~disability insurance)~~ is ~~amended~~—*disability insurance is amended (A) by striking out "any of the calendar years 1971 through 1977" and inserting in lieu thereof "the calendar years 1971 and 1972" and (B) by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:*

~~(A) by striking out "the calendar years 1971 and 1972" in paragraph (3) and inserting in lieu thereof "the calendar year 1971"; and~~

~~(B) by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:~~

"(4) with respect to wages received during the

calendar years ~~1972,~~ 1973, ~~and~~ 1974, *1975, 1976, and 1977*, the rate shall be ~~4.2~~ *4.9* percent;

"(5) with respect to wages received during the calendar years ~~1975 and 1976,~~ *1978 through 2010*, the rate shall be ~~5.0~~ *4.95* percent; and

"(6) with respect to wages received after December 31, ~~1976,~~ *2010*, the rate shall be ~~6.1~~ *6.05* percent."

(3) Section 3111 (a) of the such Code (relating to rate of tax on employers for purposes of old-age, survivors, and ~~disability insurance) is amended—~~

~~(A) by striking out "the calendar years 1971 and 1972" in paragraph (3) and inserting in lieu thereof "the calendar year 1971"; and~~

~~(B) by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:~~

disability insurance) is amended (A) by striking out "any of the calendar years 1971 through 1977" and inserting in lieu thereof "the calendar years 1971 and 1972" and (B) by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:

"(4) with respect to wages paid during the calendar years ~~1972,~~ 1973, ~~and~~ 1974, *1975, 1976, and 1977*, the rate shall be ~~4.2~~ *4.9* percent;

"(5) with respect to wages paid during the calendar years ~~1975 and 1976,~~ *1978 through 2010*, the rate shall be ~~5.0~~ *4.95* percent; and

"(6) with respect to wages paid after December 31, ~~1976,~~ *2010,* the rate shall be ~~6.1~~ *6.05* percent."

(b) (1) Section 1401 (b) of such Code (relating to rate of tax on self-employment income for purposes of hospital ~~insurance)~~ is ~~amended—~~

~~(A) by striking out "and before January 1, 1973" in paragraph (1) and inserting in lieu thereof "and before January 1, 1972"; and~~

~~(B) by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:~~

~~"(2) in the case of any taxable year beginning after December 31, 1971, and before January 1, 1977, the tax shall be equal to 1.2 percent of the amount of the self-employment income for such taxable year; and~~

~~"(3) in the case of any taxable year beginning after December 31, 1976, the tax shall be equal to 1.3 percent of the amount of the self-employment income for such taxable year."~~

insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1978, the tax shall be equal to 1.1 percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after

December 31, 1977, and before January 1, 1981, the tax shall be equal to 1.3 percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1980, and before January 1, 1993, the tax shall be equal to 1.5 percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1992, the tax shall be equal to 1.6 percent of the amount of the self-employment income for such taxable year."

(2) Section 3101 (b) of such Code (relating to rate of tax on employees for purposes of hospital insurance) is ~~amended—~~

~~(A) by striking out "1971, and 1972" in paragraph (1) and inserting in lieu thereof "and 1971"; and~~

~~(B) by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:~~

~~"(2) with respect to wages received during the calendar years 1972, 1973, 1974, 1975, and 1976, the rate shall be 1.2 percent; and~~

~~"(3) with respect to wages received after December 31, 1976, the rate shall be 1.3 percent."~~

amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages received during the calendar years 1973, 1974, 1975, 1976, and 1977, the rate shall be 1.1 percent;

"(3) with respect to wages received during the calendar years 1978, 1979, and 1980, the rate shall be 1.3 percent;

"(4) with respect to wages received during the calendar years 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, and 1992, the rate shall be 1.5 percent; and

"(5) with respect to wages received after December 31, 1992, the rate shall be 1.6 percent."

(3) Section 3111(b) of such Code (relating to rate of tax on employers for purposes of hospital insurance) is ~~amended—~~

~~(A) by striking out "1971, and 1972" in paragraph (1) and inserting in lieu thereof "and 1971"; and~~

~~(B) by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:~~

~~"(2) with respect to wages paid during the calendar years 1972, 1973, 1974, 1975, and 1976, the rate shall be 1.2 percent; and~~

~~"(3) with respect to wages paid after December 31, 1976, the rate shall be 1.3 percent."~~

amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages paid during the calendar years 1973, 1974, 1975, 1976, and 1977, the rate shall be 1.1 percent;

"(3) with respect to wages paid during the calendar years 1978, 1979, and 1980, the rate shall be 1.3 percent;

"(4) with respect to wages paid during the calendar years 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, and 1992, the rate shall be 1.5 percent; and

"(5) with respect to wages paid after December 31, 1992, the rate shall be 1.6 percent."

(c) The amendments made by subsections (a) (1) and (b) (1) shall apply only with respect to taxable years beginning after December 31, ~~1971~~ *1972*. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, ~~1971~~ *1972*.

ALLOCATION TO DISABILITY INSURANCE TRUST FUND

~~SEC. 143. (a) Section 201 (b) (1) of the Social Security Act is amended~~

(1) by striking out "and (D)" and inserting in lieu thereof "(D)", and

(2) by striking out "1969, and so reported" and inserting in lieu thereof "1969, and before January 1, 1972, and so reported, (E) 0.90 of 1 per centum of the wages (as so defined) paid after December 31, 1971, and before January 1, 1975, and so reported, (F) 1.05 per centum of the wages (as so defined) paid after December 31, 1974, and before January 1, 1977, and so reported, and (G) 1.25 per centum of the wages (as so defined) paid after December 31, 1976, and so reported,".

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

(1) by striking out "and (D)" and inserting in lieu thereof "(D)", and

(2) by striking out "beginning after December 31, 1969," and inserting in lieu thereof "beginning after December 31, 1969, and before January 1, 1972, (E) 0.675 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1971, and before January 1, 1975, and (F) 0.735 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1974,".

SEC. 136. (a) Section 201(b)(1) of the Social Security Act is amended—

(1) by striking out "(E) 1.0" and inserting in lieu thereof "(E) 1.15",

(2) by striking out "(F) 1.1" and inserting in lieu thereof "(F) 1.40", and

(3) by striking out "(G) 1.4" and inserting in lieu thereof "(G) 1.60".

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

(1) by striking out "(E) 0.75" and inserting in lieu thereof "(E) 0.83",

(2) by striking out "(F) 0.825" and inserting in lieu thereof "(F) 1.00", and

(3) by striking out "(G) 0.915" and inserting in lieu thereof "(G) 0.935".

METHOD OF ISSUANCE OF SOCIAL SECURITY ACCOUNT NUMBERS

SEC. 137. (a) Section 205(c)(2) of the Social Security Act is amended—

(1) by inserting "(A)" immediately after "(2)"; and

(2) by adding at the end thereof the following new subparagraph:

"(B)(i) In carrying out his duties under subparagraph

(A), the Secretary shall take affirmative measures to assure that social security account numbers will, to the maximum extent practicable, be assigned to all members of appropriate groups or categories of individuals by assigning such numbers (or ascertaining that such numbers have already been assigned):

"(I) to or on behalf of children who are below school age at the request of their parents or guardians;

"(II) to children of school age at the time of their first enrollment in school;

"(III) to aliens at the time of their lawful admission to the United States either for permanent residence or under other authority of law permitting them to engage in employment in the United States and to other aliens at such time as their status is so changed as to make it lawful for them to engage in such employment;

"(IV) to any individual who is an applicant for or recipient of benefits under any program financed in whole or in part from Federal funds including any child on whose behalf such benefits are claimed by another person; and

"(V) to any other individual when it appears that he could have been but was not assigned an account number under the provisions of subclauses (I), (II), (III), or (IV) but only after such investigation as is neces-

sary to establish to the satisfaction of the Secretary, the identity of such individual, the fact that an account number has not already been assigned to such individual, and the fact that such individual is a citizen or a noncitizen who is not, because of his alien status, prohibited from engaging in employment.

"(ii) The Secretary shall require of applicants for social security account numbers such evidence as may be necessary to establish the age, citizenship, or alien status, and true identity of such applicants, and to determine which (if any) social security account number has previously been assigned to such individual.

"(iii) In carrying out the requirements of this subparagraph, the Secretary shall enter into such agreements as may be necessary with the Attorney General and other officials and with State and local welfare agencies and school authorities (including non-public school authorities)."

SISTER'S AND BROTHER'S INSURANCE BENEFITS

SEC. 138. (a) Section 202 of the Social Security Act is amended by adding after subsection (w) thereof (as added by section 106(a) of this Act) the following new subsection:

"Sister's and Brother's Insurance Benefits

"(x)(1) Every sister or brother (as defined in this subsection) of an individual entitled to old-age or disability

insurance benefits, or of an individual who died a fully insured individual, if such brother or sister—

"(A)(i) is under a disability (as defined in section 223(d)) which began before he or she attained the age of 22, or (ii) in the case of a sister, has attained age 62,

"(B) was receiving at least one-half of his or her support, as determined in accordance with regulations prescribed by the Secretary, from such deceased or insured individual—

"(i) if such individual is living, at the time such individual became entitled to old-age or disability insurance benefits,

"(ii) if such individual has died, at the time of such death, or

"(iii) if such individual had a period of disability which continued until he became entitled to old-age or disability insurance benefits, or (if he has died) until the month of his death, at the beginning of such period of disability or at the time of such death, and has filed proof of such support within two years after the month in which such individual filed application with respect to such period of disability, became entitled to such benefits, or died, as the case may be, or (if later) within two years after the month in which the Social Security Amendments of 1972 is enacted,

"(C) is not entitled to old-age or disability insurance benefits, or is entitled to old-age or disability insurance benefits each of which is (i) less than one-half of the primary insurance amount of such individual if he is entitled to old-age or disability insurance benefits, or (ii) less than 82½ per centum of the primary insurance amount of such individual if he is deceased where the amount of the sister's or brother's insurance benefit is determinable under paragraph (2)(A) (or 75 per centum of such primary insurance amount if such individual is deceased in any other case),

"(D) has filed application for sister's or brother's insurance benefits, and

"(E) has not married after the date such individual became entitled to old-age or disability insurance benefits or died,

shall be entitled to a sister's or brother's insurance benefit for each month, beginning with the first month he or she becomes so entitled to such insurance benefits and ending with the month preceding whichever of the following first occurs—

"(F) the month in which such sister or brother dies,

"(G)(i) if such individual is entitled to old-age or disability insurance benefits, the first month in which such sister or brother becomes entitled to an old-age insurance benefit or a disability insurance benefit which

is equal to or exceeds one-half of the primary insurance amount of such individual, or (ii) if such individual has died, the first month in which such sister or brother becomes entitled to an old-age insurance benefit or a disability insurance benefit which is equal to or exceeds 82½ per centum of the primary insurance amount of such individual if the sister's or brother's insurance amount is determinable under paragraph (2)(A) (or 75 per centum of such primary insurance amount in any other case),

"(H) the first month in which such individual is alive and is not entitled to disability insurance benefits and is not entitled to old-age insurance benefits,

"(I) in the case of a sister who has not attained the age of 62 or of a brother, the third month following the month in which such sister or brother ceases to be under a disability (as defined in section 223(d)) unless, in the case of such sister, she attains age 62 on or before the last day of such third month, or

"(J) the month in which such sister or brother marries.

"(2)(A) Except as provided in subparagraphs (B) and (C) of this paragraph, such sister's or brother's insurance benefit for each month shall be equal to—

"(i) if the individual on the basis of whose wages

and self-employment income the sister or brother is entitled to such benefit has not died prior to the end of such month, one-half of the primary insurance amount of such individual for such month, or

"(ii) if such individual has died in or prior to such month, 82½ per centum of the primary insurance amount of such individual.

"(B) For any month for which more than one person is entitled to sister's or brother's insurance benefits on the basis of the wages and self-employment income of an individual who died in or prior to such month, such benefit for each such person for each such month shall be equal to 75 per centum of the primary insurance amount of such insured individual.

"(3) As used in this subsection—

"(A) the term 'sister' means a sister by the whole-blood, a sister by the halfblood, a stepsister by a marriage contracted before the sister attained age 18, or an adopted sister by an adoption that took place before the sister attained age 18; and

"(B) the term 'brother' means a brother by the wholeblood, a brother by the halfblood, a stepbrother by a marriage contracted before the brother attained age 18, or an adopted brother by an adoption that took place before the brother attained age 18.

"(4) In the case of a sister or brother who marries—

"(A) an individual entitled to benefits under this subsection or subsection (b), (e), (f), (g), or (h),

"(B) an individual who attained the age of 18 and is entitled to benefits under subsection (d), or

"(C) an individual entitled to benefits under subsection (a) of this section or section 223(a) but, with respect to a sister, only if she is under a disability (as defined in section 223(d)),

such sister's or brother's entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1) but subject to subsection (s), not be terminated by reason of such marriage; except that, in the case of such a marriage to an individual entitled to benefits under subsection (d), the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month during all of which such individual was under a disability (as defined in section 223(d)) unless he ceases to be so entitled by reason of his death."

(b) Section 201(h) of such Act is amended by striking out "or (d)" and inserting in lieu thereof "(d), or (x)".

(c)(1) Section 202(b)(3)(A) of such Act is amended by striking out "or (h)" and inserting in lieu thereof ", (h), or (x)".

(2) Section 202(c)(2)(A) and section 202(e)(3)(A)

of such Act are each amended by striking out "or (h)" and inserting in lieu thereof ", (h), or (x)".

(3) Sections 202(d)(5)(A) and 202(f)(4)(A) of such Act are each amended by striking out "or (h)" and inserting in lieu thereof "(h), or (x)".

(4) Section 202(f)(2)(A) of such Act is amended by inserting immediately before the semicolon "or (x)".

(5) Section 202(g)(3)(A) of such Act is amended by striking out "or (h)" and inserting in lieu thereof "(h), or (x)".

(6) Section 202(h)(4)(A) of such Act is amended by striking out "or (g)" and inserting in lieu thereof "(g), or (x)".

(7) Section 202(j)(1) of such Act is amended by striking out "or (h)" and inserting in lieu thereof "(h), or (x)".

(8) Section 202(k)(2)(B) of such Act is amended by striking out "preceding".

(9) Section 202(o) of such Act is amended by striking out "or (h)" each place it appears and inserting in lieu thereof "(h), or (x)".

(10) Section 202(p) of such Act is amended by striking out "or subparagraph (B) of subsection (h)(1)," and inserting in lieu thereof "subparagraph (B) of subsection (h)(1), subparagraph (B) of subsection (x)(1),".

(11) Section 216(b)(3)(A) of such Act is amended by striking out "or (h)" and inserting in lieu thereof "(h), or (x)".

(12) Section 216(c)(6)(A) of such Act is amended by striking out "or (h)" and inserting in lieu thereof "(h), or (x)".

(13) Section 216(f)(3)(A) of such Act is amended by striking out "or (h)" and inserting in lieu thereof ", (h), or (x)".

(14) Section 216(g)(6)(A) of such Act is amended by striking out "or (h)" and inserting in lieu thereof ", (h), or (x)".

(d) Section 203(d)(1) of such Act is amended by striking out "or child's" wherever it appears and inserting in lieu thereof "child's, sister's, or brother's" and by striking out "or child" and inserting in lieu thereof "child, sister, or brother".

(e) Where—

(1) one or more persons are entitled (without the application of sections 202(j)(1) and 223(b) of the Social Security Act) to monthly benefits under section 202 or 223 of such Act for December 1972 on the basis of the wages and self-employment income of an insured individual, and

(2) one or more persons (not included in paragraph (1)) are entitled to monthly benefits under section 202

(x) of such Act for a month after December 1972 on the basis of such wages and self-employment income, and

(3) the total of benefits to which all persons are entitled under such sections 202 and 223 on the basis of such wages and self-employment income for any month after December 1972 is reduced by reason of section 203(a) of such Act as amended by this Act (or would but for the penultimate sentence of such section 203(a) be so reduced),

then the amount of the benefit to which each person referred to in paragraph (1) of this subsection is entitled beginning with the first month after December 1972 for which any person referred to in paragraph (2) becomes entitled shall be adjusted, after the application of such section 203(a), to an amount no less than the amount it would have been if the person or persons referred to in paragraph (2) of this subsection were not entitled to a benefit referred to in such paragraph (2).

(g) The amendments made by this section shall apply with respect to monthly insurance benefits under section 202 (x) of the Social Security Act for months after December 1972 on the basis of applications for such benefits filed on or after the date of enactment of this Act.

REFUND OF SOCIAL SECURITY TAX TO MEMBERS OF CERTAIN RELIGIOUS GROUPS OPPOSED TO INSURANCE

SEC. 139. (a)(1) Section 6413 of the Internal Revenue Code of 1954 (relating to special rules applicable to certain employment taxes) is amended by adding at the end thereof the following new subsection:

"(e) SPECIAL REFUNDS OF SOCIAL SECURITY TAX TO MEMBERS OF CERTAIN RELIGIOUS FAITHS.—

"(1) IN GENERAL.—An employee who receives wages with respect to which the tax imposed by section 3101 is deducted during a calendar year for which an authorization granted under this subsection applies shall be entitled (subject to the provisions of section 31(b)) to a credit or refund of the amount of tax so deducted.

"(2) AUTHORIZATION FOR CREDIT OR REFUND.—Any individual may file an application (in such form and manner, and with such official, as may be prescribed by regulations under this subsection) for an authorization for credit or refund of the tax imposed by section 3101 if he is a member of a recognized religious sect or division thereof described in section 1402(h)(1) and is an adherent of established tenets or teachings of such sect or division described in such section. Such authorization may be granted only if—

"(A) the application contains or is accom-

panied by evidence described in section 1402(h)(1)(A) and a waiver described in section 1402(h)(1)(B), and

"(B) the Secretary of Health, Education, and Welfare makes the findings described in section 1402(h)(1)(C), (D), and (E).

An authorization may not be granted to any individual if any benefit or other payment referred to in section 1402(h)(1)(B) became payable (or, but for section 203 or 222(b) of the Social Security Act, would have become payable) at or before the time of filing of such waiver.

"(3) EFFECTIVE PERIOD OF AUTHORIZATION.—An authorization granted to any individual under this subsection shall apply with respect to wages paid to such individual during the period—

"(A) commencing with the first day of the first calendar year after 1972 throughout which such individual meets the requirements specified in paragraph (2) and in which such individual files application for such authorization (except that if such application is filed on or before the date prescribed by law, including any extension thereof, for filing an income tax return for such individual's taxable year, such application may be treated as having been filed

in the calendar year in which such taxable year begins), and

"(B) ending with the first day of the calendar year in which (i) such individual ceases to meet the requirements of the first sentence of paragraph (2), or (ii) the sect or division thereof of which such individual is a member is found by the Secretary of Health, Education, and Welfare to have ceased to meet the requirements of subparagraph (B) of paragraph (2).

"(4) APPLICATION BY FIDUCIARIES OR SURVIVORS.—If an individual who has received wages with respect to which the tax imposed by section 3101 has been deducted during a calendar year dies without having filed an application under paragraph (2) an application may be filed with respect to such individual by a fiduciary acting for such individual's estate or by such individual's survivor (within the meaning of section 205 (c)(1)(C) of the Social Security Act)."

(2) Section 31(b)(1) of such Code (relating to credit for special refunds of social security tax) is amended by striking out "section 6413(c)" and inserting in lieu thereof "section 6413 (c) or (e)".

(b)(1) Sections 201(g)(2) and 1817(f)(1) of the Social Security Act are each amended by striking out "sec-

tion 6413(c)" and inserting in lieu thereof "sections 6413 (c) and (e)".

(2) Section 202(v) of the Social Security Act is amended—

(1) by inserting "(1)" after "(v)"; and

(2) by adding at the end thereof the following new paragraph:

"(2) Notwithstanding any other provisions of this title, in the case of any individual who files a waiver pursuant to section 6413(e) of the Internal Revenue Code of 1954 and is granted an authorization for credit or refund thereunder, no benefits or other payments shall be payable under this title to him, no payments shall be made on his behalf under part A of title XVIII, and no benefits or other payments under this title shall be payable on the basis of his wages and self-employment income to any other person, after the filing of such waiver; except that, if thereafter such individual's authorization under such section 6413(e) ceases to be effective, such waiver shall cease to be applicable in the case of benefits and other payments under this title and part A of title XVIII to the extent based on his wages beginning with the first day of the calendar year for which such authorization ceases to apply and on his self-employment income for and after his taxable year which begins in or with the beginning of such calendar year."

PAYMENTS BY EMPLOYER TO DISABLED FORMER EMPLOYEE

SEC. 140. (a) Section 209 of the Social Security Act (as amended by section 128(a) of this Act) is further amended by striking out "or" at the end of subsection (m), by striking out the period at the end of subsection (n) and inserting in lieu thereof "; or", and by inserting after subsection (n) the following new subsection:

"(o) Any payment made by an employer to an employee, if at the time such payment is made such employee is entitled to disability insurance benefits under section 223(a) and such entitlement commenced prior to the calendar year in which such payment is made, and if such employee did not perform any services for such employer during the period for which such payment is made."

(b) Section 3121(a) of the Internal Revenue Code of 1954 (relating to definition of wages, and as amended by section 128(b) of this Act) is further amended by striking out "or" at the end of paragraph (13), by striking out the period at the end of paragraph (14) and inserting in lieu thereof "; or", and by inserting after paragraph (14) the following new paragraph:

"(15) any payment made by an employer to an employee, if at the time such payment is made such employee is entitled to disability insurance benefits under

section 223(a) of the Social Security Act and such entitlement commenced prior to the calendar year in which such payment is made, and if such employee did not perform any services for such employer during the period during which such payment is made."

(c) The amendments made by this section shall apply in the case of any payment made after December 1972.

LUMP-SUM DEATH PAYMENT TO COVER MEMORIAL SERVICES WHERE BODY IS UNAVAILABLE FOR BURIAL

SEC. 141. (a) Section 2 of Public Law 92-223 (approved December 28, 1971) is amended by striking out "1970" and inserting in lieu thereof "1960".

(b) The amendment made by subsection (a) shall apply only on the basis of applications for lump-sum death payments under title II of the Social Security Act filed on or after the date of enactment of this Act.

UNDERPAYMENTS

SEC. 142. Section 204(d)(7) of the Social Security Act is amended by striking out ", if any" and inserting in lieu thereof "or, if none, to the person or persons, if any, who are determined by the Secretary, in accordance with regulations, to be related to the deceased individual by blood, marriage, or adoption and to be the appropriate person or persons to receive payment on behalf of the estate".

DISREGARD, FOR PURPOSES OF EARNINGS TEST, OF CERTAIN INCOME FROM SALE OF COPYRIGHTS, LITERARY COMPOSITIONS, ETC.

SEC. 143. (a) Section 203(f)(5) of the Social Security Act is amended by inserting after subparagraph (D) the following new subparagraph:

"(E) For purposes of this section, there shall be excluded from the gross income of any individual for any taxable year the gain from the sale or other disposition, during such year, of any property of such individual which is not, by reason of the provisions of section 1221(3) (A) or (B) of the Internal Revenue Code of 1954, a capital asset of such individual as a taxpayer if—

"(i) such indivdual attained age 65 on or before the last day of such taxable year; and

"(ii) such individual shows to the satisfaction of the Secretary that such property was created by him, or (in the case such property consists of a letter, memorandum, or similar property) was prepared or produced for him prior to the taxable year in which such individual attained age 65."

(b) The amendment made by this section shall be effective in the case of taxable years beginning after December 31, 1972.

TERMINATION OF COVERAGE OF REGISTRARS OF VOTERS IN LOUISIANA

SEC. 144. (a) Notwithstanding the provisions of section 218(g)(1) of the Social Security Act, the Secretary may, under such conditions as he deems appropriate, permit the State of Louisiana to modify its agreement entered into under section 218 of such Act so as to terminate the coverage of all employees who are in positions under the Registrars of Voters Employees' Retirement System, effective after December 1975, but only if such State files with him notice of termination on or before December 31, 1973.

(b) If the coverage of such employees in positions under such retirement system is terminated pursuant to subsection (a), coverage cannot later be extended to employees in positions under such retirement system.

COMPUTATION OF INCOME OF AMERICAN MINISTERS AND MEMBERS OF RELIGIOUS ORDERS PERFORMING SERVICES OUTSIDE THE UNITED STATES

SEC. 145. (a) Section 211(a)(7) of the Social Security Act is amended—

(1) by striking out "and section 119" and inserting in lieu thereof ", section 119";

(2) by striking out "of the Internal Revenue Code of 1954 and, in addition, if he is a citizen of the United States performing such service as an employee of an

American employer (as defined in section 210(e)) or as a minister in a foreign country who has a congregation which is composed predominantly of citizens of the United States, without regard to" and inserting in lieu thereof a comma; and

(3) by striking out "such code" and inserting in lieu thereof "the Internal Revenue Code of 1954".

(b) Section 1402(a)(8) of the Internal Revenue Code is amended—

(1) by striking out "and section 119" and inserting in lieu thereof ", section 119"; and

(2) by striking out "and, in addition, if he is a citizen of the United States performing such service as an employee of an American employer (as defined in section 3121(h)) or as a minister in a foreign country who has a congregation which is composed predominantly of citizens of the United States, without regard to" and inserting in lieu thereof a comma.

(c) The amendments made by this section shall apply with respect to taxable years beginning after December 31, 1972.

MODIFICATION OF STATE AGREEMENTS WITH RESPECT TO CERTAIN STUDENTS AND CERTAIN PART-TIME EMPLOYEES

SEC. 146. (a) Notwithstanding any provision of section 218 of the Social Security Act, the agreement with any State (or any modifications thereof) entered into pursuant

to such section may, at the option of such State, be modified at any time prior to January 1, 1974, so as to exclude either or both of the following:

(1) service in any class or classes of part-time positions; or

(2) service performed in the employ of a school, college, or university if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university.

(b) Any modification of such agreement pursuant to this section shall be effective with respect to services performed after the end of the calendar quarter following the calendar quarter in which such agreement is modified.

(c) If any such modification terminates coverage with respect to service in any class or classes of part-time positions in any coverage group, the Secretary of Health, Education, and Welfare and the State may not thereafter modify such agreement so as to again make the agreement applicable to service in such positions in such coverage group; if such modification terminates coverage with respect to service performed in the employ of a school, college, or university, by a student who is enrolled and regularly attending classes at such school, college, or university, the Secretary of Health, Education, and Welfare and the State may not thereafter modify such agreement so as to again make the agreement

applicable to such service performed in the employ of such school, college, or university.

BENEFITS IN CASE OF CERTAIN INDIVIDUALS INTERNED DURING WORLD WAR II

SEC. 147. (a) Title II of the Social Security Act (as amended by this Act) is amended by adding at the end thereof a new section as follows:

"SEC. 231. (a) For the purposes of this section the term 'internee' means an individual who was interned during any period of time from December 7, 1941, through December 31, 1946, at a place within the United States operated by the Government of the United States for the internment of United States citizens of Japanese ancestry.

"(b)(1) For purposes of determining entitlement to and the amount of any monthly benefit for any month after December 1972, or entitlement to and the amount of any lump-sum death payment in the case of a death after such month, payable under this title on the basis of the wages and self-employment income of any individual, and for purposes of section 216(i)(3), such individual shall be deemed to have been paid during any period after he attained age 18 and for which he was an internee, wages (in addition to any wages actually paid to him) at a weekly rate of basic pay during such period as follows—

"(A) in the case such individual was not employed prior to the beginning of such period, 40 multiplied

by the minimum hourly rate or rates in effect at any such time under section 206(a)(1) of title 29, United States Code, for each full week during such period; and

"(B) in the case such individual who was employed prior to the beginning of such period, 40 multiplied by the greater of (i) the highest hourly rate received during any such employment, or (ii) the minimum hourly rate or rates in effect at any such time under section 206(a)(1) of title 29, United States Code, for each full week during such period.

"(2) This subsection shall not be applicable in the case of any monthly benefit or lump-sum death payment if—

"(A) a larger such benefit or payment, as the case may be, would be payable without its application; or

"(B) a benefit (other than a benefit payable in a lump-sum unless it is a computation of, or a substitute for, periodic payments) which is based, in whole or in part, upon internment during any period from December 7, 1941, through December 31, 1946, at a place within the United States operated by the Government of the United States for the internment of United States citizens of Japanese ancestry, is determined by any agency or wholly owned instrumentality of the United States to be payable by it under any other law of the United States

or under a system established by such agency or instrumentality.

The provisions of clause (B) shall not apply in the case of any monthly benefit or lump-sum death payment under this title if its application would reduce by $0.50 or less the primary insurance amount (as computed under section 215 prior to any recomputation thereof pursuant to subsection (f) of such section) of the individual on whose wages and self-employment income such benefit or payment is based. The provisions of clause (B) shall also not apply for purposes of section 216(i)(3).

"(3) Upon application for benefits, a recalculation of benefits (by reason of this section), or a lump-sum death payment on the basis of the wages and self-employment income of any individual who was an internee, the Secretary of Health, Education, and Welfare shall accept the certification of the Secretary of Defense or his designee concerning any period of time for which an internee is to receive credit under paragraph (1) and shall make a decision without regard to clause (B) of paragraph (2) of this subsection unless he has been notified by some other agency or instrumentality of the United States that, on the basis of the period for which such individual was an internee, a benefit described in clause (B) of paragraph (2) has been determined by such agency or instrumentality to be payable by it. If the Secretary of Health, Education, and Welfare

has not been so notified, he shall then ascertain whether some other agency or wholly owned instrumentality of the United States has decided that a benefit described in clause (B) of paragraph (2) is payable by it. If any such agency or instrumentality has decided, or thereafter decides, that such a benefit is payable by it, it shall so notify the Secretary of Health, Education, and Welfare, and the Secretary shall certify no further benefits for payment or shall recompute the amount of any further benefits payable, as may be required by this section.

"(4) Any agency or wholly owned instrumentality of the United States which is authorized by any law of the United States to pay benefits, or has a system of benefits which are based, in whole or in part, on any period for which any individual was an internee shall, at the request of the Secretary of Health, Education, and Welfare, certify to him, with respect to any individual who was an internee, such information as the Secretary deems necessary to carry out his functions under paragraph (3) of this subsection.

"(c) There are authorized to be appropriated to the Trust Funds and the Federal Hospital Insurance Trust Fund for the fiscal year ending June 30, 1978, such sums as the Secretary determines would place the Trust Funds and the Federal Hospital Insurance Trust Fund in the position in which they would have been if the preceding provisions of this section had not been enacted."

(b) Section 215(d)(1)(C) of such Act is amended by striking out "and" at the end of clause (ii), by striking out the period at the end of clause (iii), and inserting in lieu thereof ", and", and by inserting after clause (iii) the following new clause:

"(iv) wages deemed paid prior to 1951 to such individual under section 231.".

(c) Section 215(d)(2) of such Act (as amended by section 134 of this Act) is further amended by striking out the period at the end thereof and inserting in lieu thereof "or section 231.".

MODIFICATION OF AGREEMENT WITH WEST VIRGINIA TO PROVIDE COVERAGE FOR CERTAIN POLICEMEN AND FIREMEN

SEC. 148. (a) Notwithstanding the provisions of subsection (d)(5)(A) of section 218 of the Social Security Act and the references thereto in subsections (d)(1) and (d)(3) of such section 218, the agreement with the State of West Virginia heretofore entered into pursuant to such section 218 may, at any time prior to 1974, be modified pursuant to subsection (c)(4) of such section 218 so as to apply to services performed in policemen's or firemen's positions covered by a retirement system on the date of the enactment of this Act by individuals as employees of any class III or class IV municipal corporation (as defined in or under the laws of the State) if the State of West

Virginia has at any time prior to the date of the enactment of this Act paid to the Secretary of the Treasury, with respect to any of the services performed in such positions by individuals as employees of such municipal corporation, the sums prescribed pursuant to subsection (e)(1) of such section 218. For purposes of this subsection, a retirement system which covers positions of policemen or firemen, or both, and other positions, shall, if the State of West Virginia so desires, be deemed to be a separate retirement system with respect to the positions of such policemen or firemen, or both, as the case may be.

(b) Notwithstanding the provisions of subsection (f) of section 218 of the Social Security Act, any modification in the agreement with the State of West Virginia under subsection (a) of this section, to the extent it involves services performed by individuals as employees of any class III or class IV municipal corporation, may be made effective with respect to—

(1) all services performed by such individual, in any policeman's or fireman's position to which the modification relates, on or after the date of the enactment of this Act; and

(2) all services performed by such individual in such a position before such date of enactment with respect to which the State of West Virginia has paid to the Secretary of the Treasury the sums prescribed

pursuant to subsection (e)(1) of such section 218 at the time or times established pursuant to such subsection (e)(1), if and to the extent that—

(A) no refund of the sums so paid has been obtained, or

(B) a refund of part or all of the sums so paid has been obtained but the State of West Virginia repays to the Secretary of the Treasury the amount of such refund within ninety days after the date that the modification is agreed to by the State and the Secretary of Health, Education, and Welfare.

TERMINATION OF COVERAGE FOR POLICEMEN OR FIREMEN

SEC. 149. (a)(1) Section 218(g)(1) of the Social Security Act is amended by striking out "either" after "Secretary", by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; or", and by inserting after subparagraph (B) the following new subparagraph:

"(C) with respect to services of—

"(i) all employees included under the agreement as a single coverage group within the meaning of subsection (d)(4) which is composed entirely of positions of policemen or firemen or both;

"(ii) all employees in positions of policemen

or firemen or both which are included under the agreement as a part of a coverage group within the meaning of subsection (d)(4); or

"(iii) all employees in positions of policemen or firemen or both which were included under the agreement as a part of a coverage group as defined in subsection (b)(5) and which were covered by a retirement system after the date coverage was extended to such group.

but only if the agreement has been in effect with respect to employees in such positions for not less than five years prior to the receipt of such notice."

(2) Section 218(g)(3) of such Act is amended by adding at the end thereof the following sentence: "If any such agreement is terminated with respect to services of employees in positions of policemen or firemen as described in paragraph (1)(C), the Secretary and the State may not thereafter modify such agreement so as to again make the agreement applicable to services performed by employees in such positions."

(b) Notwithstanding any provision of section 218 of the Social Security Act, any agreement with a State under such section may, if the State so desires, be modified at any time prior to July 1, 1975, so as to again make the agreement applicable to services performed by employees, other than employees in policemen's or firemen's positions,

in a coverage group with respect to which the agreement was terminated by the State prior to the enactment of this Act if the Governor of the State, or an official designated by him, certifies that the following conditions have been met:

(1) the majority of such employees have indicated a desire to have their coverage reinstated, and

(2) the termination of the agreement with respect to the coverage group was for the purpose of terminating coverage for those employees in policemen's or firemen's positions, or both.

Notwithstanding the provisions of section 218(f)(1) of such Act, any such modification shall be effective as of the date coverage was previously terminated for those members of the coverage group who meet the conditions prescribed in section 218(f)(2) of such Act.

PERFECTING AMENDMENTS RELATED TO THE 20-PERCENT INCREASE PROVISION ENACTED IN PUBLIC LAW 92-336

SEC. 150. (a)(1) The table in section 215(a) of the Social Security Act (as inserted by section 201(a) of Public Law 92-336) is amended—

(A) in column II of such table, by striking out "251.40" and inserting in lieu thereof "254.40", and

(B) in column III of such table, by striking out "699" and inserting in lieu thereof "696".

(2) Section 203(a)(2)(B) of such Act (as amended by section 201(b) of Public Law 92-336) is amended by strik-

ing out "for each person" and inserting in lieu thereof "for each such person".

(3) Section 203(a)(2)(C) of such Act (as amended by section 202(a)(2)(B) of Public Law 92-336) is amended by striking out "month including" and inserting in lieu thereof "month (including".

(4) Section 230(b)(2) of such Act (as added by section 202(b)(1) of Public Law 92-336) is amended by striking out "or" at the end of clause (A) and inserting in lieu thereof "of".

(b) The amendments made by each of the paragraphs in subsection (a) shall be effective in like manner as if such amendment had been included in title II of Public Law 92-336 in the particular provision of such title referred to in such paragraph.

(c) Section 203(b)(6) of Public Law 92-336 is amended, effective July 1, 1972, by striking out "Section 6413(a)(2)(A)" and inserting in lieu thereof "Section 6413(c)(2)(A)".

TITLE II—PROVISIONS RELATING TO MEDICARE, MEDICAID, AND MATERNAL AND CHILD HEALTH

~~PART A—ELIGIBILITY AND PAYMENT FOR BENEFITS~~

COVERAGE FOR DISABILITY BENEFICIARIES UNDER MEDICARE

SEC. 201. (a) (1) (A) The heading of title XVIII of the Social Security Act is amended to read as follows:

"TITLE XVIII—HEALTH INSURANCE FOR THE AGED AND DISABLED".

(B) The heading of part A of such title is amended to read as follows:

"PART A—HOSPITAL INSURANCE BENEFITS FOR THE AGED AND DISABLED".

(C) The heading of part B of such title is amended to read as follows:

"PART B—SUPPLEMENTARY MEDICAL INSURANCE BENEFITS FOR THE AGED AND DISABLED".

(2) The text of section 1811 of such Act is amended to read as follows:

"SEC. 1811. The insurance program for which entitlement is established by section 226 provides basic protection against the costs of hospital and related posthospital services in accordance with this part for (1) individuals who are age 65 or over and are entitled to retirement benefits under title II of this Act or under the railroad retirement system and (2) individuals under age 65 who have been entitled for not less than 24 *consecutive* months to benefits under title II of this Act or under the railroad retirement system on the basis of a disability."

(3) Section 1831 of such Act is amended—

(A) by inserting "AND THE DISABLED" after "AGED" in the heading, and

(B) by striking out "individuals 65 years of age

or over" and inserting in lieu thereof "aged and disabled individuals".

(b) (1) Section 226(a) of such Act is amended to read as follows:

"(a) (1) Every individual who—

"(A) has attained age 65, and

"(B) is entitled to monthly insurance benefits under section 202 or is a qualified railroad retirement beneficiary,

shall be entitled to hospital insurance benefits under part A of title XVIII for each month for which he meets the condition specified in subparagraph (B), beginning with the first month after June 1966 for which he meets the conditions specified in subparagraphs (A) and (B).

~~"(2)~~ *"(b)* Every individual who—

~~"(A)~~ *"(1)* has not attained age 65, ~~but~~ *and*

~~"(B)~~ *(2)(A) is entitled to, and has for 24 consecutive calendar months been entitled to,* (i) ~~has been entitled to~~ disability insurance benefits under section 223 ~~for not less than 24 consecutive months,~~ or (ii) ~~has been entitled for not less than 24 consecutive months to~~ child's insurance benefits under section 202(d) *or sister's and brother's benefits under section 202(x)* by reason of a disability (as defined in section 223(d)) ~~which began before he attained age 22,~~ or (iii) ~~has been entitled for not less than 24 consecutive months to~~ widow's

insurance benefits under section 202(e) or widower's insurance benefits under section 202(f) by reason of a disability (as defined in section 223(d)) or ~~(iv)~~ *(B) is, and* has been for not less than 24 consecutive months, a disabled qualified railroad retirement beneficiary, within the meaning of section 22 of the Railroad Retirement Act of 1937,

shall be entitled to hospital insurance benefits under part A of title XVIII for each month beginning with the later of (I) ~~of~~ July ~~1972~~ *1973* or (II) the twenty-fifth consecutive month of his entitlement *or status as a qualified railroad retirement beneficiary* described in ~~subparagraph (B),~~ *paragraph (2)*, and ending with the month ~~in which his entitlement described in subparagraph (B) ceases or, if earlier, with the month before the month in which he attains age 65~~ *following the month in which notice of termination of such entitlement to benefits or status as a qualified railroad retirement beneficiary described in paragraph (2) is mailed to him, or if earlier, with the month before the month in which he attains age 65.*"

(2) Section 226(b) of such Act is amended by striking out "occurred after June 30, 1966, or on or after the first day of the month in which he attains age 65, whichever is later" and inserting in lieu thereof "occurred (i) after June 30, 1966, or on or after the first day of the month in which he attains age 65, whichever is later, or (ii) if he

was entitled to hospital insurance benefits pursuant to paragraph (2) of subsection (a), at a time when he was so entitled".

(3) Section 226(b)(2) of such Act is amended by striking out "an individual shall be deemed entitled to monthly insurance benefits under section 202," and inserting in lieu thereof "an individual shall be deemed entitled to monthly insurance benefits under section 202 or section 223,".

(4) Section 226(c) of such Act is amended by inserting "or section 22" after "section 21" wherever it appears.

(5) Section 226 of such Act is further amended by redesignating subsection *(b) as subsection (c), subsection (c) as subsection (d), and subsection* (d) as subsection ~~(e)~~ *(f)*, and by inserting after subsection ~~(c)~~ *(d)* the following new subsection:

~~(d)~~*(e)*(1) For purposes of determining entitlement to hospital insurance benefits under subsection (a)(2) in the case of widows and widowers described in subparagraph (B)(iii) thereof—

"(A) the term 'age 60' in sections 202(e)(1)(B)(ii) *and* 202(e)(5), *and the term 'age 62' in sections* 202(f)(1)(B)(ii) and 202(f)(6) shall be deemed to read 'age 65'; and

"(B) the phrase 'before she attained age 60' in

the matter following subparagraph (F) of section 202 (e) (1) shall be deemed to read 'based on a disability'.

"(2) For purposes of determining entitlement to hospital insurance benefits under subsection (a) (2) in the case of an individual under age 65 who is entitled to ~~old-age insurance~~ benefits *under section 202* and who was entitled to widow's insurance benefits or widower's insurance benefits based on disability for the month before the first month in which such individual was so entitled to old-age insurance benefits (but ceased to be entitled to such widow's or widower's insurance benefits upon becoming entitled to such old-age insurance benefits), such individual shall be deemed to have continued to be entitled to such widow's insurance benefits or widower's insurance benefits for and after such first ~~month:"~~ *month.*

"(3) For purposes of determining entitlement to hospital insurance benefits under subsection (a)(2) any disabled widow age 50 or older who is entitled to mother's insurance benefits (and who would have been entitled to widow's insurance benefits by reason of disability if she had filed for such widow's benefits) shall, upon application therefor, be deemed to have filed for such widow's benefits at the time she filed for mother's insurance benefits and shall, upon furnishing proof of such disability prior to July 1, 1974, under such procedures as the Secretary may prescribe, be deemed to have been entitled to such widow's benefits as of the time she

would have been entitled to such widow's benefits if she had filed a timely application therefor."

(c) (1) Section 1836 of such Act is amended to read as follows:

"ELIGIBLE INDIVIDUALS

"SEC. 1836. Every individual who—

"(1) is entitled to hospital insurance benefits under part A, or

"(2) has attained age 65 and is a resident of the United States, and is either (A) a citizen or (B) an alien lawfully admitted for permanent residence who has resided in the United States continuously during the 5 years immediately preceding the month in which he applies for enrollment under this part,

is eligible to enroll in the insurance program established by this part."

(2) (A) The first sentence of section 1837 (c) of such Act is amended by striking out "paragraphs (1) and (2)" and inserting in lieu thereof "paragraph (1) or (2)".

(B) The second sentence of section 1837 (c) of such Act is amended to read as follows: "For purposes of this subsection and subsection (d), an individual who has attained age 65 and who satisfies paragraph (1) of section 1836 but not paragraph (2) of such section shall be treated as satisfying such paragraph (1) on the first day on which

he is (or on filing application would have been) entitled to hospital insurance benefits under part A."

(C) The first sentence of 1837(d) of such Act is amended by striking out "paragraphs (1) and (2)" and inserting in lieu thereof "paragraph (1) or (2)".

(3) (A) Section 1838(a) of such Act is amended by striking out "July 1, 1966" in paragraph (1) and inserting in lieu thereof "July 1, 1966 or (in the case of a disabled individual who has not attained age 65) July 1, ~~1972~~ *1973*".

(B) Section 1838(a) of such Act is further amended—

(i) by striking out "paragraphs (1) and (2)" in paragraph (2) (A) and inserting in lieu thereof "paragraph (1) or (2)"; and

(ii) by striking out "such paragraphs" in subparagraphs (B), (C), and (D) and inserting in lieu thereof "such paragraph".

(C) Section 1838 of such Act is further amended by redesignating subsection (c) as subsection (d), and by inserting after subsection (b) the following new subsection:

"(c) In the case of an individual satisfying paragraph (1) of section 1836 whose entitlement to hospital insurance benefits under part A is based on a disability rather than on his having attained the age of 65, his coverage period (and his enrollment under this part) shall be terminated as

of the close of the last month for which he is entitled to hospital insurance benefits."

(4) Section 1839 (c) of such Act is amended—

(A) by inserting "(in the same continuous period of eligibility)" after "for each full 12 months"; and

(B) by adding at the end thereof the following new sentence: "Any increase in an individual's monthly premium under the first sentence of this subsection with respect to a particular continuous period of eligibility shall not be applicable with respect to any other continuous period of eligibility which such individual may have.".

(5) Section 1839 of such Act is further amended by adding at the end thereof the following new subsection:

"(e) For purposes of subsection (c) (and section 1837 (g) (1)), an individual's 'continuous period of eligibility' is the period beginning with the first day on which he is eligible to enroll under section 1836 and ending with his death; except that any period during all of which an individual satisfied paragraph (1) of section 1836 and which terminated in or before the month preceding the month in which he attained age 65 shall be a separate 'continuous period of eligibility' with respect to such individual (and each such period which terminates shall be deemed not to have existed for purposes of subsequently applying this section)."

(6) (A) Section 1840 (a) (1) of such Act is amended by striking out "section 202" and inserting in lieu thereof "section 202 or 223".

(B) Section 1840 (a) (2) of such Act is amended by striking out "section 202" and inserting in lieu thereof "section 202 or 223".

(7) Section 1875 (a) of such Act is amended by striking out "aged" and inserting in lieu thereof "aged and the disabled".

(d) The Railroad Retirement Act of 1937 is amended by adding after section 21 the following new section:

"HOSPITAL INSURANCE BENEFITS FOR THE DISABLED

"SEC. 22. Individuals under age 65—

"(1) who have been entitled to annuities for not less than 24 consecutive months during each of which the first proviso of section 3 (e) could have applied on the basis of an application which has been filed under paragraph 4 or 5 of section 2 (a), and are currently entitled to such annuities, or who are entitled to annuities under paragraph 2 or 3 of section 2 (a) and could have been paid annuities for not less than 24 consecutive months under section 223 of the Social Security Act if their service as employees were included in the term 'employment' as defined in that Act, or

"(2) who have been entitled to annuities under section 5 (a) on the basis of disability, or could have been so

entitled had they not been entitled on the basis of age or had they not been entitled under section 5(b) on the basis of having the custody of children, for not less than 24 consecutive months during each of which the first proviso of section 3(e) could have been applied on the basis of disability if an application for disability benefits had been filed, or

"(3) who have been entitled to annuities for not less than 24 consecutive months under section 5(c) on the basis of a disability (within the meaning of section 5(l)(1)(ii)) or who could have been includible as disabled children for not less than 24 consecutive months in the computation of an annuity under the first proviso in section 3(e) and could currently be includible in such a computation,

shall be certified by the Board in the same manner, for the same purposes, and subject to the same conditions, restrictions, and other provisions as individuals specifically described in section 21, and also subject to the same conditions, restrictions, and other provisions as are disability beneficiaries under title II of the Social Security Act in connection with their eligibility for hospital insurance benefits under part A of title XVIII of such Act and their eligibility to enroll under part B of such title XVIII; and for the purposes of this Act and title XVIII of the Social Security Act, individuals certified as provided in this section shall be considered

individuals described in and certified under such section 21. Notwithstanding the other provisions of this section it shall not apply to any individual who could not be taken into account on the basis of disability in calculating the annuity under the first proviso of section 3 (e) without regard to the second paragraph of such section."

HOSPITAL INSURANCE BENEFITS FOR UNINSURED INDIVIDUALS NOT ELIGIBLE UNDER TRANSITIONAL PROVISION

SEC. 202. Title XVIII of the Social Security Act is amended by adding after section 1817 the following new section:

"HOSPITAL INSURANCE BENEFITS FOR UNINSURED INDIVIDUALS NOT OTHERWISE ELIGIBLE

"SEC. 1818. (a) Every individual who—

"(1) has attained the age of 65,

"(2) is enrolled under part B of this title,

"~~(2)~~ *(3)* is a resident of the United States, and is either (A) a citizen or (B) an alien lawfully admitted for permanent residence who has resided in the United States continuously during the 5 years immediately preceding the month in which he applies for enrollment under this section, and

"~~(3)~~ *(4)* is not otherwise entitled to benefits under this part,

shall be eligible to enroll in the insurance program established by this part.

"(b) An individual may enroll under this section only in such manner and form as may be prescribed in regulations, and only during an enrollment period prescribed in or under this section.

"(c) The provisions of section 1837 *(except subsection (f) thereof)*, section 1838, subsection (c) of section 1839, and subsections (f) and (h) of section 1840 shall apply to persons authorized to enroll under this section except that—

"(1) individuals who meet the conditions of subsection (a) *(1), (3), and (4)* on or before the last day of the seventh month after the month in which this section is enacted may enroll *under this part and (if not already so enrolled) may also enroll under part B* during an initial general enrollment period which shall begin on the first day of the second month which begins after the date on which this section is enacted and shall end on the last day of the tenth month after the month in which this Act is enacted;

"(2) in the case of an individual who first meets the conditions of eligibility under this section on or after the first day of the eighth month after the month in which this section is enacted, the initial enrollment period shall begin on the first day of the third month

before the month in which he first becomes eligible and shall end 7 months later;

"(3) in the case of an individual who enrolls pursuant to paragraph (1) of this subsection, entitlement to benefits shall begin on—

"(A) the first day of the second month after the month in which he enrolls,

"(B) ~~January 1,~~ *July 1,* ~~1972,~~ *1973,* or

"(C) the first day of the first month in which he meets the requirements of subsection (a),

whichever is the latest;

"(4) termination of coverage under this section by the filing of notice that the individual no longer wishes to participate in the hospital insurance program shall take effect at the close of the month following the month in which such notice is filed; ~~and~~

"(5) an individual's entitlement under this section shall terminate with the month before the first month in which he becomes eligible for hospital insurance benefits under section 226 of this Act or section 103 of the Social Security Amendments of 1965; and upon such termination, such individual shall be deemed, solely for purposes of hospital insurance entitlement, to have filed in such first month the application required to establish such entitlement~~.~~ *; and*

"(6) termination of coverage for supplementary

medical insurance shall result in simultaneous termination of hospital insurance benefits for uninsured individuals who are not otherwise entitled to benefits under this Act.

"(d) (1) The monthly premium of each individual for each month in his coverage period before July ~~1972~~ *1974* shall be ~~$31~~ *$33*.

"(2) The Secretary shall, ~~during December of 1971 and of each year thereafter,~~ *during the last calendar quarter of each year, beginning in 1973,* determine and promulgate the dollar amount (whether or not such dollar amount was applicable for premiums for any prior month) which shall be applicable for premiums for months occurring in the 12-month period commencing July 1 of the next year. Such amount shall be equal to ~~$31,~~ *$33*, multiplied by the ratio of (A) the inpatient hospital deductible for such next year, as promulgated under section 1813(b)(2), to (B) such deductible promulgated for ~~1971~~ *1973*. Any amount determined under the preceding sentence which is not a multiple of $1 shall be rounded to the nearest multiple of $1, *or if midway between multiples of $1 to the next higher multiple of $1.*

"(e) Payment of the monthly premiums on behalf of any individual who meets the conditions of subsection (a) may be made by any public or private agency or organization under a contract or other arrangement entered into

between it and the Secretary if the Secretary determines that payment of such premiums under such contract or arrangement is administratively feasible.

"(f) Amounts paid to the Secretary for coverage under this section shall be deposited in the Treasury to the credit of the Federal Hospital Insurance Trust Fund."

AMOUNT OF SUPPLEMENTARY MEDICAL INSURANCE PREMIUM

SEC. 203. (a) Section 1839(b)(1) of the Social Security Act is amended by inserting "and before July 1, ~~1972,~~" *1973,*" after "1967".

(b) Section 1839(b)(2) of such Act is amended by striking out "thereafter" and inserting in lieu thereof "ending on or before December 31, ~~1970".~~ *1971*".

(c) Section 1839 of such Act (as amended by section 201(c)(4) and (5) of this Act) is further amended by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively, and by inserting after subsection (b) the following new subsection:

"(c)(1) The Secretary shall, during December of ~~1971~~ *1972* and of each year thereafter, determine the monthly actuarial rate for enrollees age 65 and over which shall be applicable for the 12-month period commencing July 1 in the succeeding year. Such actuarial rate shall be the amount the Secretary estimates to be necessary so that the aggregate amount for such 12-month period with respect to those en-

rollees age 65 and over will equal one-half of the total of the benefits and administrative costs which he estimates will be payable from the Federal Supplementary Medical Insurance Trust Fund for services performed and related administrative costs incurred in such 12-month period. In calculating the monthly actuarial rate, the Secretary shall include an appropriate amount for a contingency margin.

"(2) The monthly premium of each individual enrolled under this part for each month after June ~~1972~~ *1973* shall, *except as provided in subsection (d)*, be the amount determined under paragraph (3).

"(3) The Secretary shall, during December of ~~1971~~ *1972* and of each year thereafter, determine and promulgate the monthly premium applicable for the individuals enrolled under this part for the 12-month period commencing July 1 in the succeeding year. The monthly premium shall be equal to the smaller of—

"(A) the monthly actuarial rate for enrollees age 65 and over, determined according to paragraph (1) of this subsection, for that 12-month period, or

"(B) the monthly premium rate most recently promulgated by the Secretary, under this paragraph *or, in the case of the determination made in December 1971, such rate promulgated under subsection (b)(2)* multiplied by the ratio of (i) the amount in column IV of the table which, *by reason of the law in effect at the*

time the promulgation is made, will be in effect as of June 1 next following such determination appears (or is deemed to appear) in section 215(a) on the line which includes the figure '750' in column III of such table to (ii) the amount in column IV of the table which appeared (or was deemed to appear) in section 215(a) on the line which included the figure '750' in column III as of June 1 of the year in which such determination is made.

Whenever the Secretary promulgates the dollar amount which shall be applicable as the monthly premium for any period, he shall, at the time such promulgation is announced, issue a public statement setting forth the actuarial assumptions and bases employed by him in arriving at the amount of an adequate actuarial rate for enrollees age 65 and over as provided in paragraph (1) and the derivation of the dollar amounts specified in this paragraph.

"(4) The Secretary shall also, during December of ~~1971~~ *1972* and of each year thereafter, determine the monthly actuarial rate for disabled enrollees under age 65 which shall be applicable for the 12-month period commencing July 1 in the succeeding year. Such actuarial rate shall be the amount the Secretary estimates to be necessary so that the aggregate amount for such 12-month period with respect to disabled enrollees under age 65 will equal one-half of the total of the benefits and administrative costs which he estimates will be

incurred by the Federal Supplementary Medical Insurance Trust Fund for such 12-month period with respect to such enrollees. In calculating the monthly actuarial rate under this paragraph, the Secretary shall include an appropriate amount for a contingency margin."

(d) (1) Section 1839 (d) of such Act, as redesignated by subsection (c) of this section, is amended by inserting "or (c)" after "subsection (b)".

(2) Section 1839 (f) of such Act, as redesignated by subsection (c) of this section, is amended by striking out "subsection (c)" and inserting in lieu thereof "subsection (d)".

(e) Effective with respect to *enrollee premiums payable for* months after June ~~1972,~~ *1973*, section 1844 (a) (1) of such Act is amended to read as follows:

"(1) (A) a Government contribution equal to the aggregate premiums payable *for a month* for enrollees age 65 and over under this part and deposited in the Trust Fund, multiplied by the ratio of—

"(i) twice the dollar amount of ~~an~~ *the* actuarially adequate rate per enrollee age 65 and over as determined under section 1839 (c) (1) for ~~the~~ *such* month ~~in which such aggregate premiums are deposited in the Trust Fund,~~ minus the dollar amount of the premium per enrollee for such month *as determined under section 1839(c)(3)*, to

"(ii) the dollar amount of the premium per enrollee for such month, plus

"(B) a Government contribution equal to the aggregate premiums payable *for a month* for enrollees under age 65 under this part and deposited in the Trust Fund, multiplied by the ratio of—

"(i) twice the dollar amount of ~~an~~ *the* actuarially adequate rate per enrollee under age 65 as determined under section 1839(c)(4) for ~~the~~ *such* month ~~in which such aggregate premiums are deposited in the Trust Fund,~~ minus the dollar amount of the premium per enrollee for such month *as determined under section 1839(c)(3)*, to

"(ii) the dollar amount of the premium per enrollee for such month."

~~CHANGE IN SUPPLEMENTARY MEDICAL INSURANCE DEDUCTIBLE~~

~~SEC. 204. (a) Section 1833(b) of the Social Security Act is amended by striking out "shall be reduced by a deductible of $50" and inserting in lieu thereof "shall be reduced by a deductible of $60".~~

~~(b) Section 1835(c) of such Act is amended by striking out "but only if such charges for such services do not exceed $50" and inserting in lieu thereof "but only if such charges for such services do not exceed the applicable supplementary medical insurance deductible".~~

~~(c) The amendments made by this section shall be effective with respect to calendar years after 1971 (except that, for purposes of applying clause (1) of the first sentence of section 1833(b) of the Social Security Act, such amendments shall be deemed to have taken effect on January 1, 1971).~~

~~INCREASE IN LIFETIME RESERVE DAYS AND CHANGE IN HOSPITAL INSURANCE COINSURANCE AMOUNT UNDER MEDICARE~~

~~SEC. 205. (a)(1) Section 1812(a)(1) of the Social Security Act is amended by striking out "up to 150 days" and inserting in lieu thereof "up to 210 days".~~

~~(2) Section 1812(b)(1) of such Act is amended by striking out "for 150 days" and inserting in lieu thereof "for 210 days".~~

~~(b) Section 1813(a)(1) of such Act is amended—~~

~~(1) by redesignating subparagraphs (A) and (B) as subparagraphs (B) and (C), respectively; and~~

~~(2) by inserting after "a coinsurance amount equal to —" the following new subparagraph:~~

~~"(A) one-eighth of the inpatient hospital deductible for each day (before the 61st day) on which such individual is furnished such services during such spell of illness after such services have been furnished to him for 30 days during such spell;".~~

~~(c) The amendments made by this section shall be effective with respect to inpatient hospital services furnished during inpatient hospital stays beginning after December 31, 1971.~~

REDUCTION IN COINSURANCE APPLICABLE TO LIFETIME RESERVE DAYS OF INPATIENT HOSPITAL SERVICES UNDER MEDICARE

SEC. 205. (a) Section 1813(a)(1)(B) of the Social Security Act is amended by striking out "one-half" and inserting in lieu thereof "one-fourth".

(b) The amendments made by this section shall be effective with respect to inpatient hospital services furnished during spells of illness beginning after December 31, 1972.

AUTOMATIC ENROLLMENT FOR SUPPLEMENTARY MEDICAL INSURANCE

SEC. 206. (a) Section 1837 of the Social Security Act is amended by adding at the end thereof the following new subsections:

"(f) Any individual—

"(1) who is eligible under section 1836 to enroll in the medical insurance program by reason of entitlement to hospital insurance benefits as described in paragraph (1) of such section, and

"(2) whose initial enrollment period under subsection (d) *begins after March 31, 1973, and* ~~begins on or~~

~~after the first day of the second month following the month in which this subsection is enacted, or October 1, 1971, whichever is later,~~

"(3) who is residing in the United States, exclusive of Puerto Rico,

shall be deemed to have enrolled in the medical insurance program established by this part.

"(g) All of the provisions of this section shall apply to individuals satisfying subsection (f), except that—

"(1) in the case of an individual who satisfies subsection (f) by reason of entitlement to disability insurance benefits described in section 226(a)(2)(B), his initial enrollment period shall begin on the first day of the later of (A) April ~~1972~~ *1973* or (B) the third month before the 25th consecutive month of such entitlement, and shall reoccur with each continuous period of eligibility (as defined in section 1839(e)) and upon attainment of age 65;

"(2)(A) in the case of an individual who is entitled to monthly benefits under section 202 or 223 on the first day of his initial enrollment period or becomes entitled to monthly benefits under section 202 during the first 3 months of such period, his enrollment shall be deemed to have occurred in the third month of his initial enrollment period, and

"(B) in the case of an individual who is not entitled to benefits under section 202 on the first day of his initial enrollment period and does not become so entitled during the first 3 months of such period, his enrollment shall be deemed to have occurred in the month in which he files the application establishing his entitlement to hospital insurance benefits provided such filing occurs during the last 4 months of his initial enrollment period; and

"(3) in the case of an individual who would otherwise satisfy subsection (f) but does not establish his entitlement to hospital insurance benefits until after the last day of his initial enrollment period (as defined in subsection (d) of this section), his enrollment shall be deemed to have occurred on the first day of the earlier of the then current or immediately succeeding general enrollment period (as defined in subsection (e) of this section)."

(b) Section 1838(a) of such Act is amended—

(1) by striking out the period at the end of subsection (a) and by inserting in lieu thereof "; or"; and

(2) by adding at the end of subsection (a) the following new paragraph:

"(3)(A) in the case of an individual who is

deemed to have enrolled on or before the last day of the third month of his initial enrollment period, the first day of the month in which he first meets the applicable requirements of section 1836 or ~~January 1, 1972,~~ *July 1, 1973,* whichever is later, or

"(B) in the case of an individual who is deemed to have enrolled on or after the first day of the fourth month of his initial enrollment period, as prescribed under subparagraphs (B), (C), (D), and (E) of paragraph (2) of this subsection."

(c) Section 1838(b) of such Act (as amended by section 257(a) of this Act) is further amended by adding at the end thereof the following new paragraph:

"Where an individual who is deemed to have enrolled for medical insurance pursuant to section 1837(f) files a notice before the first day of the month in which his coverage period begins advising that he does not wish to be so enrolled, the termination of the coverage period resulting from such deemed enrollment shall take effect with the first day of the month the coverage would have been effective and such notice shall not be considered a disenrollment for the purposes of section 1837(b). Where an individual who is deemed enrolled for medical insurance benefits pursuant to section 1837(f) files a notice requesting termination of his deemed coverage in or after the month in which such cover-

age becomes effective, the termination of such coverage shall take effect at the close of the calendar quarter following the calendar quarter in which the notice is filed."

~~ESTABLISHMENT OF INCENTIVES FOR STATES TO EMPHASIZE COMPREHENSIVE HEALTH CARE UNDER MEDICAID~~

INCENTIVES FOR STATES TO ESTABLISH EFFECTIVE UTILIZATION REVIEW PROCEDURES UNDER MEDICAID

SEC. 207. (a) (1) Section 1903 of the Social Security Act is amended by adding at the end thereof the following new subsections:

~~"(g) The amount determined under subsection (a)(1) for any State shall be adjusted as follows:~~

~~"(1) with respect to amounts paid for services furnished under the State plan after June 30, 1971, pursuant to a contract with (A) a health maintenance organization as defined in section 1876, or (B) a community health center or other similar facility providing comprehensive health care, the Federal medical assistance percentage shall be increased by 25 per centum thereof, except that the Federal medical assistance percentage as so increased may not exceed 95 per centum, and except that such percentage shall be so increased only if such contract provides that payments for services provided under the contract will not exceed the payment levels for similar services provided in the same~~

geographical area and rendered under the plan approved under section 1902; and

"(2) with respect to amounts paid for the following services furnished under the State plan after June 30, 1971 (other than services furnished pursuant to a contract with a health maintenance organization as defined in section 1876), the Federal medical assistance percentage shall be decreased as follows:

"(A) after an individual has received inpatient hospital services (including services furnished in an institution for tuberculosis) on sixty days (whether or not such days are consecutive) during any fiscal year (which for purposes of this section means the four calendar quarters ending with June 30), the Federal medical assistance percentage with respect to amounts paid for any such services furnished thereafter to such individual in the same fiscal year shall be decreased by $33\frac{1}{3}$ per centum thereof;

"(B) after an individual has received care as an inpatient in a skilled nursing home on sixty days (whether or not such days are consecutive) during any fiscal year, the Federal medical assistance percentage with respect to amounts paid for any such care furnished thereafter to such individual in the same fiscal year shall be decreased by $33\frac{1}{3}$ per

centum thereof unless the State agency responsible for the administration of the plan makes a showing satisfactory to the Secretary that, with respect to each calendar quarter for which the State submits a request for payment at the full Federal medical assistance percentage for amounts paid for skilled nursing home services furnished beyond sixty days, there is in operation in the State an effective program of control over utilization of skilled nursing home services; such a showing must include evidence that—

"(i) in each case for which payment is made under the State plan, a physician certifies at the time of admission, or, if later, the time the individual applies for medical assistance under the State plan (and recertifies, where such services are furnished over a period of time, in such cases, at least every sixty days, and accompanied by such supporting material, appropriate to the case involved, as may be provided in regulations of the Secretary), that such services are or were required to be given on an inpatient basis because the individual needs or needed such services; and

"(ii) in each such case, such services were

furnished under a plan established and periodically reviewed and evaluated by a physician;

"(iii) such State has in effect a continuous program of review of utilization pursuant to section 1902(a)(30) whereby the necessity for admission and the continued stay of each patient in a skilled nursing home is periodically reviewed and evaluated (with such frequency as may be prescribed in regulations of the Secretary) by medical and other professional personnel who are not themselves directly responsible for the care of the patient and who are not employed by or financially interested in any skilled nursing home; and

"(iv) such State has an effective program of medical review of the care of patients in skilled nursing homes pursuant to section 1902(a)(26) whereby the medical management of each case is reviewed and evaluated at least annually by independent medical review teams;

"(C) after an individual has received inpatient services in a hospital for mental diseases on ninety days (whether or not such days are consecutive), occurring after June 30, 1971, and on up to an additional thirty days if the State agency re-

~~sponsible for the administration of the plan demonstrates to the satisfaction of the Secretary that the individual is continuing to receive active treatment in such hospital and that the prognosis with respect to such individual is one of continued therapeutic improvement, the Federal medical assistance percentage with respect to amounts paid for any such services furnished to such individual shall be decreased by 33⅓ per centum thereof and no payment may be made under this title for any such services furnished to such individual after such services have been furnished to him for three hundred and sixty-five days.~~

"(g)(1) With respect to amounts paid for the following services furnished under the State plan after June 30, 1973 (other than services furnished pursuant to a contract with a health maintenance organization as defined in section 1876), the Federal medical assistance percentage shall be decreased as follows: After an individual has received care as an inpatient in a hospital (including an institution for tuberculosis), skilled nursing home or intermediate care facility on 60 days, or in a hospital for mental diseases on 90 days (whether or not such days are consecutive), during any fiscal year, which for purposes of this section means the four calendar quarters ending with June 30, the Federal medical

assistance percentage with respect to amounts paid for any such care furnished thereafter to such individual in the same fiscal year shall be decreased by 33⅓ per centum thereof unless the State agency responsible for the administration of the plan makes a showing satisfactory to the Secretary that, with respect to each calendar quarter for which the State submits a request for payment at the full Federal medical assistance percentage for amounts paid for inpatient hospital services (including tuberculosis hospitals), skilled nursing home services, or intermediate care facility services furnished beyond 60 days (or inpatient mental hospital services furnished beyond 90 days), there is in operation in the State an effective program of control over utilization of such services; such a showing must include evidence that—

"(A) in each case for which payment is made under the State plan, a physician certifies at the time of admission, or, if later, the time the individual applies for medical assistance under the State plan (and recertifies, where such services are furnished over a period of time, in such cases, at least every 60 days, and accompanied by such supporting material, appropriate to the case involved, as may be provided in regulations of the Secretary), that such services are or were required to be given on an inpatient basis because the individual needs or needed such services; and

"(B) in each such case, such services were furnished under a plan established and periodically reviewed and evaluated by a physician;

"(C) such State has in effect a continuous program of review of utilization pursuant to section 1902(a)(30) whereby the necessity for admission and the continued stay of each patient in such institution is periodically reviewed and evaluated (with such frequency as may be prescribed in regulations of the Secretary) by medical and other professional personnel who are not themselves directly responsible for the care of the patient and who are not employed by or financially interested in any such institution; and

"(D) such State has an effective program of medical review of the care of patients in mental hospitals, skilled nursing homes, and intermediate care facilities pursuant to section 1902(a) (26) and (31) whereby the ~~medical~~ professional management of each case is reviewed and evaluated at least annually by independent ~~medical~~ professional review teams.

In determining the number of days on which an individual has received services described in this subsection, there shall not be counted any days with respect to which such indi-

vidual is entitled to have payments made (in whole or in part) on his behalf under section 1812.

"(2) The Secretary shall, as part of his validation procedures under this subsection, conduct sample onsite surveys of private and public institutions in which recipients of medical assistance may receive care and services under a State plan approved under this title, and his findings with respect to such surveys (as well as the showings of the State agency required under this subsection) shall be made available for public inspection.

"(h) (1) If the Secretary determines for any calendar quarter beginning after ~~December 31, 1971~~ *June 30, 1973*, with respect to any State that there does not exist a reasonable cost differential between the *statewide average* cost of skilled nursing home services and the *statewide average* cost of intermediate care facility services in such State, the Secretary may reduce the amount which would otherwise be considered as expenditures under the State plan by an amount which in his judgment is a reasonable equivalent of the difference between the amount of the expenditures by such State for intermediate care facility services and the amount that would have been expended by such State for

"(3) For the purposes of this subsection, the term 'cost differential' for any State for any quarter means, as determined by the Secretary on the basis of the data for the most recent calendar quarter for which satisfactory data are available, the excess of—

"(A) the average amount paid in such State (regardless of the source of payment) per inpatient day for skilled nursing home services, over

"(B) the average amount paid in such State (regardless of the source of payment) per inpatient day for intermediate care facility ~~services."~~ *services.*

"(4) For purposes of this subsection, the term 'cost' shall mean amounts reimbursable by the State under a State plan approved under this title."

(2) Section 1903(a)(1) of such Act is amended by inserting ", subject to subsections (g) and (h) of this section" after "section 1905(b)".

(b) The amendments made by subsection (a) shall, except as otherwise provided therein, be effective July 1, ~~1971~~ *1973*.

COST-SHARING UNDER MEDICAID

SEC. 208. (a) Section 1902(a)(14) of the Social Security Act is amended to read as follows:

"(14) effective January 1, ~~1972~~ *1973*, provide that—

cept as otherwise provided therein, be effective July 1, ~~1971~~ *1973*.

COST-SHARING UNDER MEDICAID

SEC. 208. (a) Section 1902 (a) (14) of the Social Security Act is amended to read as follows:

"(14) effective January 1, ~~1972~~ *1973*, provide that—

"(A) in the case of individuals receiving aid or assistance under a State plan approved under title I, X, XIV, or XVI, or part A of title IV, or who meet the income and resources requirements ~~of the one of such State plans which is appropriate—~~

~~"(i) no enrollment fee, premium, or similar charge, and no deduction, cost sharing, or similar charge with respect to the care and services listed in clauses (1) through (5) and (7) of section 1905 (a), will be imposed under the plan, and~~

~~"(ii) any deduction, cost sharing, or similar charge imposed under the plan with respect to other care and services will be nominal in amount (as determined in accordance with standards approved by the Secretary and included in the plan), and~~

"(B) with respect to individuals who are not receiving aid or assistance under any such State plan and who do not meet the income and resources requirements of the one of such State plans which is appropriate *or who, after December 31, 1973, are included under the State plan for medical assistance pursuant to section 1902(a)(10)(B)—approved under title XIX*

"(i) there shall be imposed an enrollment fee, premium, or similar charge which (as determined in accordance with standards prescribed by the Secretary) is related to the individual's income, and

"(ii) ~~no other enrollment fee or premium will be imposed under the plan~~ *any deductible, cost-sharing, or similar charge imposed under the plan will be nominal and limited to those elective services (such as initial office visits to physicians and dentists) which are usually—but not necessarily—initiated by such individuals;*".

(b) The amendment made by subsection (a) shall be effective January 1, ~~1972~~ *1973* (or earlier if the State plan so provides).

~~DETERMINATION OF PAYMENTS UNDER MEDICAID~~

~~SEC. 209. (a) Section 1902(a)(10) of the Social Security Act is amended by striking out everything which precedes "except that" immediately following subparagraph (B) and inserting in lieu thereof the following:~~

~~"(10) effective July 1, 1972, provide, subject to paragraph (14) of this subsection and to subsection (c) of this section, and in accordance with the provisions of section 1903(f)—~~

~~"(A) for making medical assistance available (in equal amount, duration, and scope) to all individuals who are receiving assistance to needy families with children as defined in section 405(b) or receiving assistance for the aged, blind, and disabled under title XX, or with respect to whom payments for foster care are made in accordance with section 406;~~

~~"(B) if the standard for medical assistance established under the State plan is more than 100 percent (but less than 133⅓ percent) of the combined amount specified in clauses (A) and (B) of paragraph (2) of section 1903(f), provide—~~

~~"(i) for making medical or remedial care and services available to—~~

"(I) individuals who are aged, blind, or disabled as defined in title XX, and families (as defined in title XXI), not receiving assistance under title XX or XXI, and

"(II) children who are members of families (other than needy families with children as defined in section 405(b)) receiving assistance under title XXI,

in cases where the income of the individual or the income of all the members of the family is (after deducting such individual's or such family's incurred medical expenses as defined in section 213 of the Internal Revenue Code of 1954) less than such standard, and

"(ii) that the medical or remedial care and services made available to all such individuals and families shall be equal in amount, duration, and scope, and shall not be more than the medical assistance made available to individuals described in subparagraph (A); and

"(C) if medical or remedial care or services are included for any group of individuals who are

not included in subparagraphs (A) and (B), provide—

"(i) for making medical or remedial care and services available to all such individuals who would, if needy, be eligible for assistance under title XX or XXI and who have insufficient income and resources to meet the costs of necessary medical or remedial care and services, and

"(ii) that the medical or remedial care and services made available to all such individuals shall be equal in amount, duration, and scope, and shall not be more than the medical assistance made available to individuals described in subparagraph (A);".

(b)(1) Section 1902(a)(14) of such Act (as amended by section 208(a) of this Act) is amended by striking out "provide that" in the matter preceding subparagraph (A) and inserting in lieu thereof "provide, subject to section 1903(f), that".

(2) Section 1902(a)(17) of such Act is amended—

(A) by striking out "and (in the case of any applicant" and all that follows in clause (B) and inserting in lieu thereof a comma, and

(B) by striking out "provide for flexibility" and inserting in lieu thereof "provide, in the case of individuals to whom section 1903(f) does not apply, for flexibility".

(c) Section 1903(f) of such Act is amended to read as follows:

"(f)(1) Payment under the preceding provisions of this section shall not be made for amounts expended as medical assistance in any calendar quarter in any State—

"(A) for any individual who is aged, blind, or disabled, as defined in title XX, and who is not receiving assistance under such title, or

"(B) for any member of a family as defined in title XXI (whether or not such family is receiving assistance under such title),

unless the income of any such individual or the income of all the members of any such family (after deducting such individual's or such family's incurred expenses for medical care as defined in section 213 of the Internal Revenue Code of 1954) is not in excess of the standard for medical assistance established under the State plan in accordance with the provisions of this subsection.

(2) Such standard for medical assistance shall not be less than (nor more than 133⅓ percent of) (A) the highest amount that would be payable under title XXI to an eligi-

ble family of the same size without any income or resources, plus (B) the amount of the supplementary payment, if any, made by such State in accordance with section 2156 to such an eligible family.

"(3) In determining the income of any individual who is aged, blind, or disabled as defined in title XX, there shall be excluded (A) the first $1,020 per year of such individual's earned income (or proportionately smaller amounts for shorter periods) if he is an individual described in subparagraph (A) or (B) of section 2012(b)(3) or the first $720 of such individual's earned income or (proportionately smaller amounts for shorter periods) if he is an individual described in subparagraph (C) of such section, and (B) any amounts that would be excluded under section 2012(b) other than under paragraphs (3) and (4) thereof.

"(4) In determining the income of any family as defined in title XXI, there shall be excluded (A) the first $720 per year of earned income (or proportionately smaller amounts for shorter periods) of all members of the family, and (B) any amounts that would be excluded under section 2153(b) other than under paragraphs (4) and (5) thereof."

(d) Section 1902 of such Act is amended by adding at the end thereof the following new subsection:

"(e) Notwithstanding any other provision of this title, no State shall be required to provide medical assistance to

any individual or any member of a family for any month unless such State would be (or would have been) required to provide medical assistance to such individual or family member for such month had its plan for medical assistance approved under this title and in effect on January 1, 1971, been in effect in such month, except that for this purpose any such individual or family member shall be deemed eligible for medical assistance under such State plan if (in addition to meeting such other requirements as are or may be imposed under the State plan) the income of any such individual or the income of all of the members of any such family as determined in accordance with section 1903(f) (after deducting such individual's or such family's incurred expenses for medical care as defined in section 213 of the Internal Revenue Code of 1954) is not in excess of the standard for medical assistance established under the State plan as in effect on January 1, 1971."

(c) The amendments made by this section shall become effective on July 1, 1972.

MEDICAID CONDITIONS OF ELIGIBILITY FOR CERTAIN EMPLOYED FAMILIES AND NEWLY ELIGIBLE ADULT WELFARE RECIPIENTS

SEC. 209. (a) Section 1902 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(e) Notwithstanding any other provision of this title, effective January 1, 1974, each State plan approved under this title must provide that—

"(1) each family which was eligible for assistance pursuant to part A of title IV in at least 3 of the 6 months immediately preceding the month in which such family became ineligible for such assistance because of increased income from employment shall, while a member of such family is employed, remain eligible for such assistance for 12 calendar months following the month in which such family would otherwise be determined to be ineligible for such assistance because of the income and resources limitations contained in such plan;

"(2) upon the expiration of such 12 calendar months, any such family may at its option continue to be eligible for medical assistance upon payment of a monthly premium, to the State agency responsible for administration of the plan, in an amount equal to 20 percent of the portion of such family's combined income from whatever source which is in excess of $200 per month, except that any amounts received as work bonus payments under section 10001 of the Internal Revenue Code of 1954 shall not be counted for purposes of determining such family's income; and

"(3) any family which was not eligible for medical

assistance under such State plan but where a member of such family began to participate in the employment program established by title XX of this Act may, at its option, become eligible for medical assistance under such State plan upon payment of a monthly premium in the same manner and amount, and subject to the same conditions, as described in paragraph (2) of this subsection."

(b) To the extent that the premium amounts paid to any State pursuant to section 1902(e), as added by subsection (a) of this section, are insufficient to pay for the cost of providing medical assistance for families made eligible pursuant to such subsection, the Secretary shall, from sums appropriated under this title, reimburse such State for such excess costs.

(c)(1) Section 1902 of the Social Security Act, as amended by this section, is further amended by adding at the end thereof the following new subsection:

"(f) Notwithstanding any other provision of this title. except as provided in subsection (e), no State shall be required to provide medical assistance to any aged, blind, or disabled individual (as defined in title XVI) for any month unless such State would be (or would have been) required to provide medical assistance to such individual for such month

had its plan for medical assistance approved under this title and in effect on January 1, 1972, been in effect in such month, except that for this purpose any such individual shall be deemed eligible for medical assistance under such State plan if (in addition to meeting such other requirements as are or may be imposed under the State plan) the income of any such individual as determined in accordance with section 1903(f) (after deducting such individual's payment under title XVI, and incurred expenses for medical care as defined in section 213 of the Internal Revenue Code of 1954) is not in excess of the standard for medical assistance established under the State plan as in effect on January 1, 1972."

(2) The amendment made by this subsection shall become effective on January 1, 1973.

PAYMENT UNDER MEDICARE TO INDIVIDUALS COVERED BY FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM

SEC. 210. Section 1862 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(c) No payment may be made under this title with respect to any item or service furnished to or on behalf of any individual on or after January 1, 1975, if such item or service is covered under a health benefits plan in which such

individual is enrolled under chapter 89 of title 5, United States Code, unless prior to the date on which such item or service is so furnished the Secretary shall have determined and certified that such plan or the Federal employees health benefits program under chapter 89 of such title 5 has been modified so as to assure that—

"(1) there is available to each Federal employee or annuitant enrolled in such plan, upon ~~or after attaining age 64~~ *becoming entitled to benefits under part A or B, or both parts A and B of this title,* in addition to the health benefits plans available before he ~~attains such age~~ *becomes so entitled,* one or more health benefits plans which offer protection supplementing the ~~combined~~ protection ~~provided~~ *he has* under ~~parts A and B of~~ this title ~~and one or more health benefits plans which offer protection supplementing the protection provided under part B of this title alone,~~ and

"(2) the Government or such plan will make available to such Federal employee or annuitant a contribution in any amount at least equal to the contribution which the Government makes toward the health insurance of any employee or annuitant enrolled for high option coverage under the Government-wide plans established under chapter 89 of such title 5, with such contribution being in the form of (A) a contribution

toward the supplementary protection referred to in paragraph (1), (B) a payment to or on behalf of such employee or annuitant to offset the cost to him of *his* coverage under ~~parts A and B (or part B alone) of~~ this title, or (C) a combination of such contribution and such payment."

PAYMENT UNDER MEDICARE FOR CERTAIN INPATIENT HOSPITAL AND RELATED PHYSICIANS' SERVICES FURNISHED OUTSIDE THE UNITED STATES

SEC. 211. (a) Section 1814(f) of the Social Security Act is amended to read as follows:

"Payment for Certain Inpatient Hospital Services Furnished Outside the United States

"(f) (1) Payment shall be made for inpatient hospital services furnished to an individual entitled to hospital insurance benefits under section 226 by a hospital located outside the United States, or under arrangements (as defined in section 1861(w)) with it, if—

"(A) such individual is a resident of the United States, and

"(B) such hospital was closer to, or substantially more accessible from, the residence of such individual than the nearest hospital within the United States which was adequately equipped to deal with, and was available for the treatment of, such individual's illness or injury.

"(2) Payment may also be made for emergency inpatient hospital services furnished to an individual entitled to hospital insurance benefits under section 226 by a hospital located outside the United States if—

~~"(A) such individual was physically present in a place within the United States at the time the emergency which necessitated such inpatient hospital services occurred, and~~

"(A) such individual was physically present—

"(i) in a place within the United States; or

"(ii) at a place within Canada while traveling without unreasonable delay by the most direct route (as determined by the Secretary) between Alaska and another State;

at the time the emergency which necessitated such inpatient hospital services occurred, and

"(B) such hospital was closer to, or substantially more accessible from, such place than the nearest hospital within the United States which was adequately equipped to deal with, and was available for the treatment of, such individual's illness or injury.

"(3) Payment shall be made in the amount provided under subsection (b) to any hospital for the inpatient hospital services described in paragraph (1) or (2) furnished to an individual by the hospital or under arrangements

(as defined in section 1861 (w)) with it if (A) the Secretary would be required to make such payment if the hospital had an agreement in effect under this title and otherwise met the conditions of payment hereunder, (B) such hospital elects to claim such payment, and (C) such hospital agrees to comply, with respect to such services, with the provisions of section 1866 (a).

"(4) Payment for the inpatient hospital services described in paragraph (1) or (2) furnished to an individual entitled to hospital insurance benefits under section 226 may be made on the basis of an itemized bill to such individual if (A) payment for such services cannot be made under paragraph (3) solely because the hospital does not elect to claim such payment, and (B) such individual files application (submitted within such time and in such form and manner and by such person, and continuing and supported by such information as the Secretary shall by regulations prescribe) for reimbursement. The amount payable with respect to such services shall, subject to the provisions of section 1813, be equal to the amount which would be payable under subsection (d) (3)."

(b) Section 1861 (e) of such Act is amended—

(1) by striking out "except for purposes of sections 1814 (d) and 1835 (b)" and inserting in lieu thereof

"except for purposes of sections 1814 (d), 1814 (f), and 1835 (b)";

(2) by inserting "section 1814 (f) (2)," immediately after "For purposes of sections 1814 (d) and 1835 (b) (including determination of whether an individual received inpatient hospital services or diagnostic services for purposes of such sections),"; and

(3) by inserting immediately after the third sentence the following new sentence: "For purposes of section 1814 (f) (1), such term includes an institution which (i) is a hospital for purposes of sections 1814 (d), 1814 (f) (2), and 1835 (b) and (ii) is accredited by the Joint Commission on Accreditation of Hospitals, or is accredited by or approved by a program of the country in which such institution is located if the Secretary finds the accreditation or comparable approval standards of such program to be essentially equivalent to those of the Joint Commission on Accreditation of Hospitals."

(c) (1) Section 1862 (a) (4) of such Act is amended—

(A) by striking out "emergency"; and

(B) by inserting after "1814 (f)" the following: "and, subject to such conditions, limitations, and requirements as are provided under or pursuant to this title, physicians' services and ambulance services furnished an individual in conjunction with such inpatient hospital services

but only for the period during which such inpatient hospital services were furnished".

(2) Section 1861 (r) of such Act (as amended by sections 256 (b) and 264 of this Act) is further amended by adding at the end thereof the following new sentence: "For the purposes of section 1862 (a) (4) and subject to the limitations and conditions provided in the previous sentence, such term includes a doctor of one of the arts, specified in such previous sentence, legally authorized to practice such art in the country in which the inpatient hospital services (referred to in such section 1862 (a) (4)) are furnished."

(3) Section 1842 (b) (3) (B) (ii) of such Act is amended by striking out "service;" and inserting in lieu thereof the following: "service (except in the case of physicians' services and ambulance service furnished as described in section 1862 (a) (4), other than for purposes of section 1870 (f));".

(4) Section 1833 (a) (1) of such Act is amended by striking out "and" before "(B)", and by inserting before the semicolon at the end thereof the following: ", and (C) with respect to expenses incurred for those physicians' services for which payment may be made under this part that are described in section 1862 (a) (4), the amounts paid shall be subject to such limitations as may be prescribed by regulations".

(d) The amendments made by this section shall apply to services furnished with respect to admissions occurring after December 31, ~~1971.~~ *1972.*

OPTOMETRISTS' SERVICES UNDER MEDICAID

SEC. 212. (a) Section 1905 of the Social Security Act is amended by inserting at the end thereof the following new subsection:

"(e) In the case of any State the State plan of which (as approved under this title)—

"(1) does not provide for the payment of services (other than services covered under section 1902(a)(12)) provided by an optometrist; but

"(2) at a prior period did provide for the payment of services referred to in paragraph (1);

the term 'physicians' services' (as used in subsection (a)(5)) shall include services of the type which an optometrist is legally authorized to perform where the State plan specifically provides that the term 'physicians' services', as employed in such plan, includes services of the type which an optometrist is legally authorized to perform, and shall be reimbursed whether furnished by a physician or an optometrist."

(b) The provisions of subsection (e) of section 1905 of the Social Security Act (as added by subsection (a) of this

section) shall be applicable in the case of services performed on or after the date of enactment of this Act.

LIMITATION ON LIABILITY OF BENEFICIARY WHERE MEDICARE CLAIMS ARE DISALLOWED

SEC. 213. (a) Title XVIII of the Social Security Act, as amended by sections 226, 242, and 243 of this Act, is further amended by adding at the end thereof the following new section:

"LIMITATION ON LIABILITY OF BENEFICIARY WHERE MEDICARE CLAIMS ARE DISALLOWED

"SEC. 1879. (a) Where—

"(1) a determination is made that, by reason of section 1862(a) (1) or (9), payment may not be made under part A or part B of this title for any expenses incurred for items or services furnished an individual by a provider of services or by another person pursuant to an assignment under section 1842(b)(3)(B)(ii), and

"(2) both such individual and such provider of services or such other person, as the case may be, did not know, and could not reasonably have been expected to know, that payment would not be made for such items or services under such part A or part B,

then, to the extent permitted by this title, payment shall, notwithstanding such determination, be made for such items or services (and for such period of time as the Secretary finds will carry out the objectives of this title), as though section 1862(a)(1) and section 1862(a)(9) did not apply. In each such case the Secretary shall notify both such individual and such provider of services or such other person, as the case may be, of the conditions under which payment for such items or services was made and in the case of comparable situations arising thereafter with respect to such individual or such provider or such other person, each shall, by reason of such notice (or similar notices provided before the enactment of this section), be deemed to have knowledge that payment cannot be made for such items or services or reasonably comparable items or services.

"(b) In any case in which the provisions of paragraphs (1) and (2) of subsection (a) are met, except that such provider or such other person, as the case may be, knew, or could be expected to know, that payment for such services or items could not be made under such part A or part B, then the Secretary shall, upon proper application filed within such time as may be prescribed in regulations, indemnify the individual (referred to in such paragraphs), subject to the deductible and coinsurance provisions of this title, for any payments received from such individual by

such provider or such other person, as the case may be, for such items or services. Any payments made by the Secretary as indemnification shall be deemed to have been made to such provider or such other person, as the case may be, and shall be treated as overpayments, recoverable from such provider or such other person, as the case may be, under applicable provisions of law. In each such case the Secretary shall notify such individual of the conditions under which indemnification is made and in the case of comparable situations arising thereafter with respect to such individual, he shall, by reason of such notice (or similar notices provided before the enactment of this section), be deemed to have knowledge that payment cannot be made for such items or services.

"(c) No payments shall be made under this title in any cases in which the provisions of paragraph (1) of subsection (a) are met, but both the individual to whom the items or services were furnished and the provider of service or other person, as the case may be, who furnished the items or services knew, or could reasonably have been expected to know, that payment could not be made for items or services under part A or part B by reason of section 1862 (a)(1) or (a)(9).

"(d) In any case arising under subsection (b) (but without regard to whether payments have been made by the

individual to the provider or other person) or subsection (c), the provider or other person shall have the same rights that an individual has under section 1869(b) (when the determination is under part A) or section 1842(b)(3)(C) (when the determination is under part B) when the amount of benefit or payments is in controversy, except that such rights may, under prescribed regulations, be exercised by such provider or other person only after the Secretary determines that the individual will not exercise such rights under such sections."

(b) The amendments made by this section shall be effective with respect to claims under part A or part B of title XVIII of the Social Security Act, filed—

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

(2) in or before the month in which this Act is enacted if such claim is with respect to items or services furnished after June 30, 1971, and if—

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

(B) the notice referred to in subparagraph (A) has been so given in or before such month, but a civil action with respect to such final decision is commenced under section 1869(b) of the Social Security Act (whether before, in, or after such

month) and the decision in such civil action has not become final in or after such month.

MEDICARE FOR INDIVIDUALS, AGE 60 THROUGH 64, WHO ARE ENTITLED TO BENEFITS UNDER SECTION 202 OR WHO ARE SPOUSES OF INDIVIDUALS ENTITLED TO HEALTH INSURANCE

SEC. 214. (a) Title XVIII of the Social Security Act is amended by adding after section 1818 (as added by section 202 of this Act) the following new section:

"HOSPITAL INSURANCE FOR INDIVIDUALS, AGE 60 THROUGH 64, WHO ARE ENTITLED TO BENEFITS UNDER SECTION 202 OR WHO ARE SPOUSES OF INDIVIDUALS ENTITLED TO HEALTH INSURANCE

"SEC. 1819. (a) Every individual who—

"(1) has attained the age of 60, but has not attained the age of 65; and

"(2) is either—

"(A) an individual entitled to monthly insurance benefits under section 202 or benefits under the Railroad Retirement Act of 1937, or

"(B) the wife or husband of a person entitled to benefits under this part, or

"(C) an individual entitled to benefits under—

"(i) section 223(a), or

"(ii) subsections (d), (e), (f), or (x), of section 202 based on disability,

but who has not met the conditions of section 226 (a)(2)(B); and

"(3) is enrolled under part B of this title shall be eligible to enroll in the insurance program established by this part.

"(b)(1) An individual may enroll only once under this section and only in such manner and form as may be prescribed in regulations, and only during an enrollment period prescribed in or under this section.

"(2) In the case of an individual who satisfies paragraph (1) of subsection (a) of this section and either subparagraph (A) or subparagraph (C) of paragraph (2) of such subsection, his enrollment period shall begin with whichever of the following is the latest:

"(A) April 1, 1973, or

"(B) the date such individual first meets the conditions in such paragraph (2), or

"(C) the date the Secretary sends notice to such individual that he is entitled to any monthly insurance benefits as specified in subparagraph (A) or subparagraph (C) of such paragraph (2)

and shall end at the close of the—

"(D) 90th day thereafter, if such enrollment period

begins on the date specified in subparagraph (B) or (C) of this paragraph, or

"(E) the 180th day thereafter, if such enrollment period begins on April 1, 1973.

"(3) In the case of an individual satisfying paragraph (1) and paragraph (2)(B) of subsection (a) of this section, his enrollment period shall begin on whichever of the following is the later: (A) April 1, 1973, or (B) the date such individual first meets the conditions specified in such paragraphs, and shall end at the close of the (C) 90th day thereafter, if such enrollment period begins on the date specified in clause (B) of this paragraph or (D) the 180th day thereafter, if such enrollment period begins on April 1, 1973.

"(c)(1) In the case of an individual who enrolls pursuant to the provisions of this section, the coverage period during which he is entitled to benefits under this part shall begin on the first day of the second month after the month in which he enrolls, or July 1, 1973, whichever is later.

"(2) An individual's coverage period shall terminate at the earlier of the following—

"(A) for failure to make timely premium payments, at such time as may be prescribed in regulations which may include a grace period in which overdue premiums may be paid and coverage continued, but such grace period shall not exceed 30 days, except that it

may be extended to not to exceed 60 days in any case where the Secretary determines that there was good cause for failure to pay overdue premiums within such 30-day period; or

"(B) at the close of the month following the month in which an individual files a notice with the Secretary that he no longer desires to be enrolled under this section; or

"(C) with the month before the month he no longer meets the conditions specified in subsection (a).

Notwithstanding the preceding provisions of this paragraph, an individual's coverage period shall terminate with the month before the first month in which such individual becomes eligible for hospital insurance benefits under section 226 of this Act or section 103 of the Social Security Amendments of 1965; and upon such termination such individual shall be deemed, solely for purposes of hospital insurance entitlement, to have filed in such month the application required to establish such entitlement.

"(d)(1) The monthly premium of each individual under this section for each month in his coverage period before July 1974 shall be $33.

"(2) The Secretary shall, during December of 1973 and of each year thereafter, determine and promulgate the dollar

amount (whether or not such dollar amount was applicable for premiums for any prior month) which shall be applicable for premiums chargeable to individuals for months occurring in the 12-month period commencing July 1 of the next succeeding year. Such amount shall be actuarily adequate on a per capita basis to meet the estimated amounts of incurred claims and administrative expenses for individuals enrolled under this section during such period; and such amount shall take into consideration underwriting losses or gains incurred during prior years. Any amount determined under the preceding sentence which is not a multiple of $1 shall be rounded to the nearest $1, or if midway between multiples of $1, to the next higher multiple of $1.

"(e) Payment of the monthly premiums on behalf of any individual who meets the conditions of subsection (a) may be made by any public or private agency or organization under a contract or other arrangement entered into between it and the Secretary if the Secretary determines that payment of such premiums under such contract or other arrangement is administratively feasible.

"(f)(1) The provisions of section 1840 shall apply to individuals enrolled under this section if such individuals are entitled to monthly insurance benefits under section 202 or

223. The provisions of subsections (e), (f), (g), and (h) of such section 1840 shall apply to any other individuals so enrolled.

"(2) Where an individual enrolled under this section meets the provisions of paragraph (2)(B) of subsection (a) (but does not meet the provisions of paragraph (2)(A) or (2)(C) of such subsection) and the person referred to in such paragraph (2)(B) is entitled to monthly insurance benefits under section 202 or section 223, the provisions of section 1840(a)(1) shall apply to such benefits as though such husband or wife were entitled to such benefits, unless such person files a notice with the Secretary that the deductions provisions of such section 1840(a)(1) shall not apply.

"(g) The term 'wife' or 'husband' as used in this section shall have the meaning assigned to those terms by subsection (b) and subsection (f) of section 216, as the case may be, except that the provisions of clause (2) of such subsection (b) and clause (2) of such subsection (f) shall not apply."

(b) Title XVIII of the Social Security Act (as amended by other provisions of this Act) is further amended by adding after section 1844 the following new section:

"ELIGIBILITY OF INDIVIDUALS, AGE 60 THROUGH 64, WHO ARE ENTITLED TO BENEFITS UNDER SECTION 202 OR WHO ARE SPOUSES OF INDIVIDUALS ENTITLED TO HOSPITAL INSURANCE

"SEC. 1845. (a) Any individual who meets the conditions of paragraphs (1) and (2) of section 1819(a) shall be eligible to enroll in the insurance program established by this part. The provisions of subsections (b), (c), (e), (f), and (h) of section 1819 shall apply to individuals authorized to enroll under this section.

"(b) An individual's coverage period shall also terminate when (A) he no longer meets the conditions specified in paragraphs (1) and (2) of section 1819(a) or (B) his enrollment under section 1819 is terminated. Where termination occurs pursuant to this subsection, the coverage period shall terminate with the close of whichever of the following months is the earliest: (C) the month before the month the individual attains the age of 65 or (D) the month following the month in which such individual no longer meets the conditions of paragraph (2) of section 1819(a) or (E) the month in which his enrollment under section 1819 terminates.

"(c)(1) The monthly premium of each individual under this section for each month in his coverage period before July 1974 shall be 200 per centum of the premium payable by an individual who has attained age 65 for such month.

"(2) The Secretary shall, during December of each year beginning in 1973, determine and promulgate the dollar amount (whether or not such dollar amount was applicable for premiums for any prior month) which shall be applicable for premiums for months occurring in the 12-month period commencing July 1 of the next year. Such amount shall be actuarially adequate on a per capita basis to meet the estimated amounts of incurred claims and administrative expenses for individuals enrolled under this section during such period, and such amount shall take into consideration underwriting losses or gains incurred during prior years. Any amount determined under the preceding sentence which is not a multiple of $1 shall be rounded to the nearest $1 or if midway between multiples of $1, to the next higher multiple of $1.

"(d) All premiums collected from individuals enrolled pursuant to this section shall be deposited in the Federal Supplementary Medical Insurance Trust Fund."

COVERAGE OF DRUGS UNDER MEDICARE

SEC. 215. (a) Section 226(c)(1) of the Social Security Act (as amended by section 201 of this Act) is further

amended by striking out "and post-hospital home health services" and inserting in lieu thereof "post-hospital home health services, and eligible drugs".

(b) Section 1811 of the Social Security Act is amended by inserting "and eligible drugs" after "related post-hospital services".

(c) Section 1812(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (2);

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

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

"(4) eligible drugs.".

(d) Section 1813(a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(4) The reasonable allowance, as defined in section 1823, for eligible drugs furnished an individual pursuant to any one prescription (or each renewal thereof) and purchased by such individual at any one time shall be reduced by an amount equal to the applicable prescription copayment obligation which shall be $1."

(e)(1) Section 1814(a) of the Social Security Act is amended—

(A) by striking out "and" at the end of paragraph (6);

(B) by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and"; and

(C) by inserting after paragraph (7) the following new paragraph:

"(8) with respect to drugs or biologicals furnished pursuant to and requiring (except for insulin) a physician's prescription, such drugs or biologicals are eligible drugs as defined in section 1861(t) and the participating pharmacy (as defined in section 1861(dd)) has such prescription in its possessison, or some other record (in the case of insulin) that is satisfactory to the Secretary."

(2) Section 1814(b) of such Act is amended—

(A) by inserting "(1)" after "(b)",

(B) by inserting "(other than a pharmacy)" immediately after "provider of services", and

(C) by adding at the end thereof the following new paragraph:

"(2) The amount paid to any participating pharmacy which is a provider of services with respect to eligible drugs for which payment may be made under this part shall, sub-

ject to the provisions of section 1813, be the reasonable allowance (as defined in section 1823) with respect to such drugs."

(f) Section 1814 of the Social Security Act (as amended by section 227(b)(2) and 228(a) of this Act) is further amended by adding at the end thereof the following new subsection:

"Limitation on Payment for Eligible Drugs

"(j) Payment may be made under this part for eligible drugs only when such drugs are dispensed by a participating pharmacy; except that payment under this part may be made for eligible drugs dispensed by a physician where the Secretary determines, in accordance with regulations, that such eligible drugs were required in an emergency or that there was no participating pharmacy available in the community, in which case the physician (under regulations prescribed by the Secretary) shall be regarded as a participating pharmacy for purposes of this part with respect to the dispensing of such eligible drugs."

(g) Part A of title XVIII of the Social Security Act is further amended by adding after section 1819 (as added by section 214 of this Act) the following new sections:

"MEDICARE FORMULARY COMMITTEE

"SEC. 1820. (a)(1) There is hereby established, within the Department of Health, Education, and Welfare, a

Medicare Formulary Committee (hereinafter referred to as the 'Committee'), a majority of whose members shall be physicians and which shall consist of the Commissioner of Food and Drugs and of four individuals (not otherwise in the employ of the Federal Government) who do not have a direct or indirect financial interest in the composition of the Formulary established under this section and who are of recognized professional standing and distinction in the fields of medicine, pharmacology, or pharmacy, to be appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service. The Chairman of the Committee shall be elected annually from the appointed members thereof, by majority vote of the members of the Committee.

"(2) Each appointed member of the Committee shall hold office for a term of five years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the members first taking office shall expire, as designated by the Secretary at the time of appointment, one at the end of each of the first five years. A member shall not be eligible to serve continuously for more than two terms.

"(b) Appointed members of the Committee, while at-

tending meetings or conferences thereof or otherwise serving on business of the Committee, shall be entitled to receive compensation at rates fixed by the Secretary (but not in excess of the daily rate paid under GS–18 of the General Schedule under section 5332 of title 5, United States Code), including traveltime, and while so serving away from their homes or regular places of business they may be allowed travel expenses, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"(c)(1) The Committee is authorized, with the approval of the Secretary, to engage or contract for such technical assistance as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Committee such secretarial, clerical, and other assistance as the Formulary Committee may require to carry out its functions.

"(2) The Secretary shall furnish to the Committee such office space, materials, and equipment as may be necessary for the Formulary Committee to carry out its functions.

"MEDICARE FORMULARY

"SEC. 1821. (a)(1) The Committee shall compile, publish, and make available a Medicare Formulary (hereinafter in this title referred to as the 'Formulary').

"(2) The Committee shall periodically revise the Formu-

lary and the listing of drugs so as to maintain currency in the contents thereof.

"(b)(1) The Formulary shall contain an alphabetically arranged listing, by established name, of those drug entities within the following therapeutic categories:

"Adrenocorticoids

"Anti-anginals

"Anti-arrhythmics

"Anti-coagulants

"Anti-convulsants (excluding phenobarbital)

"Anti-hypertensives

"Anti-neoplastics

"Anti-Parkinsonism agents

"Anti-rheumatics

"Bronchodilators

"Cardiotonics

"Cholinesterase inhibitors

"Diuretics

"Gout suppressants

"Hypoglycemics

"Miotics

"Thyroid hormones

"Tuberculostatics

which the Committee decides are necessary for individuals using such drugs. The Committee shall exclude from the Formulary any drug entities (or dosage forms and

strengths thereof) which the Committee decides are not necessary for proper patient care, taking into account other drug entities (or dosage forms and strengths thereof) which are included in the Formulary.

"(2) Such listing shall include the specific dosage forms and strengths of each drug entity (included in the Formulary in accordance with paragraph (1)) which the Committee decides are necessary for individuals using such drugs.

"(3) Such listing shall include the prices at which the products (in the same dosage form and strength) of such drug entities are generally sold by the suppliers thereof and the limit applicable to such prices under section 1823(b)(1) for purposes of determining the reasonable allowance.

"(4) The Committee may also include in the Formulary, either as a separate part (or parts) thereof or as a supplement (or supplements) thereto, any or all of the following information:

"(A) A supplemental list or lists, arranged by diagnostic, prophylactic, therapeutic, or other classifications, of the drug entities (and dosage forms and strengths thereof) included in the listing referred to in paragraph (1).

"(B) The proprietary names under which products of a drug entity listed in the Formulary by established name (and dosage form and strength) are sold and the names of each supplier thereof.

"(C) Any other information with respect to eligible drug entities which in the judgment of the Committee would be useful in carrying out the purposes of this part.

"(c) In considering whether a particular drug entity (or strength or dosage form thereof) shall be included in or excluded from the Formulary, the Committee is authorized to obtain (upon request therefor) any record pertaining to the characteristics of such drug entity which is available to any other department, agency, or instrumentality of the Federal Government, and to request suppliers or manufacturers of drugs and other knowledgeable persons or organizations to make available to the Committee information relating to such drug. If any such record or information (or any information contained in such record) is of a confidential nature, the Committee shall respect the confidentiality of such record or information and shall limit its usage thereof to the proper exercise of its authority.

"(d)(1) The Committee shall establish such procedures as it determines to be necessary in its evaluation of the appropriateness of the inclusion in or exclusion from the Formulary, of any drug entity (or dosage form or strength thereof). For purposes of inclusion in or exclusion from the Formulary the principal factors in the determination of the Committee shall be:

"(A) the factor of clinical equivalence in the case of the same dosage forms in the same strengths of the same drug entity, and

"(B) the factor of relative therapeutic value in the case of similar or dissimilar drug entities in the same therapeutic category.

"(2) The Committee, prior to making a final decision to remove from listing in the Formulary any drug entity (or dosage forms or strengths thereof) which is included therein, shall afford a reasonable opportunity for a formal or informal hearing on the matter to any person engaged in manufacturing, preparing, compounding, or processing such drug entity who shows reasonable ground for such a hearing.

"(3) Any person engaged in the manufacture, preparation, compounding, or processing of any drug entity (or dosage forms or strengths thereof) not included in the Formulary which such person believes to possess the requisite qualities to entitle such drug to be included in the Formulary pursuant to subsection (b), may petition for inclusion of such drug entity and, if such petition is denied by the Formulary Committee, shall, upon request therefor, showing reasonable grounds for a hearing, be afforded a formal or informal hearing on the matter in accordance with rules and procedures established by such Committee.

"*LIMITATIONS ON MEDICARE PAYMENT FOR CHARGES OF PROVIDERS OF SERVICES*

"*SEC. 1822. (a) Any provider of services as defined in section 1861(u), whose services are otherwise reimbursable, under any program under this Act in which there is Federal financial participation on the basis of 'reasonable cost', shall not be entitled to a professional fee or dispensing charge or reasonable billing allowance as determined pursuant to this part.*

"*(b) A fee, charge, or billing allowance shall not be payable under this section with respect to any drug entity that (as determined in accordance with regulations) is furnished as an incident to a physician's professional service, and is of a kind commonly furnished in physicians' offices and commonly either rendered without charge or included in the physicians' bills.*

"*REASONABLE ALLOWANCE FOR ELIGIBLE DRUGS*

"*SEC. 1823. (a) For purposes of this part, the term 'reasonable allowance' when used in reference to an eligible drug (as defined in subsection (h) of this section) means the following:*

"*(1) When used with respect to a prescription legend drug entity, in a given dosage form and strength, such term means the lesser of—*

"(A) an amount equal to the customary charge at which the participating pharmacy sells or offers such drug entity, in a given dosage form and strength, to the general public, or

"(B) the price determined by the Secretary, in accordance with subsection (b) of this section, plus the professional fee or dispensing charges determined in accordance with subsection (c) of this section.

"(2) When used with respect to insulin such term means the charge not in excess of the reasonable customary price at which the participating pharmacy offers or sells the product to the general public, plus a reasonable billing allowance.

"(b)(1) For purposes of establishing the reasonable allowance in accordance with subsection (a) the price shall be (A) in the case of a drug entity (in any given dosage form and strength) available from and sold by only one supplier, the price at which such drug entity is generally sold (to establishments dispensing drugs), and (B) in any case in which a drug entity (in any given dosage form and strength) is available and sold by more than one supplier, only each of the lower prices at which the products of such drug entity are generally sold (and such lower prices shall consist of only those prices of different suppliers sufficient to

assure actual and adequate availability of the drug entity, in a given dosage form and strength, at such prices in a region).

"(2) If a particular drug entity (in a given dosage form and strength) in the Formulary is available from more than one supplier, and the product of such drug entity as available from one supplier possesses demonstrated distinct therapeutic advantages over other products of such drug entity as determined by the Committee on the basis of its scientific and professional appraisal of information available to it, including information and other evidence furnished to it by the supplier of such drug entity, then the reasonable allowance for such supplier's drug product shall be based upon the price at which it is generally sold to establishments dispensing drugs.

"(3) If the prescriber, in his handwritten order, has specifically designated a particular product of a drug entity (and dosage form and strength) included in the Formulary by its established name together with the name of the supplier of the final dosage form thereof, the reasonable allowance for such drug product shall be based upon the price at which it is generally sold to establishments dispensing drugs.

"(c)(1) For the purpose of establishing the reasonable allowance (in accordance with subsection (a)) a participating pharmacy, shall, in the form and manner prescribed

by the Secretary, file with the Secretary, at such times as he shall specify, a statement of its professional fee or other dispensing charges.

"(2) A participating pharmacy, which has agreed with the Secretary to serve as a provider of services under this part, shall, except for subsection (a)(1)(A), be reimbursed, in addition to any price provided for in subsection (b), the amount of the fee or charges filed in paragraph (1), except that no fee or charges shall exceed the highest fee or charges filed by 75 per centum of participating pharmacies (with such pharmacies classified on the basis of (A) lesser dollar volume of prescriptions and (B) all others) in a census region which were customarily charged to the general public as of June 1, 1972. Such prevailing professional fees or dispensing charges may be modified by the Secretary in accordance with criteria and types of data comparable to those applicable to recognition of increases in reasonable charges for services under section 1842.

"(3) A participating pharmacy shall agree to certify that, whenever such pharmacy is required to submit its usual professional fee or dispensing charge for a prescription, such charge does not exceed its customary charge."

(h) Section 1861(t) of the Social Security Act is amended—

(1) by inserting ", or as are approved by the Formulary Committee" after "for use in such hospital"; and

(2) by adding at the end thereof the following new sentence: "The term 'eligible drug' means a drug or biological which (A) can be self-administered, (B) requires a physician's prescription (except for insulin), (C) is prescribed when the individual requiring such drug is not an inpatient in a hospital or extended care facility, during a period of covered care, (D) is included by strength and dosage forms among the drugs and biologicals approved by the Formulary Committee, (E) is dispensed (except as provided by section 1814(j)), by a pharmacist from a participating pharmacy, and (F) is dispensed in quantities consistent with proper medical practice and reasonable professional discretion."

(i) Section 1861(u) of the Social Security Act (as amended by section 227(d)(1) of this Act) is further amended by striking out "or home health agency" and inserting in lieu thereof "home health agency, or pharmacy".

(j) Section 1861 of the Social Security Act is further amended by adding at the end thereof the following new subsection:

"Participating Pharmacy

"(dd) The term 'participating pharmacy' means a pharmacy, or other establishment (including the outpatient de-

partment of a hospital) providing pharmaceutical services, (1) which is licensed as such under the laws of the State (where such State requires such licensure) or which is otherwise lawfully providing pharmaceutical services in which such drug is provided or otherwise dispensed in accordance with this title, (2) which has agreed with the Secretary to act as a provider of services in accordance with the requirements of this section, and which complies with such other requirements as may be established by the Secretary in regulations to assure the proper, economical, and efficient administration of this title, (3) which has agreed to submit, at such frequency and in such form as may be prescribed in regulations, bills for amounts payable under this title for eligible drugs furnished under part A of this title, and (4) which has agreed not to charge beneficiaries under this title any amounts in excess of those allowable under this title with respect to eligible drugs except as is provided under section 1813(a)(4), and except for so much of the charge for a prescription (in the case of a drug product prescribed by a physician, of a drug entity in a strength and dosage form included in the Formulary where the price at which such product is sold by the supplier thereof exceeds the reasonable allowance) as is in excess of the reasonable allowance established for such drug entity in accordance with section 1823."

(k)(1) the first sentence of section 1866(a)(2)(A)

of the Social Security Act is amended by striking out "and (ii)" and inserting in lieu thereof the following: "(ii) the amount of any copayment obligation and excess above the reasonable allowance consistent with section 1861(dd)(4) and (iii)".

(2) The second sentence of section 1866(a)(2)(A) of such Act is amended by striking out "clause (ii)" and inserting in lieu thereof "clause (iii)".

(l) The amendments made by this section shall apply with respect to eligible drugs furnished on and after the first day of July 1973.

INSPECTOR GENERAL FOR HEALTH ADMINISTRATION

SEC. 216. (a) Title XI of the Social Security Act is amended by adding after section 1123 (as added by section 241 of this Act) and before section 1151 (as added by section 249(F) of this Act) the following new section:

"INSPECTOR GENERAL FOR HEALTH ADMINISTRATION

"SEC. 1124. (a)(1) In addition to other officers within the Department of Health, Education, and Welfare, there shall be, within such Department, an officer with the title of 'Inspector General for Health Administration' (hereinafter in this section referred to as the 'Inspector General'), who shall be appointed or reappointed by the President, by and with the advice and consent of the Senate. In addition, there shall be a Deputy Inspector General for Health Adminis-

tration (hereinafter referred to as the 'Deputy Inspector General'), and such additional personnel as may be required to carry out the functions vested in the Inspector General by this section.

"(2) The term of office of any individual appointed or reappointed to the position of Inspector General shall expire 6 years after the date he takes office pursuant to such appointment or reappointment.

"(b) The Inspector General shall report directly to the Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the 'Secretary'); and, in carrying out the functions vested in him by this section, the Inspector General shall not be under the control of, or subject to supervision by, any officer of the Department of Health, Education, and Welfare, other than the Secretary.

"(c)(1) It shall be the duty and responsibility of the Inspector General to arrange for, direct, or conduct such reviews, inspections, and audits of the health insurance program established by title XVIII, the medical assistance programs established pursuant to title XIX, and any other programs of health care authorized under any other title of this Act as he considers necessary for ascertaining the efficiency and economy of their administration, their consonance with the provisions of law by or pursuant to which such pro-

grams were established, and the attainment of the objectives and purposes for which such provisions of law were enacted.

"(2) The Inspector General shall maintain continuous observation and review of programs with respect to which he has responsibilities under paragraph (1) of this subsection for the purpose of—

"(A) determining the extent to which such programs are in compliance with applicable laws and regulations;

"(B) making recommendations for the correction of deficiencies in, or for improving the organization, plans, procedures, or administration of, such programs; and

"(C) evaluating the effectiveness of such programs in attaining the objectives and purposes of the provisions of law by or pursuant to which such programs were established.

"(d)(1) For purposes of aiding in carrying out his duties under this section, the Inspector General shall have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material of or available to the Department of Health, Education, and Welfare which relate to the programs with respect to which the Inspector General has responsibilities under this section.

"(2) The head of any Federal department, agency, office, or instrumentality shall, and the head of any State agency administering or supervising the administration of

any State plan approved under title XIX shall, at the request of the Inspector General, provide any information which the Inspector General determines will be helpful to him in carrying out his responsibilities under this section.

"(e)(1) The Inspector General shall have authority to suspend any regulation, practice, or procedure employed in the administration of any program with respect to which he has responsibilities under this section if, as a result of any study, investigation, review, or audit of such program, he determines that—

"(A) the suspension of such regulation, practice, or procedure will promote efficiency or economy in the administration of such program; or

"(B) such regulation, practice, or procedure is contrary to applicable provisions of law, or does not carry out the objectives and purposes of the provisions of law by or pursuant to which there was established the program in connection with which such regulation, practice, or procedure is promulgated, instituted, or applied.

"(2)(A) Any order of suspension by the Inspector General of any regulation, practice, or procedure pursuant to this subsection shall remain in effect until the Inspector General issues an order reinstating such regulation, practice, or procedure; except that the Secretary shall receive not less than 30 days notice of the proposed suspension and may, at any

time prior to or after any such suspension by the Inspector General, issue an order revoking such suspension.

"(B) Whenever the Secretary issues an order revoking any such actual or proposed order of suspension by the Inspector General, he shall promptly notify the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives (and, in case such order relates to any State regulation, practice, or procedure employed by a State in the administration of its State plan approved under title XIX, the Governor, or other chief executive officer, of such State) of such order and shall submit to each such committee information explaining his reasons for the issuance of such order.

"(f) If—

"(1) the Inspector General issues any order suspending any State regulation, practice, or procedure employed by a State in the administration of its State plan approved under title XIX, and

"(2) for any period that such order is in effect, such State fails to comply with such order, then, notwithstanding any other provision of law, the amount of the Federal payments otherwise payable to such State under section 1903 with respect to such period shall be reduced by an amount equal to the amount (if any) of the excess of—

"(3) the amount of Federal funds payable to such State with respect to such period under section 1903, as determined without regard to this subsection, over

"(4) the amount of the Federal funds which would have been payable to such State under such section with respect to such period if, for all of such period, such State had complied with such order.

For purposes of the preceding sentence, an order of the Inspector General shall not be deemed to be in effect for any period if such order has been revoked by an order of the Secretary issued in accordance with subsection (e)(2).

"(g)(1) The Inspector General may, from time to time, submit such reports to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives relating to his activities as he deems to be appropriate.

"(2) Whenever either of the Committees referred to in paragraph (1) makes a request to the Inspector General to furnish such Committee with any information, or to conduct any study or investigation and report the findings resulting therefrom to such committee, the Inspector General shall comply with such request.

"(3) Whenever the Inspector General issues an order suspending or reinstating any regulation, practice, or proce-

dures pursuant to subsection (e), he shall promptly notify the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives (and, in case such order relates to any State regulation, practice or procedure employed by a State in the administration of its State plan approved under title XIX, the Governor, or other chief executive officer, of such State) of such order and shall submit to each such Committee information explaining his reasons for the issuance of such order.

"(h) The Inspector General may make expeditures (not in excess of $50,000 in any fiscal year) of a confidential nature when he finds that such expenditures are in aid of inspections, audits, or reviews under this section; but such expenditures so made shall not be utilized to make payments, to any one individual, the aggregate of which exceeds $2,000. The Inspector General shall submit annually a confidential report on expenditures under this provision to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

"(i)(1) Expenses of the Inspector General relating to the health insurance program established by title XVIII shall be payable from the Federal Hospital Insurance Trust Fund and from the Federal Supplementary Medical Insurance Trust Fund, with such portions being paid from each such

Fund as the Secretary shall deem to be appropriate. Expenses of the Inspector General relating to medical assistance programs established pursuant to title XIX shall be payable from funds appropriated to carry out such title; and expenses of the Inspector General relating to any program of health care authorized under any title of this Act (other than titles XVIII and XIX) shall be payable from funds appropriated to carry out such program.

"(2) There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

"(j) The Secretary shall provide the Inspector General and his staff with appropriate and adequate office space within the facilities of the Department of Health, Education, and Welfare, together with such equipment, office supplies, and communications facilities and services, as may be necessary for the operation of such office and shall provide necessary maintenance services for such office and the equipment and facilities located therein."

(b) Section 5315 of title 5, United States Code, is amended by inserting at the end thereof:

"(95) Inspector General for Health Administration."

~~PART B—IMPROVEMENTS IN OPERATING EFFECTIVENESS~~

LIMITATION ON FEDERAL PARTICIPATION FOR CAPITAL EXPENDITURES

SEC. 221. (a) Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"LIMITATION ON FEDERAL PARTICIPATION FOR CAPITAL EXPENDITURES

"SEC. 1122. (a) The purpose of this section is to assure that Federal funds appropriated under titles V, XVIII, and XIX are not used to support unnecessary capital expenditures made by or on behalf of health care facilities or health maintenance organizations which are reimbursed under any of such titles and that, to the extent possible, reimbursement under such titles shall support planning activities with respect to health services and facilities in the various States.

"(b) The Secretary, after consultation with the Governor (or other chief executive officer) and with appropriate local public officials, shall make an agreement with any State which is able and willing to do so under which a designated planning agency (which shall be an agency described in clause (ii) of subsection (d) (1) (B) that has a governing body or advisory board at least half of whose members represent consumer interests) will—

"(1) make, and submit to the Secretary together

with such supporting materials as he may find necessary, findings and recommendations with respect to capital expenditures proposed by or on behalf of any health care facility or health maintenance organization in such State within the field of its responsibilities,

"(2) receive from other agencies described in clause (ii) of subsection (d) (1) (B), and submit to the Secretary together with such supporting material as he may find necessary, the findings and recommendations of such other agencies with respect to capital expenditures proposed by or on behalf of health care facilities or health maintenance organizations in such State within the fields of their respective responsibilities, and

"(3) establish and maintain procedures pursuant to which a person proposing any such capital expenditure may appeal a recommendation by the designated agency and will be granted an opportunity for a fair hearing by such agency or person other than the designated agency as the Governor (or other chief executive officer) may designate to hold such hearings,

whenever and to the extent that the findings of such designated agency or any such other agency indicate that any such expenditure is not consistent with the standards, criteria, or plans developed pursuant to the Public Health Service Act (or the Mental Retardation Facilities and Community

Mental Health Centers Construction Act of 1963) to meet the need for adequate health care facilities in the area covered by the plan or plans so developed.

"(c) The Secretary shall pay any such State from the Federal Hospital Insurance Trust Fund, in advance or by way of reimbursement as may be provided in the agreement with it (and may make adjustments in such payments on account of overpayments or underpayments previously made), for the reasonable cost of performing the functions specified in subsection (b).

"(d) (1) Except as provided in paragraph (2), if the Secretary determines that—

"(A) neither the planning agency designated in the agreement described in subsection (b) nor an agency described in clause (ii) of subparagraph (B) of this paragraph had been given notice of any proposed capital expenditure (in accordance with such procedure or in such detail as may be required by such agency) at least sixty days prior to obligation for such expenditure; or

"(B) (i) the planning agency so designated or an agency so described had received such timely notice of the intention to make such capital expenditure and had, within a reasonable period after receiving such notice and prior to obligation for such expenditure, noti-

fied the person proposing such expenditure that the expenditure would not be in conformity with the standards, criteria, or plans developed by such agency or any other agency described in clause (ii) for adequate health care facilities in such State or in the area for which such other agency has responsibility, and

"(ii) the planning agency so designated had, prior to submitting to the Secretary the findings referred to in subsection (b)—

"(I) consulted with, and taken into consideration the findings and recommendations of, the State planning agencies established pursuant to sections 314(a) and 604(a) of the Public Health Service Act (to the extent that either such agency is not the agency so designated) as well as the public or nonprofit private agency or organization responsible for the comprehensive regional, metropolitan area, or other local area plan or plans referred to in section 314(b) of the Public Health Service Act and covering the area in which the health care facility or health maintenance organization proposing such capital expenditure is located (where such agency is not the agency designated in the agreement), or, if there is no such agency, such other public or nonprofit private agency or organization

(if any) as performs, as determined in accordance with criteria included in regulations, similar functions, and

"(II) granted to the person proposing such capital expenditure an opportunity for a fair hearing with respect to such findings;

then, for such period as he finds necessary in any case to effectuate the purpose of this section, he shall, in determining the Federal payments to be made under titles V, XVIII, and XIX with respect to services furnished in the health care facility for which such capital expenditure is made, not include any amount which is attributable to depreciation, interest on borrowed funds, a return on equity capital (in the case of proprietary facilities), or other expenses related to such capital expenditure. With respect to any organization which is reimbursed on a per capita basis, in determining the Federal payments to be made under titles V, XVIII, and XIX, the Secretary shall exclude an amount which in his judgment is a reasonable equivalent to the amount which would otherwise be excluded under this subsection if payment were to be made on other than a per capita basis.

"(2) If the Secretary, after submitting the matters involved to the advisory council established or designated under subsection (i), determines that an exclusion of expenses related to any capital expenditure of any health care

facility or health maintenance organization would discourage the operation or expansion of such facility or organization, or of any facility of such organization, which has demonstrated to his satisfaction proof of capability to provide comprehensive health care services (including institutional services) efficiently, effectively, and economically, or would otherwise be inconsistent with the effective organization and delivery of health services or the effective administration of title V, XVIII, or XIX, he shall not exclude such expenses pursuant to paragraph (1).

"(e) Where a person obtains under lease or comparable arrangement any facility or part thereof, or equipment for a facility, which would have been subject to an exclusion under subsection (d) if the person had acquired it by purchase, the Secretary shall (1) in computing such person's rental expense in determining the Federal payments to be made under titles V, XVIII, and XIX with respect to services furnished in such facility, deduct the amount which in his judgment is a reasonable equivalent of the amount that would have been excluded if the person had acquired such facility or such equipment by purchase, and (2) in computing such person's return on equity capital deduct any amount deposited under the terms of the lease or comparable arrangement.

"(f) Any person dissatisfied with a determination by the

Secretary under this section may within six months following notification of such determination request the Secretary to reconsider such determination. A determination by the Secretary under this section shall not be subject to administrative or judicial review.

"(g) For the purposes of this section, a 'capital expenditure' is an expenditure which, under generally accepted accounting principles, is not properly chargeable as an expense of operation and maintenance and which (1) exceeds $100,000, (2) changes the bed capacity of the facility with respect to which such expenditure is made, or (3) substantially changes the services of the facility with respect to which such expenditure is made. For purposes of clause (1) of the preceding sentence, the cost of the studies, surveys, designs, plans, working drawings, specifications, and other activities essential to the acquisition, improvement, expansion, or replacement of the plant and equipment with respect to which such expenditure is made shall be included in determining whether such expenditure exceeds $100,000.

"(h) The provisions of this section shall not apply to Christian Science sanatoriums operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts.

"(i) (1) The Secretary shall establish a national advisory council, or designate an appropriate existing national advisory council, to advise and assist him in the preparation of general regulations to carry out the purposes of this section and on policy matters arising in the administration of this section, including the coordination of activities under this section with those under other parts of this Act or under other Federal or federally assisted health programs.

"(2) The Secretary shall make appropriate provision for consultation between and coordination of the work of the advisory council established or designated under paragraph (1) and the Federal Hospital Council, the National Advisory Health Council, the Health Insurance Benefits Advisory Council, ~~the Medical Assistance Advisory Council,~~ and other appropriate national advisory councils with respect to matters bearing on the purposes and administration of this section and the coordination of activities under this section with related Federal health programs.

"(3) If an advisory council is established by the Secretary under paragraph (1), it shall be composed of members who are not otherwise in the regular full-time employ of the United States, and who shall be appointed by the Secretary without regard to the civil service laws from among leaders

in the fields of the fundamental sciences, the medical sciences, and the organization, delivery, and financing of health care, and persons who are State or local officials or are active in community affairs or public or civic affairs or who are representative of minority groups. Members of such advisory council, while attending meetings of the council or otherwise serving on business of the council, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding the maximum rate specified at the time of such service for grade GS–18 in section 5332 of title 5, United States Code, including traveltime, and while away from their homes or regular places of business they may also be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 (b) of such title 5 for persons in the Government service employed intermittently."

(b) The amendment made by subsection (a) shall apply only with respect to a capital expenditure the obligation for which is incurred by or on behalf of a health care facility or health maintenance organization subsequent to whichever of the following is earlier: (A) ~~June 30, 1972,~~ *December 31, 1972*, or (B) with respect to any State or any part thereof specified by such State, the last day of the calendar quarter in which the State requests that the amendment made by

subsection (a) of this section apply in such State or such part thereof.

(c) (1) Section 505 (a) (6) of such Act (as amended by section 232 (b) of this Act) is further amended by inserting ", consistent with section 1122," after "standards" where it first appears.

(2) Section 506 of such Act (as amended by sections 224 (d), 229 (d), 233 (d), and 237 (b) of this Act) is further amended by adding at the end thereof the following new subsection:

"(g) For limitation on Federal participation for capital expenditures which are out of conformity with a comprehensive plan of a State or areawide planning agency, see section 1122."

(3) Clause (2) of the second sentence of section 509 (a) of such Act is amended by inserting ", consistent with section 1122," after "standards".

(4) Section 1861 (v) of such Act is amended by adding at the end thereof the following new paragraph:

"(5) For limitation on Federal participation for capital expenditures which are out of conformity with a comprehensive plan of a State or areawide planning agency, see section 1122."

(5) Section 1902(a)(13)(D) of such Act (as amended by section 232(a) of this Act) is further amended by inserting ", consistent with section 1122," after "standards" where it first appears.

(6) Section 1903(b) of such Act is amended by adding at the end thereof the following new paragraph:

"(3) For limitation on Federal participation for capital expenditures which are out of conformity with a comprehensive plan of a State or areawide planning agency, see section 1122."

(d) In the case of a health care facility providing health care services as of December 18, 1970, which on such date is committed to a formal plan of expansion or replacement, the amendments made by the preceding provisions of this section shall not apply with respect to such expenditures as may be made or obligations incurred for capital items included in such plan where preliminary expenditures toward the plan of expansion or replacement (including payments for studies, surveys, designs, plans, working drawings, specifications, and site acquisition, essential to the acquisition, improvement, expansion, or replacement of the health care facility or equipment concerned) of $100,000 or more, had been made during the three-year period ended December 17, 1970.

~~REPORT ON PLAN FOR PROSPECTIVE REIMBURSEMENT; EXPERIMENTS AND DEMONSTRATION PROJECTS TO DEVELOP INCENTIVES FOR ECONOMY IN THE PROVISION OF HEALTH SERVICES~~

DEMONSTRATIONS AND REPORTS; PROSPECTIVE REIMBURSEMENT; EXTENDED CARE; INTERMEDIATE CARE AND HOMEMAKER SERVICES; AMBULATORY SURGICAL CENTERS; PHYSICIANS' ASSISTANTS; PERFORMANCE INCENTIVE CONTRACTS

SEC. 222. (a) (1) The Secretary of Health, Education, and Welfare, directly or through contracts ~~with~~ *with, or grants to*, public or private agencies or organizations, shall develop and carry out experiments and demonstration projects designed to determine the relative advantages and disadvantages of various alternative methods of making payment on a prospective basis to hospitals, ~~extended care~~ *skilled nursing* facilities, and other providers of services for care and services provided by them under title XVIII of the Social Security Act and under State plans approved under titles XIX and V of such Act, including alternative methods for classifying providers, for establishing prospective rates of payment, and for implementing on a gradual, selective, or other basis the establishment of a prospective payment system, in

order to stimulate such providers through positive *(or negative)* financial incentives to use their facilities and personnel more efficiently and thereby to reduce the total costs of the health programs involved without adversely affecting the quality of services by containing or lowering the rate of increase in provider costs that has been and is being experienced under the existing system of retroactive cost reimbursement.

(2) The experiments and demonstration projects developed under paragraph (1) shall be of sufficient scope and shall be carried out on a wide enough scale to permit a thorough evaluation of the alternative methods of prospective payment under consideration while giving assurance that the results derived from the experiments and projects will obtain generally in the operation of the programs involved (without committing such programs to the adoption of any prospective payment system either locally or nationally).

(3) In the case of any experiment or demonstration project under paragraph (1), the Secretary may waive compliance with the requirements of titles XVIII, XIX, and V of the Social Security Act insofar as such requirements relate to methods of payment for services provided; and costs incurred in such experiment or project in excess of those which would otherwise be reimbursed or paid under such titles may

be reimbursed or paid to the extent such waiver applies to them (with such excess being borne by the Secretary). No experiment or demonstration project shall be developed or carried out under paragraph (1) until the Secretary obtains the advice and recommendations of specialists who are competent to evaluate the proposed experiment or project as to the soundness of its objectives, the possibilities of securing productive results, the adequacy of resources to conduct it, and its relationship to other similar experiments or projects already completed or in process*; and no such experiment or project shall be actually placed in operation unless at least 30 days prior thereto a written report, prepared for purposes of notification and information only, containing a full and complete description thereof has been transmitted to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate.*

(4) Grants, payments under contracts, and other expenditures made for experiments and demonstration projects under this subsection shall be made in appropriate part from the Federal Hospital Insurance Trust Fund (established by section 1817 of the Social Security Act) and the Federal Supplementary Medical Insurance Trust Fund (established by section 1841 of the Social Security Act)

and from funds appropriated under titles V and XIX of such Act. Grants and payments under contracts may be made either in advance or by way of reimbursement, as may be determined by the Secretary, and shall be made in such installments and on such conditions as the Secretary finds necessary to carry out the purpose of this subsection. With respect to any such grant, payment, or other expenditure, the amount to be paid from each of such trust funds *(and from funds appropriated under such titles V and XIX)* shall be determined by the Secretary, giving due regard to the purposes of the experiment or project involved.

(5) The Secretary shall submit to the Congress no later than July 1, ~~1973,~~ *1974*, a full report on the experiments and demonstration projects carried out under this subsection and on the experience of other programs with respect to prospective reimbursement together with any related data and materials which he may consider appropriate. Such report shall include detailed recommendations with respect to the specific methods which could be used in the full implementation of a system of prospective payment to providers of services under programs involved.

(b) (1) Section 402 (a) of the Social Security Amendments of 1967 is amended to read as follows:

"(a) (1) The Secretary of Health, Education, and Welfare is authorized, either directly or through grants to public

or nonprofit private agencies, institutions, and organizations or contracts with public or private agencies, institutions, and organizations, to develop and engage in experiments and demonstration projects for the following purposes:

"(A) to determine whether, and if so which, changes in methods of payment or reimbursement (other than those dealt with in section 222(a) of the Social Security Amendments of ~~1971~~ *1972*) for health care and services under health programs established by the Social Security Act, including a change to methods based on negotiated rates, would have the effect of increasing the efficiency and economy of health services under such programs through the creation of additional incentives to these ends without adversely affecting the quality of such services;

"(B) to determine whether payments for services other than those for which payment may be made under such programs (and which are incidental to services for which payment may be made under such programs) would, in the judgment of the Secretary, result in more economical provision and more effective utilization of services for which payment may be made under such program, where such services are furnished by organizations and institutions which have the capability of providing—

"(i) comprehensive health care services,

"(ii) mental health care services (as defined by section 401(c) of the Mental Retardation Facilities and Community Health Centers Construction Act of 1963),

"(iii) ambulatory health care services *(including surgical services provided on an outpatient basis), or*

"(iv) institutional services which may substitute, at lower cost, for hospital ~~care;~~ *care;*

"(C) to determine whether the rates of payment or reimbursement for health care services, approved by a State for purposes of the administration of one or more of its laws, when utilized to determine the amount to be paid for services furnished in such State under the health programs established by the Social Security Act, would have the effect of reducing the costs of such programs without adversely affecting the quality of such services;

"(D) to determine whether payments under such programs based on a single combined rate of reimbursement or charge for the teaching activities and patient care which residents, interns, and supervising physicians render in connection with a graduate medical education program in a patient facility would result in more equitable and economical patient care arrangements without adversely affecting the quality of such care;

~~"(E) to determine whether peer review, utilization review, and medical review mechanisms established on an areawide or communitywide basis would have a beneficial effect in helping to assure that services provided conform to appropriate professional standards for the provision of health care and that payment for such services will be made—~~

~~"(i) only when, and to the extent, medically necessary, as determined in the exercise of reasonable limits of professional discretion, and~~

~~"(ii) in the case of services provided by a hospital or other health care facility on an inpatient basis, only when and for such period as such services cannot, consistent with professionally recognized health care standards, effectively be provided on an outpatient basis or more economically in an inpatient health care facility of a different type; as determined in the exercise of reasonable limits of professional discretion; and~~

"(E) to determine whether coverage of intermediate care facility services and homemaker services would provide suitable alternatives to posthospital benefits presently provided under title XVIII of the Social Security Act; such experiment and demonstration projects may include:

"(i) counting each day of care in an intermedi-

ate care facility as one day of care in a skilled nursing facility, if such care was for a condition for which the individual was hospitalized,

"(ii) covering the services of homemakers for a maximum of 21 days, if institutional services are not medically appropriate,

"(iii) determining whether such coverage would reduce long-range costs by reducing the lengths of stay in hospitals and skilled nursing facilities, and

"(iv) establishing alternative eligibility requirements and determining the probable cost of applying each alternative, if the project suggests that such extension of coverage would be desirable;

"(F) to determine whether, and if so which type of, fixed price or performance incentive contract would have the effect of inducing to the greatest degree effective, efficient, and economical performance of agencies and organizations making payment under agreements or contracts with the Secretary for health care and services under health programs established by the Social Security ~~Act.~~ *Act; and*

"(G) to determine under what circumstances payment for services would be appropriate and the most appropriate, equitable, and noninflationary methods and amounts of reimbursement under health care programs

established by the Social Security Act for services, which are performed independently by an assistant to a physician, including a nurse practitioner (whether or not performed in the office of or at a place at which such physician is physically present), and—

"(i) which such assistant is legally authorized to perform by the State or political subdivision wherein such services are performed; and

"(ii) for which such physician assumes full legal and ethical responsibility as to the necessity, propriety, and quality thereof.

For purposes of this subsection, 'health programs established by the Social Security Act' means the program established by title XVIII of such Act, a program established by a plan of a State approved under title XIX of such Act, and a program established by a plan of a State approved under title V of such Act.

"(2) Grants, payments under contracts, and other expenditures made for experiments and demonstration projects under paragraph (1) shall be made in appropriate part from the Federal Hospital Insurance Trust Fund (established by section 1817 of the Social Security Act) and the Federal Supplementary Medical Insurance Trust Fund (established by section 1841 of the Social Security Act) *and from funds appropriated under titles V and XIX of such Act.* Grants

and payments under contracts may be made either in advance or by way of reimbursement, as may be determined by the Secretary, and shall be made in such installments and on such conditions as the Secretary finds necessary to carry out the purpose of this section. With respect to any such grant, payment, or other expenditure, the amount to be paid from each of such trust funds *(and from funds appropriated under such titles V and XIX)* shall be determined by the Secretary, giving due regard to the purposes of the experiment or project involved."

(2) Section 402(b) of such amendments is amended—

(A) by striking out "experiment" each time it appears and inserting in lieu thereof "experiment or demonstration project";

(B) by striking out "experiments" and inserting in lieu thereof "experiments and projects"; and

(C) by striking out "reasonable charge" and inserting in lieu thereof "reasonable charge, or to reimbursement or payment only for such services or items as may be specified in the experiment".

(c) Section 1875(b) of the Social Security Act is amended—

(1) by striking out "experimentation" and inserting in lieu thereof "experiments and demonstration projects", and

(2) by inserting "and the experiments and demonstration projects authorized by section 222(a) of the Social Security Amendments of ~~1971~~ *1972*" after "1967".

LIMITATIONS ON COVERAGE OF COSTS UNDER MEDICARE

SEC. 223. (a) The first sentence of section 1861(v)(1) of the Social Security Act is amended by inserting immediately before "determined" where it first appears the following: "the cost actually incurred, excluding therefrom any part of incurred cost found to be unnecessary in the efficient delivery of needed health services, and shall be".

(b) The third sentence of section 1861(v)(1) of such Act is amended by striking out the comma after "services," where it last appears and inserting in lieu thereof the following: "may provide for the establishment of limits on the direct or indirect overall incurred costs or incurred costs of specific items or services or groups of items or services to be recognized as reasonable based on estimates of the costs necessary in the efficient delivery of needed health services to individuals covered by the insurance programs established under this title,".

(c) The fourth sentence of section 1861(v)(1) of such Act is amended by inserting after "services" where it first appears the following: " (excluding therefrom any such costs, including standby costs, which are determined in accordance

with regulations to be unnecessary in the efficient delivery of services covered by the insurance programs established under this title)".

(d) The fourth sentence of section 1861(v)(1) of such Act is further amended by striking out "costs with respect" where it first appears and inserting in lieu thereof the following: "necessary costs of efficiently delivering covered services".

(e) Section 1866(a)(2)(B) of such Act is amended (1) by inserting "(i)" after "(B)", and (2) by adding at the end thereof the following new clause:

"(ii) Where a provider of services customarily furnishes an individual items or services which are *substantially* more expensive than the items or services determined to be necessary in the efficient delivery of needed health services under this title and which have not been requested by such individual, such provider may *(except with respect to emergency services)* also charge such individual or other person for such more expensive items or services to the extent that the costs of (or, if less, the customary charges for) such more expensive items or services experienced by such provider in the second fiscal period immediately preceding the fiscal period in which such charges are imposed exceed the cost of such items or services determined to be

necessary in the efficient delivery of needed health services, but only if—

"(I) the Secretary has provided notice to the public of any charges being imposed on individuals entitled to benefits under this title on account of costs *substantially* in excess of the costs determined to be necessary in the efficient delivery of needed health services under this title by particular providers of services in the area in which such items or services are furnished, and

"(II) the provider of services has identified such charges to such individual or other person, in such manner as the Secretary may prescribe, as charges to meet costs *substantially* in excess of the cost determined to be necessary in the efficient delivery of needed health services under this title."

(f) Section 1861(v) of such Act (as amended by section 221(c)(4) of this Act) is further amended by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and by inserting after paragraph (3) the following new paragraph:

"(4) If a provider of services furnishes items or services to an individual which are *substantially* in excess of or more expensive than the items or services determined to be necessary in the efficient delivery of needed health services

and charges are imposed for such more expensive items or services under the authority granted in section 1866(a)(2)(B)(ii), the amount of payment with respect to such items or services otherwise due such provider in any fiscal period shall be reduced to the extent that such payment plus such charges exceed the cost actually incurred for such items or services in the fiscal period in which such charges are imposed."

(g)(1) Section 1866(a)(2) of such Act is amended by inserting after subparagraph (C) the following new subparagraph:

"(D) Where a provider of services customarily furnishes items or services which are *substantially* in excess of or more expensive than the items or services with respect to which payment may be made under this title, such provider, notwithstanding the preceding provisions of this paragraph, may not, under the authority of section 1866(a)(2)(B)(ii), charge any individual or other person any amount for such items or services in excess of the amount of the payment which may otherwise be made for such items or services under this title if the admitting physician has a direct or indirect financial interest in such provider."

(2) The last paragraph of section 1866(a)(2) is amended by striking out "clause (iii) of the preceding sentence" and inserting in lieu thereof "subparagraph (C)".

(h) The amendments made by this section shall be effective with respect to accounting periods beginning after ~~June 30, 1972~~ *December 31, 1972.*

LIMITS OF PREVAILING CHARGE LEVELS

SEC. 224. (a) Section 1842 (b) (3) of the Social Security Act is amended by adding at the end thereof the following new sentences: "No charge may be determined to be reasonable in the case of bills submitted or requests for payment made under this part after December 31, 1970, if it exceeds the higher of (i) the prevailing charge recognized by the carrier and found acceptable by the Secretary for similar services in the same locality in administering this part on December 31, 1970, or (ii) the prevailing charge level that, on the basis of statistical data and methodology acceptable to the Secretary, would cover 75 percent of the customary charges made for similar services in the same locality during the last preceding calendar year elapsing prior to the start of the fiscal year in which the bill is submitted or the request for payment is made. ~~The~~ *In the case of physician services the* prevailing charge level determined for purposes of clause (ii) of the preceding sentence for any fiscal year beginning after June 30, ~~1972,~~ *1973*, may not exceed (in the aggregate) the level determined under such clause for the fiscal year ending June 30, ~~1972,~~ *1973*, except to the extent that the Secretary finds, on the basis of appropriate eco-

nomic index data, that such higher level is justified by economic changes. ~~In the case of medical services, supplies, and equipment that, in the judgment of the Secretary, do not generally vary significantly in quality from one supplier to another, the charges incurred after June 30, 1972, determined to be reasonable may exceed the lowest charge levels at which such services, supplies, and equipment are widely available in a locality only to the extent and under the circumstances specified by the Secretary~~ *In the case of medical services, supplies, and equipment (including equipment servicing) that, in the judgment of the Secretary, do not generally vary significantly in quality from one supplier to another, the charges incurred after December 31, 1972, determined to be reasonable may not exceed the lower charge levels at which such services, supplies, and equipment are widely and consistently available in a locality except to the extent and under the circumstances specified by the Secretary.*"

(b) The Health Insurance Benefits Advisory Council established under section 1867 of the Social Security Act shall conduct a study of the methods of reimbursement for physicians' services under Medicare for the purpose of evaluating their effects on (1) physicians' fees generally, (2) the extent of assignments accepted by physicians, and (3) the share of total physician-fee costs which the Medicare

program does not pay and which the beneficiary must assume. The Council shall report the results of such study to the Congress no later than ~~July, 1, 1972~~ *January 1, 1973*, together with a presentation of alternatives to the present methods and its recommendations as to the preferred method.

(c) Section 1903 of such Act is amended by adding at the end thereof (after the new subsections added by section 207 (a) (1) of this Act) the following new subsection:

"(i) Payment under the preceding provisions of this section shall not be made with respect to any amount paid for items or services furnished under the plan after ~~June 30, 1971~~ *December 31, 1972*, to the extent that such amount exceeds the charge which would be determined to be reasonable for such items or services under the third, fourth, and fifth sentences of section 1842 (b) (3)."

(d) Section 506 of such Act is amended by adding at the end thereof the following new subsection:

"(f) Notwithstanding the preceding provisions of this section, no payment shall be made to any State thereunder with respect to any amount paid for items or services furnished under the plan after ~~June 30, 1971~~ *December 31, 1972*, to the extent that such amount exceeds the charge which would be determined to be reasonable for such items

or services under the third, fourth, and fifth sentences of section 1842(b)(3)."

~~LIMITS ON PAYMENT FOR SKILLED NURSING HOME AND INTERMEDIATE CARE FACILITY SERVICES~~

~~SEC. 225. Section 1903 of the Social Security Act is amended by adding at the end thereof (after the new subsection added by section 224(c) of this Act) the following new subsection:~~

~~"(j) Notwithstanding the preceding provisions of this section—~~

~~"(1) in determining the amount payable to any State with respect to expenditures for skilled nursing home services furnished in any calendar quarter beginning after December 31, 1971, there shall not be included as expenditures under the State plan any amount in excess of the product of (A) the number of inpatient days of skilled nursing home services provided under the State plan in such quarter, and (B) 105 per centum of the average per diem cost of such services for the fourth calendar quarter preceding such calendar quarter; and~~

~~"(2) in determining the amount payable to any State with respect to expenditures for intermediate care facility services furnished in any calendar quarter begin-~~

~~ning after December 31, 1971, there shall not be included as expenditures under the State plan any amount in excess of the product of (A) the number of inpatient days of intermediate care facility services provided in such quarter under each of the plans of such State approved under titles I, X, XIV, XVI, and XIX, and (B) 105 per centum of the average per diem cost of such services for the fourth calendar quarter preceding such calendar quarter.~~

~~For purposes of determining the amount payable to any State with respect to any quarter under paragraphs (1) and (2), the Secretary may by regulation increase the percentage specified in clause (B) of each such paragraph to the extent necessary to take account of increases in per diem costs which result directly from increases in the Federal minimum wage, or which otherwise result directly from provisions of Federal law enacted (or amendments to Federal law made) after the date of the enactment of the Social Security Amendments of 1971."~~

PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS

SEC. 226. (a) Title XVIII of the Social Security Act is amended by adding at the end thereof the following new section:

"PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS

"SEC. 1876. (a) (1) In lieu of amounts which would otherwise be payable pursuant to sections 1814(b) and 1833(a), the Secretary is authorized to determine, by actuarial methods, as provided in this section, but only with respect to a health maintenance organization with which he has entered into a contract under subsection (i), a ~~prospective~~ per capita rate of payment—

"(A) for services provided under parts A and B for individuals enrolled with such organization pursuant to subsection (e) who are entitled to hospital insurance benefits under part A and enrolled for medical insurance benefits under part B, and

"(B) for services provided under part B for individuals enrolled with such organization pursuant to subsection (e) who are not entitled to benefits under part A but who are enrolled for benefits under part B.

~~"(2) (A) Each such rate of payment shall be determined annually in accordance with regulations and shall be equal to 95 per centum of the amount that the Secretary estimates (with appropriate adjustments to assure actuarial equivalence) would be payable for services covered under this title (including administrative costs incurred by organizations described in sections 1816 and 1842) if such serv-~~

ices were to be furnished by other than health maintenance organizations.

"(B) In order to assure that health maintenance organizations will not be permitted to retain revenues in excess of expenses with respect to such individuals at a rate greater than that applicable to their other enrollees, any contract with a health maintenance organization under this title shall provide that the Secretary shall require, at such time following the expiration of each accounting period of a health maintenance organization (and in such form and in such detail) as he may prescribe:

"(i) that such organization report to him in a certified public statement the amount retained (as herein defined) and the rate of retention (as herein defined) for the preceding accounting period with respect to (I) individuals enrolled with such organization under this section, considered as a group, and (II) all other individuals enrolled with such organization, considered as a group;

"(ii) that an audit (meeting requirements prescribed by the Secretary) be conducted with respect to any such organization which has a rate of retention with respect to individuals enrolled under this section which is in excess of 90 per centum of such organization's rate of

retention with respect to all other individuals enrolled with such organization;

"(iii) that such part of the amount retained by any health maintenance organization with respect to individuals enrolled under this section which is attributable to an excessive rate of retention (as herein defined) shall be repaid by such organization unless used by it to provide benefits to enrollees under this section in addition to those specified in subsection (c) or to reduce the premium rates charged by such organization to such enrollees pursuant to subsection (g).

For purposes of this section—

"(iv) the term 'amount retained' means the difference between (I) the revenues (irrespective of the source of such revenues) of any health maintenance organization (for any accounting period as defined in regulations) with respect to any group of individuals who are enrolled with such organization and (II) the expenses of such organization (for such accounting period) with respect to such group of individuals;

"(v) the term 'rate of retention' means the ratio of such amount retained to such revenues, expressed as a percentage; and

"(vi) the term 'excessive rate of retention' means (I) any rate of retention of any health maintenance or-

~~ganization with respect to individuals enrolled under this section which is greater than such organization's rate of retention with respect to all other individuals enrolled with such organization, or (II) with respect to any health maintenance organization to which subsection (h) applies, any rate of retention with respect to individuals enrolled under this section which is greater than a reasonable rate of retention as determined in accordance with regulations, taking into account the rate of retention experienced by comparable organizations with respect to other individuals enrolled with such comparable organizations.~~

"(2) An interim per capita rate of payment for each health maintenance organization shall be determined annually by the Secretary on the basis of each organization's annual operating budget and enrollment forecast which shall be submitted (in such form and in such detail as the Secretary may prescribe) at least 90 days before the beginning of each contract year. Each interim rate shall be equal to the estimated per capita cost (based upon types and components of expenses otherwise reimbursable under this title) of providing services defined in paragraph (3)(A)(iv). In the event that the data requested to be furnished by a health maintenance organization are not furnished timely, such reduction in interim payments may be made by the Secretary as is

appropriate, until such time as a reasonable estimate of per capita costs can be made. Each month, the Secretary shall pay each such organization its interim per capita rate, in advance, for each individual enrolled with it pursuant to subsection (e). Each such organization shall submit interim estimated cost reports and enrollment data on a quarterly basis in such form and manner satisfactory to the Secretary, and the Secretary shall adjust each interim per capita rate to the extent necessary to maintain interim payments at the level of current costs. Interim payments made under this paragraph shall be subject to retroactive adjustment at the end of each contract year as provided in paragraph (3).

"(3)(A) With respect to any health maintenance organization which has entered into a risk sharing contract with the Secretary pursuant to subsection (i)(2)(A), payments made to such organization shall be subject to the following adjustments at the end of each contract year:

"(i) if the Secretary determines that the per capita incurred cost of any such organization in any contract year for providing services described in paragraph (1) is less than the adjusted average per capita incurred cost (as defined herein) of providing such services, the resulting difference (hereinafter referred to as 'savings') shall be apportioned following the close of a contract year for

such year between such organization and the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund (hereinafter collectively referred to as the 'Medicare Trust Funds') as follows:

"(I) savings up to 10 percent of the adjusted average per capita costs shall be apportioned equally between such organization and the Medicare Trust Funds;

"(II) savings between 10 and 20 percent shall be apportioned one-quarter to such organization and three-quarters to such Trust Funds;

"(III) savings in excess of 20 percent of the adjusted average per capita cost shall be apportioned entirely to such Trust Funds;

"(ii) if the Secretary determines that the per capita incurred cost of any such organization in any contract year for providing services described in paragraph (1) is greater than the adjusted average per capita incurred cost of providing such services, the resulting difference (hereinafter referred to as 'losses') shall be apportioned between such organization and the Medicare Trust Funds as follows:

"(I) losses up to 10 percent over the adjusted average per capita cost shall be borne equally by such organization and such Trust Funds;

"(II) losses between 10 and 20 percent over the adjusted average per capita cost shall be borne three-quarters by such Trust Funds and one-quarter by such organization;

"(III) losses in excess of 20 percent over the adjusted average per capita cost shall be borne entirely by such Trust Funds;

"(iii) losses absorbed by such organization or by the Medicare Trust Funds in any year shall be carried forward and shall be offset from savings realized in later years, with the apportionment of savings being proportional to the losses absorbed and not yet offset;

"(iv) determination of any amounts payable at the close of the contract year to such organization or to the Trust Funds shall be made as follows:

"(I) within 90 days after close of a contract year, interim determination of the amount of estimated savings or losses and apportionment thereof shall be made, actuarially, on the basis of interim reports of costs incurred by an organization, and adjusted average per capita costs incurred (as defined herein), and other evidence acceptable to the Secre-

tary and one-half of any amounts deemed payable to such organization or the Trust Funds shall be paid by such organization or the Secretary as appropriate; and

"(II) final settlement and payment by the Secretary or organization, as appropriate, of any additional amounts due on basis of such final settlement will be made where adequate data for actuarial computation are available, in timely fashion following submission by such organization of reports specified in subparagraph (C) of this paragraph;

"(III) where such final settlement is reached more than 90 days following submission of reports specified in subparagraph (C) of this paragraph, any amount payable by the Secretary or organization shall be increased by an interest amount, accruing from the 91st day following submission of such report, equal to the average rate of interest payable on Federal obligations if issued on such 91st day for purchase by the Trust Funds.

"(v) The term 'adjusted average per capita cost' means the average per capita amount that the Secretary determines (on the basis of actual experience, or retrospective actuarial equivalent based upon an adequate sample and other information and data, in the geographic area served by a health main-

tenance organization or in a similar area, with appropriate adjustment to assure actuarial equivalence, including adjustments relating to age distribution, sex, race, institutional status, disability status, and any other relevant factors) would be payable in any contract year for services covered under this title and types of expenses otherwise reimbursable under this title (including administrative costs incurred by organizations described in sections 1816 and 1842) if such services were to be furnished by other than such health maintenance organization.

"(B) With respect to any health maintenance organization which has entered into a reasonable cost reimbursement contract with the Secretary pursuant to subsection (i)(2)(B), payments made to such organization shall be subject to suitable retroactive corrective adjustments at the end of each contract year so as to assure that such organization is paid for the reasonable cost actually incurred (excluding therefrom any part of incurred cost found to be unnecessary in the efficient delivery of health services) for the types of expenses otherwise reimbursable under this title for providing services covered under this title to individuals described in paragraph (1).

"(C) Any contract with a health maintenance organization under this title shall provide that the Secretary shall

require, at such time following the expiration of each accounting period of a health maintenance organization (and in such form and in such detail) as he may prescribe:

"(i) that such health maintenance organization report to him in an independently certified financial statement its per capita incurred cost based on the types and components of expenses otherwise reimbursable under this title for providing services described in paragraph (1), including therein, in accordance with accounting procedures prescribed by the Secretary, its methods of allocating costs between individuals enrolled under this section and other individuals enrolled with such organization;

"(ii) that failure to report such information as may be required may be deemed to constitute evidence of likely overpayment on the basis of which appropriate collection action may be taken;

"(iii) that in any case in which a health maintenance organization is related to another organization by common ownership or control, a consolidated financial statement shall be filed and that the allowable costs for such organization may not include costs for the types of expense otherwise reimbursable under this title, in excess

of those which would be determined to be reasonable in accordance with regulations (providing for limiting reimbursement to costs rather than charges to the health maintenance organization by related organizations and owners) issued by the Secretary in accordance with section 1861(v) of the Social Security Act; and

"(iv) that in any case in which compensation is paid by a health maintenance organization substantially in excess of what is normally paid for similar services by similar practitioners (regardless of method of compensation), such compensation may as appropriate be considered to constitute a distribution of profits.

"~~(3)~~ *(4)* The payments to health maintenance organizations under this subparagraph with respect to individuals described in subsection (a) (1) (A) shall be made from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund. The portion of such payment to such an organization for a month to be paid by the latter trust fund shall be equal to 200 percent of the sum of—

"(A) the product of (i) the number of covered enrollees of such organization for such month (as described in paragraph (1)), who have attained age 65, and (ii) the monthly actuarial rate for supplementary

medical insurance for such month as determined under section 1839(c)(1), and

"(B) the product of (i) the number of covered enrollees of such organization for such month (as described in paragraph (1)) who have not attained age 65, and (ii) the monthly actuarial rate for supplementary medical insurance for such month as determined under section 1839(c)(4).

The remainder of such payment shall be paid by the former trust fund. For limitation on Federal participation for capital expenditures which are out of conformity with a comprehensive plan of a State or areawide planning agency, see section 1122.

"(b) The term 'health maintenance organization' means a public or private organization which—

"(1) provides, either directly or through arrangements with others, health services to individuals enrolled with such organization ~~under subsection (c) on a per capita prepayment basis~~ *on the basis of a predetermined periodic rate without regard to the frequency or extent of services furnished to any particular enrollee;*

"(2) provides, either directly or through arrangements with others, to the extent applicable in subsection (c) (through institutions, entities, and persons meeting

the applicable requirements of section 1861), ~~all of~~ the services and benefits covered under parts A and B of this title *which are generally available to individuals residing in the geographic area served by the health maintenance organization;*

"(3) provides physicians' services *primarily* (A) directly through physicians who are either employees or partners of such organization, or (B) under arrangements with one or more groups of physicians (organized on a group practice or individual practice basis) under which each such group is reimbursed for its services primarily on the basis of an aggregate fixed sum or on a per capita basis, regardless of whether the individual physician members of any such group are paid on a fee-for-service or other basis;

"(4) provides either directly or under arrangements with others, the services of a sufficient number of primary care and specialty care physicians to meet the health needs of its members; for purposes of this section the term 'specialty care physician' means a physician who is either board certified or eligible for board certification, except that the Secretary may by regulation prescribe conditions under which physicians who have a record of demonstrated proficiency but who are not eligible for

board certification may, on the basis of training and experience, be recognized as specialty care physicians;

"(5) has effective arrangements to assure that its members have access to qualified practitioners in those specialties which are generally available in the geographic area served by the health maintenance organization;

"~~(4)~~ *(6)* demonstrates to the satisfaction of the Secretary proof of financial responsibility and proof of capability to provide comprehensive health care services, including institutional services, efficiently, effectively, and economically;

"~~(5)~~ *(7)* except as provided in subsection (h), has at least half of its enrolled members consisting of individuals under age 65;

"~~(6)~~ *(8)* assures that the health services required by its members are received promptly and appropriately and that the services that are received measure up to quality standards which it establishes in accordance with regulations; and

"~~(7)~~ *(9)* has an open enrollment period at least every year under which it accepts up to the limits of its capacity and without restrictions, except as may be

authorized in regulations, individuals who are eligible to enroll under subsection (d) in the order in which they apply for enrollment unless to do so would result in failure to meet the requirements of paragraph ~~(5)~~ *(7) or would result in enrollment of enrollees substantially nonrepresentative, as determined in accordance with regulations of the Secretary, of the population in the geographic area served by such health maintenance organization.*

"(c) The benefits provided under this section *to enrollees of an organization which has entered into a risk sharing contract with the Secretary pursuant to subsection (i)(2)(A)* shall consist of—

"(1) in the case of an individual who is entitled to hospital insurance benefits under part A and enrolled for medical insurance benefits under part B—

"(A) entitlement to have payment made on his behalf for all services described in section 1812 and section 1832 which are furnished to him by the health maintenance organization with which he is enrolled pursuant to subsection (e) of this section; and

"(B) entitlement to have payment made by such health maintenance organization to him or on his behalf for *(i)* such emergency services (as de-

fined in regulations), ~~or~~ *(ii) such urgently needed services (as defined in regulations) furnished to him during a period of temporary absence (as defined in regulations) from the geographic area served by the health maintenance organization with which he is enrolled, and (iii)* such other services as may be determined, in accordance with subsection (f), to be services which the individual was entitled to have furnished by the health maintenance organization, as may be furnished to him by a physician, supplier, or provider of services, other than the health maintenance organization with which he is enrolled; and

"(2) in the case of an individual who is not entitled to hospital insurance benefits under part A but who is enrolled for medical insurance benefits under part B, entitlement to have payment made for services described in paragraph (1), but only to the extent that such services are also described in section 1832.

"(d) Subject to the provisions of subsection (e), every individual described in subsection (c) (1) and (2) shall be eligible to enroll with any health maintenance organization (as defined in subsection (b)) which serves the geographic area in which such individual resides.

"(e) An individual may enroll with a health mainte-

nance organization under this section, and may terminate such enrollment, as may be prescribed by regulations.

"(f) Any individual enrolled with a health maintenance organization under this section who is dissatisfied by reason of his failure to receive without additional cost to him any health service to which he believes he is entitled, shall, if the amount in controversy is $100 or more, be entitled to a hearing before the Secretary to the same extent as is provided in section 205(b) and in any such hearing the Secretary shall make such health maintenance organization a party thereto. If the amount in controversy is $1,000 or more, such individual or health maintenance organization shall be entitled to judicial review of the Secretary's final decision after such hearing as is provided in section 205(g).

"(g) (1) If the health maintenance organization provides its enrollees under this section only the services described in subsection (c), its premium rate *or other charges* for such enrollees shall not exceed the actuarial value of the deductible and coinsurance which would otherwise be applicable to such enrollees under part A and part B, if they were not enrolled under this section.

"(2) If the health maintenance organization provides to its enrollees under this section services in addition to those described in subsection (c), ~~it~~ *election of coverage for such additional services shall be optional for such enrollees and*

such organization shall furnish such enrollees with information on the portion of its premium rate *or other charges* applicable to such additional services. The portion applicable to the services described in subsection (c) may not exceed *(i)* the actuarial value of the deductible and coinsurance which would otherwise be applicable to such enrollees under part A and part B if they were not enrolled under this section *less (ii) the actuarial value of other charges made in lieu of such deductible and coinsurance.*

"(h) The provisions of paragraph ~~(5)~~ *(7)* of subsection (b) shall not apply with respect to any health maintenance organization for such period not to exceed three years from the date such organization enters into an agreement with the Secretary pursuant to subsection (i), as the Secretary may permit, but only so long as such organization demonstrates to the satisfaction of the Secretary by the submission of its plans for each year that it is making continuous efforts and progress toward achieving compliance with the provisions of such paragraph ~~(5)~~ *(7)* within such three-year period.

"(i) (1) ~~The Secretary~~ *Subject to the limitations contained in subparagraphs (A) and (B) of paragraph (2), the Secretary* is authorized to enter into a contract with any health maintenance organization which undertakes to provide, on ~~a~~ *an interim* per capita prepayment basis, the services described in section 1832 (and section 1812, in the case

of individuals who are entitled to hospital insurance benefits under part A) to individuals enrolled with such organization pursuant to subsection (e).

"(2)(A) If the health maintenance organization (i) has a current enrollment of not less than 25,000 members on a prepaid capitation basis and has been the primary source of health care of at least 8,000 persons in each of the two years immediately preceding the contract year, or (ii) serves a nonurban geographic area, has a current enrollment of not less than 5,000 members on a prepaid capitation basis and has been the primary source of health care for at least 1,500 persons in each of the three years immediately preceding the contract year, the Secretary may enter into a risk sharing contract with such organization pursuant to which any savings and losses, as determined pursuant to subsection (a)(3)(A), are shared between such organization and the Medicare Trust Funds in the manner prescribed in such subsection. For purposes of this subparagraph, a health maintenance organization shall be considered to serve a nonurban geographic area if it is located in a nonmetropolitan county (that is, a county with fewer than 50,000 inhabitants), or if it has at least one such county in its normal service area, or if it is located outside of a metropolitan area and its facilities are within reasonable travel distance (as defined by the Secretary) of fewer than 50,000 individuals. No health main-

tenance organization which has entered into a risk sharing contract with the Secretary under this subparagraph and has voluntarily terminated such contract may again enter into such a contract.

"(B) If the health maintenance organization does not meet the requirements of subparagraph (A), or if the Secretary is not satisfied that the health maintenance organization has the capacity to bear its proportionate share of risk of potential losses as determined under clause (ii) of subsection (a)(3)(A), or if the health maintenance organization meeting the requirements of subparagraph (A) so elects, or if an organization does not fully meet the requirements of section 1876(b) but has demonstrated to the satisfaction of the Secretary that it is making reasonable efforts to meet, and is developing the capability to fully meet, such requirements, and that it fully meets such basic requirements as the Secretary shall prescribe in regulations, the Secretary may, if he is otherwise satisfied that the health maintenance organization or other organization is able to perform its contractual obligations effectively and efficiently, enter into a contract with such organization pursuant to which such organization is reimbursed on the basis of its reasonable cost (as defined in section 1861(v)) in the manner prescribed in subsection (a)(3)(B).

"(3) Such contract may, at the option of such organization, provide that the Secretary (A) will reimburse hospitals and extended care facilities for the reasonable cost (as determined under section 1861(v)) of services furnished to individuals enrolled with such organization pursuant to subsection (e), and (B) will deduct the amount of such reimbursement from payments which would otherwise be made to such organization. If a health maintenance organization pays a hospital or extended care facility directly, the amount paid shall not exceed the reasonable cost of the services (as determined under section 1861(v)) unless such organization demonstrates to the satisfaction of the Secretary that such excess payments are justified on the basis of advantages gained by the organization.

"~~(2)~~ *(4)* Each contract under this section shall be for a term of at least one year, as determined by the Secretary, and may be made automatically renewable from term to term in the absence of notice by either party of intention to terminate at the end of the current term; except that the Secretary may terminate any such contract at any time (after such reasonable notice and opportunity for hearing to the health maintenance organization involved as he may provide in regulations), if he finds that the organization (A) has failed substantially to carry out the contract, (B) is carrying out the contract in a manner inconsistent with the efficient

and effective administration of this section, or (C) no longer substantially meets the applicable conditions of subsection (b).

"~~(3)~~ *(5)* The effective date of any contract executed pursuant to this subsection shall be specified in such contract pursuant to the regulations.

"~~(4)~~ *(6)* Each contract under this section—

"(A) shall provide that the Secretary, or any person or organization designated by him—

"(i) shall have the right to inspect or otherwise evaluate the quality, appropriateness, and timeliness of services performed under such contract; and

"(ii) shall have the right to audit and inspect any books and records of such health maintenance organization which pertain to services performed and determinations of amounts payable under such contract; ~~and~~

"(B) shall provide that no reinsurance costs (other than those with respect to out-of-area services), including any underwriting of risk relating to costs in excess of adjusted average per capita cost, as defined in clause (iv) of subsection (a)(3)(A), shall be allowed for purposes of determining payments authorized under this section; and

"~~(B)~~ *(C)* shall contain such other terms and conditions not inconsistent with this section as the Secretary may find necessary.

"(j) The function vested in the Secretary by subsection (i) may be performed without regard to such provisions of law or of other regulations relating to the making, performance, amendment, or modification of contracts of the United States as the Secretary may determine to be inconsistent with the furtherance of the purposes of this title."

(b) *(1)* Notwithstanding the provisions of section 1814 and section 1833 of the Social Security Act, any health maintenance organization which has entered into a contract with the Secretary pursuant to section 1876 of such Act shall, for the duration of such contract *(except as provided in paragraph (2))*, be entitled to reimbursement only as provided in section 1876 of such Act for individuals who are members of such organizations~~; except that with respect to individuals who were members of such organization prior to January 1, 1972, and who, although eligible to have payment made pursuant to section 1876 of such Act for services rendered to them, chose (in accordance with regulations) not to have such payment made pursuant to such section, the Secretary shall, for a period not to exceed three years commencing on January 1, 1972, pay such organization on the basis of a per capita rate, determined in accordance with the provisions of~~

~~section 1876(a) of such Act, with appropriate actuarial adjustments to reflect the difference in utilization of out-of-plan services between such individuals and individuals who are enrolled with such organization pursuant to section 1876 of such Act.~~

(2) With respect to individuals who are members of organizations which have entered into a risk-sharing contract with the Secretary pursuant to subsection (i)(2)(A) prior to July 1, 1973, and who, although eligible to have payment made pursuant to section 1876 of such Act for services rendered to them, chose (in accordance with regulations) not to have such payment made pursuant to such section, the Secretary shall, for a period not to exceed three years commencing on July 1, 1973, pay to such organization on the basis of an interim per capita rate, determined in accordance with the provisions of section 1876(a)(2) of such Act, with appropriate actuarial adjustments to reflect the difference in utilization of out-of-plan services, which would have been considered sufficiently reasonable and necessary under the rules of the health maintenance organization to be provided by that organization, between such individuals and individuals who are enrolled with such organization pursuant to section 1876 of such Act. Payments under this paragraph shall be subject to retroactive adjustment at the end of each contract year as provided in paragraph (3).

(3) If the Secretary determines that the per capita cost of any such organization in any contract year for providing services to individuals described in paragraph (2), when combined with the cost of the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund in such year for providing out-of-plan services to such individuals, is less than or greater than the adjusted average per capita cost (as defined in section 1876 (a)(3) of such Act) of providing such services, the resulting savings or losses (as the case may be) shall be apportioned between such organization and such Trust Funds in the manner prescribed in section 1876(a)(3) of such Act.

(c) (1) Section 1814 (a) of such Act is amended by striking out "Except as provided in subsection (d)," and inserting in lieu thereof the following: "Except as provided in subsection (d) and in section 1876,".

(2) Section 1833 (a) of such Act is amended by striking out "Subject to" and inserting in lieu thereof the following: "Except as provided in section 1876, and subject to".

(d) Section 1875(b) of the Social Security Act, as amended by section 222(c) of this Act, is further amended—

(1) by inserting "the operation and administration of health maintenance organizations authorized by section 226 of the Social Security Amendments of 1972." after the word "including"; and

(2) by striking out "1971" and inserting in lieu thereof "1972".

(e) Section 1903 of such Act, as amended by sections 207, 224, and 290 of this Act, is further amended by adding after subsection (j) the following new subsection:

"(k) The Secretary is authorized to provide at the request of any State (and without cost to such State) such technical and actuarial assistance as may be necessary to assist such State to contract with any health maintenance organization which meets the requirements of section 1876 for the purpose of providing medical care and services to individuals who are entitled to medical assistance under this title."

~~(d)~~ *(f)* The amendments made by this section shall be effective with respect to services provided on or after ~~January~~ *July* 1,~~1972.~~ *1973.*

PAYMENT UNDER MEDICARE FOR SERVICES OF PHYSICIANS RENDERED AT A TEACHING HOSPITAL

SEC. 227. (a) Section 1861 (b) of the Social Security Act is amended by striking out the second sentence and inserting in lieu thereof the following:

"Paragraph (4) shall not apply to services provided in a hospital by—

"(6) an intern or a resident-in-training under a teaching program approved by the Council on Medical Education of the American Medical Association or, in

the case of an osteopathic hospital, approved by the Committee on Hospitals of the Bureau of Professional Education of the American Osteopathic Association, or, in the case of services in a hospital or osteopathic hospital by an intern or resident-in-training in the field of dentistry, approved by the Council on Dental Education of the American Dental Association; or

"(7) a physician where the hospital has a teaching program approved as specified in paragraph (6), unless (A) such inpatient is a private patient (as defined in regulations), or (B) the hospital establishes that during the two-year period ending December 31, 1967, and each year thereafter all inpatients have been regularly billed by the hospital for services rendered by physicians and reasonable efforts have been made to collect in full from all patients and payment of reasonable charges (including applicable deductibles and coinsurance) has been regularly collected in full or in substantial part from at least 50 percent of all inpatients."

(b) (1) So much of section 1814(a) of such Act as precedes paragraph (1) (as amended by section 226(c)(1) of this Act) is further amended by striking out "subsection (d)" and inserting in lieu thereof "subsections (d) and (g)".

(2) Section 1814 is further amended by adding at the end thereof the following new subsection:

"Payment for Services of a Physician Rendered in a Teaching Hospital

"(g) For purposes of services for which the reasonable cost thereof is determined under section 1861 (v) (1) (D), payment under this part shall be made to such fund as may be designated by the organized medical staff of the hospital in which such services were furnished or, if such services were furnished in such hospital by the faculty of a medical school, to such fund as may be designated by such faculty, but only if—

"(1) such hospital has an agreement with the Secretary under section 1866, and

"(2) the Secretary has received written assurances that (A) such payment will be used by such fund solely for the improvement of care of hospital patients or for educational or charitable purposes and (B) the individuals who were furnished such services or any other persons will not be charged for such services (or if charged, provision will be made for return of any moneys incorrectly collected)."

(c) Section 1861 (v) (1) of such Act (as amended by section 223 of this Act) is amended—

(1) by inserting "(A)" after "(1)";

(2) by striking out "(A) take" and "(B) provide" in the fourth sentence and inserting in lieu thereof "(i) take" and "(ii) provide", respectively;

(3) by inserting "(B)" immediately preceding "Such regulations in the case of extended care services"; and

(4) by adding at the end thereof the following new subparagraphs:

"(C) Where a hospital has an arrangement with a medical school under which the faculty of such school provides services at such hospital. an amount not in excess of the reasonable cost of such services to the medical school shall be included in determining the reasonable cost to the hospital of furnishing services—

"(i) for which payment may be made under part A, but only if—

"(I) payment for such services as furnished under such arrangement would be made under part A to the hospital had such services been furnished by the hospital, and

"(II) such hospital pays to the medi-

cal school at least the reasonable cost of such services to the medical school, or

"(ii) for which payment may be made under part B, but only if such hospital pays to the medical school at least the reasonable cost of such services to the medical school.

"(D) Where (i) physicians furnish services which are either inpatient hospital services (including services in conjunction with the teaching programs of such hospital) by reason of paragraph (7) of subsection (b) or for which entitlement exists by reason of clause (II) of section 1832(a)(2)(B)(i) and (ii) such hospital (or medical school under arrangement with such hospital) incurs no actual cost in the furnishing of such services, the reasonable cost of such services shall (under regulations of the Secretary) be deemed to be the cost such hospital or medical school would have incurred had it paid a salary to such physicians rendering such services approximately equivalent to the average salary paid to all physicians employed by such hospital (or if such employment does not exist, or is minimal in such hospital, by similar hospitals in a

geographic area of sufficient size to assure reasonable inclusion of sufficient physicians in development of such average salary)."

(d) (1) Section 1861 (u) of such Act is amended by inserting before the period at the end thereof the following: ", or, for purposes of section 1814 (g) and section 1835 (e), a fund".

(2) So much of section 1866 (a) (1) of such Act as precedes subparagraph (A) is amended by inserting "(except a fund designated for purposes of section 1814 (g) and section 1835 (e))" after "provider of services".

(e) (1) Section 1832 (a) (2) (B) of such Act is amended to read as follows:

"(B) medical and other health services furnished by a provider of services or by others under arrangements with them made by a provider of services, excluding—

"(i) physician services except where furnished by—

"(I) a resident or intern of a hospital, or

"(II) a physician to a patient in a hospital which has a teaching program approved as specified in paragraph (6) of section 1861 (b) (including services in con-

junction with the teaching programs of such hospital whether or not such patient is an inpatient of such hospital), unless either clause (A) or (B) of paragraph (7) of such section is met, and

"(ii) services for which payment may be made pursuant to section 1835(b)(2); and".

(2)(A) So much of section 1835(a) of such Act as precedes paragraph (1) is amended by striking out "subsections (b) and (c)," and inserting in lieu thereof "subsections (b), (c), and (e),".

(B) Section 1835 of such Act is further amended by adding at the end thereof the following new subsection:

"(e) For purposes of services (1) which are inpatient hospital services by reason of paragraph (7) of section 1861(b) or for which entitlement exists by reason of clause (II) of section 1832(a)(2)(B)(i), and (2) for which the reasonable cost thereof is determined under section 1861(v)(1)(D), payment under this part shall be made to such fund as may be designated by the organized medical staff of the hospital in which such services were furnished or, if such services were furnished in such hospital by the faculty of a medical school, to such fund as may be designated by such faculty, but only if—

"(1) such hospital has an agreement with the Secretary under section 1866, and

"(2) the Secretary has received written assurances that such payment will be used by such fund solely for the improvement of care to patients in such hospital or for educational or charitable purposes and (B) the individuals who were furnished such services or any other persons will not be charged for such services (or if charged provision will be made for return for any moneys incorrectly collected)."

(3) Section 1842(a) of such Act is amended by inserting after "which involve payments for physicians' services" the following: "on a reasonable charge basis".

(f) Section 1861(q) of such Act is amended by striking out the parenthetical phrase "(but not including services described in the last sentence of subsection (b))" and inserting in lieu thereof "(but not including services described in subsection (b)(6))".

(g) The amendments made by this section shall apply with respect to accounting periods beginning after ~~June 30, 1971~~ *December 31, 1972.*

ADVANCE APPROVAL OF EXTENDED CARE AND HOME HEALTH COVERAGE UNDER MEDICARE

SEC. 228. (a) Section 1814 of the Social Security Act (as amended by section 227 (b) (2) of this Act) is amended by adding at the end thereof the following new subsections:

"Payment for Posthospital Extended Care Services

"(h) (1) An individual shall be presumed to require the care specified in subsection (a) (2) (C) of this section for purposes of making payment to an extended care facility (subject to the provisions of section 1812) for posthospital extended care services which are furnished by such facility to such individual if—

"(A) the certification referred to in subsection (a) (2) (C) of this section is submitted prior to or at the time of admission of such individual to such extended care facility,

"(B) such certification states that the medical condition of the individual is a condition designated in regulations,

"(C) such certification is accompanied by a plan of treatment for providing such services, and

"(D) there is compliance with such other requirements and procedures as may be specified in regulations, but only for services furnished during such limited periods of time with respect to such conditions of the individual as may be prescribed in regulations by the Secretary, taking into account the medical severity of such conditions, the degree of incapacity, and the minimum length of stay in an institution generally needed for such conditions, and such other factors affecting the type of care to be provided as the Secretary deems pertinent.

"(2) If the Secretary determines with respect to a physician that such physician is submitting with some frequency (A) erroneous certifications that individuals have conditions designated in regulations as provided in this subsection or (B) plans for providing services which are inappropriate, the provisions of paragraph (1) shall not apply, after the effective date of such determination, in any case in which such physician submits a certification or plan referred to in subparagraph (A), (B), or (C) of paragraph (1).

"Payment for Posthospital Home Health Services

"(i) (1) An individual shall be presumed to require the services specified in subsection (a) (2) (D) of this section for purposes of making payment to a home health agency (subject to the provisions of section 1812) for post-

hospital home health services furnished by such agency to such individual if—

"(A) the certification and plan referred to in subsection (a) (2) (D) of this section are submitted in timely fashion prior to the first visit by such agency,

"(B) such certification states that the medical condition of the individual is a condition designated in regulations, and

"(C) there is compliance with such other requirements and procedures as may be specified in regulations,

but only for services furnished during such limited numbers of visits with respect to such conditions of the individual as may be prescribed in regulations by the Secretary, taking into account the medical severity of such conditions, the degree of incapacity, and the minimum period of home confinement generally needed for such conditions, and such other factors affecting the type of care to be provided as the Secretary deems pertinent.

"(2) If the Secretary determines with respect to a physician that such physician is submitting with some frequency (A) erroneous certifications that individuals have conditions designated in regulations as provided in this subsection or (B) plans for providing services which are inappropriate, the provisions of paragraph (1) shall not apply, after the effective date of such determination, in any case in which such

physician submits a certification or plan referred to in subparagraph (A) or (B) of paragraph (1)."

(b) The amendment made by subsection (a) shall be effective with respect to admissions to extended care facilities, and home health plans initiated, on or after January 1, ~~1972~~ *1973*.

AUTHORITY OF SECRETARY TO TERMINATE PAYMENTS TO SUPPLIERS OF SERVICES

SEC. 229. (a) Section 1862 of the Social Security Act (as amended by section 210 of this Act) is further amended by adding at the end thereof the following new subsection:

"(d) (1) No payment may be made under this title with respect to any item or services furnished to an individual by a person where the Secretary determines under this subsection that such person—

"(A) has knowingly and willfully made, or caused to be made, any false statement or representation of a material fact for use in an application for payment under this title or for use in determining the right to a payment under this title;

"(B) has submitted or caused to be submitted (except in the case of a provider of services), bills or requests for payment under this title containing charges (or in applicable cases requests for payment of costs to such person) for services rendered which the Secretary

finds, with the concurrence of the appropriate program review team appointed pursuant to paragraph (4), to be substantially in excess of such person's customary charges (or in applicable cases substantially in excess of such person's costs) for such services, unless the Secretary finds there is good cause for such bills or requests containing such charges (or in applicable cases, such costs); or

"(C) has furnished services or supplies which are determined by the Secretary, with the concurrence of the members of the appropriate program review team appointed pursuant to paragraph (4) who are physicians or other professional personnel in the health care field, to be substantially in excess of the needs of individuals or to be harmful to individuals or to be of a grossly inferior quality.

"(2) A determination made by the Secretary under this subsection shall be effective at such time and upon such reasonable notice to the public and to the person furnishing the services involved as may be specified in regulations. Such determination shall be effective with respect to services furnished to an individual on or after the effective date of such determination (except that in the case of inpatient hospital services, posthospital extended care services, and home health services such determination shall be effective in the

manner provided in section 1866(b) (3) and (4) with respect to terminations of agreements), and shall remain in effect until the Secretary finds and gives reasonable notice to the public that the basis for such determination has been removed and that there is reasonable assurance that it will not recur.

"(3) Any person furnishing services described in paragraph (1) who is dissatisfied with a determination made by the Secretary under this subsection shall be entitled to reasonable notice and opportunity for a hearing thereon by the Secretary to the same extent as is provided in section 205(b), and to judicial review of the Secretary's final decision after such hearing as is provided in section 205(g).

"(4) For the purposes of paragraph (1) (B) and (C) of this subsection, and clause (F) of section 1866(b) (2), the Secretary shall, after consultation with appropriate State and local professional societies, the appropriate carriers and intermediaries utilized in the administration of this title, and consumer representatives familiar with the health needs of residents of the State, appoint one or more program review teams (composed of physicians, other professional personnel in the health care field, and consumer representatives) in each State which shall, among other things—

"(A) undertake to review such statistical data on

program utilization as may be submitted by the Secretary,

"(B) submit to the Secretary periodically, as may be prescribed in regulations, a report on the results of such review, together with recommendations with respect thereto,

"(C) undertake to review particular cases where there is a likelihood that the person or persons furnishing services and supplies to individuals may come within the provisions of paragraph (1) (B) and (C) of this subsection or clause (F) of section 1866(b) (2), and

"(D) submit to the Secretary periodically, as may be prescribed in regulations, a report of cases reviewed pursuant to subparagraph (C) along with an analysis of, and recommendations with respect to, such cases."

(b) Section 1866(b) (2) of such Act is amended by striking out the period at the end thereof and inserting in lieu thereof the following: ", or (D) that such provider has made, or caused to be made, any false statement or representation of a material fact for use in an application for payment under this title or for use in determining the right to a payment under this title, or (E) that such provider has submitted, or caused to be submitted, requests for payment under this title of amounts for rendering services sub-

stantially in excess of the costs incurred by such provider for rendering such services, or (F) that such provider has furnished services or supplies which are determined by the Secretary, with the concurrence of the members of the appropriate program review team appointed pursuant to section 1862(d)(4) who are physicians or other professional personnel in the health care field, to be substantially in excess of the needs of individuals or to be harmful to individuals or to be of a grossly inferior quality."

(c) Section 1903(i) of such Act (as added by section 224(c) of this Act) is further amended by striking out "shall not be made" and all that follows and inserting in lieu thereof the following: "shall not be made—

"(1) with respect to any amount paid for items or services furnished under the plan after ~~June 30, 1971,~~ *December 31, 1972,* to the extent that such amount exceeds the charge which would be determined to be reasonable for such items or services under the third, fourth, and fifth sentences of section 1842(b)(3); or

"(2) with respect to any amount paid for services furnished under the plan after ~~June 30, 1971,~~ *December 31, 1972,* by a provider or other person during any period of time, if payment may not be made under title

XVIII with respect to services furnished by such provider or person during such period of time solely by reason of a determination by the Secretary under section 1862(d)(1) or under clause (D), (E), or (F) of section 1866(b)(2)."

(d) Section 506(f) of such Act (as added by section 224(d) of this Act) is further amended by striking out "no payment shall be made" and all that follows and inserting in lieu thereof the following: "no payment shall be made to any State thereunder—

"(1) with respect to any amount paid for items or services furnished under the plan after ~~June 30, 1971,~~ *December 31, 1972,* to the extent that such amount exceeds the charge which would be determined to be reasonable for such items or services under the fourth and fifth sentences of section 1842(b)(3); or

"(2) with respect to any amount paid for services furnished under the plan after ~~June 30, 1971,~~ *December 31, 1972,* by a provider or other person during any period of time, if payment may not be made under title XVIII with respect to services furnished by such provider or person during such period of time solely by

reason of a determination by the Secretary under section 1862(d)(1) or under clause (D), (E), or (F) of section 1866(b)(2)."

ELIMINATION OF REQUIREMENT THAT STATES MOVE TOWARD COMPREHENSIVE MEDICAID PROGRAMS

SEC. 230. Section 1903(e) of the Social Security Act, and section 2(b) of Public Law 91-56 (approved August 9, 1969), are repealed.

~~REDUCTIONS IN CARE AND SERVICES UNDER MEDICAID~~

~~SEC. 231. Section 1902(d) of the Social Security Act is amended—~~

~~(1) by inserting "required to be included pursuant to subsection (a)(13) and" after "extent of the care and services" in the matter preceding paragraph (1);~~

~~(2) by striking out "or to terminate any of such care and services,"; and~~

~~(3) by inserting "with respect to care and services required to be included pursuant to subsection (a)(13)" after "under the plan" in paragraph (1).~~

REPEAL OF SECTION 1902(d) OF MEDICAID

SEC. 231. Section 1902(d) of the Social Security Act is repealed.

DETERMINATION OF REASONABLE COST OF INPATIENT HOSPITAL SERVICES UNDER MEDICAID AND UNDER MATERNAL AND CHILD HEALTH PROGRAM

SEC. 232. (a) Section 1902(a)(13)(D) of the Social Security Act is amended to read as follows:

"(D) for payment of the reasonable cost of inpatient hospital services provided under the plan, as determined in accordance with methods and standards which shall be developed by the State and included in the plan, except that the reasonable cost of any such services as determined under such methods and standards shall not exceed the amount which would be determined under section 1861(v) as the reasonable cost of such services for purposes of title XVIII;".

(b) Section 505(a)(6) of such Act is amended to read as follows:

"(6) provides for payment of the reasonable cost of inpatient hospital services provided under the plan, as determined in accordance with methods and standards which shall be developed by the State and included in the plan, except that the reasonable cost of any such

~~services as determined under such methods and standards shall not exceed the amount which would be determined under section 1861(v) as the reasonable cost of such services for purposes of title XVIII;".~~

~~(c) The amendments made by this section shall be effective July 1, 1972 (or earlier if the State plan so provides).~~

AMOUNT OF PAYMENTS WHERE CUSTOMARY CHARGES FOR SERVICES FURNISHED ARE LESS THAN REASONABLE COST

SEC. 233. (a) Section 1814(b)(1) of the Social Security Act ~~is~~ *(as amended by section 215 of this Act) is further* amended to read as follows:

"Amount Paid to Providers

"(b) *(1)* The amount paid to any provider of services *(other than a pharmacy)* with respect to services for which payment may be made under this part shall, subject to the provisions of section 1813, be—

"(A) the lesser of (i) the reasonable cost of such services, as determined under section 1861(v), or (ii) the customary charges with respect to such services; or

"(B) if such services are furnished by a public provider of services free of charge or at nominal charges to the public, the amount determined on the basis of those items (specified in regulations prescribed by the

Secretary) included in the determination of such reasonable cost which the Secretary finds will provide fair compensation to such provider for such services."

(b) Section 1833 (a) (2) of such Act is amended to read as follows:

"(2) in the case of services described in section 1832 (a) (2)—80 percent of—

"(A) the lesser of (i) the reasonable cost of such services, as determined under section 1861 (v), or (ii) the customary charges with respect to such services; or

"(B) if such services are furnished by a public provider of services free of charge or at nominal charges to the public, the amount determined in accordance with section 1814 (b) (2)."

(c) Section 1903 (i) of such Act (as added by section 224 (c) and amended by section 229 (c) of this Act) is further amended by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; or", and by adding after paragraph (2) the following new paragraph:

"(3) with respect to any amount expended for inpatient hospital services furnished under the plan to the extent that such amount exceeds the hospital's customary charges with respect to such services or (if such services

are furnished under the plan by a public institution free of charge or at nominal charges to the public) exceeds an amount determined on the basis of those items (specified in regulations prescribed by the Secretary) included in the determination of such payment which the Secretary finds will provide fair compensation to such institution for such services."

(d) Section 506(f) of such Act (as added by section 224(d) and amended by section 229(d) of this Act) is further amended by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; or", and by adding after paragraph (2) the following new paragraph:

"(3) with respect to any amount expended for inpatient hospital services furnished under the plan to the extent that such amount exceeds the hospital's customary charges with respect to such services or (if such services are furnished under the plan by a public institution free of charge or at nominal charges to the public) exceeds an amount determined on the basis of those items (specified in regulations prescribed by the Secretary) included in the determination of such payment which the Secretary finds will provide fair compensation to such institution for such services."

(e) Clause (2) of the second sentence of section 509(a) of such Act (as amended by section 221(c)(3) of this Act)

is further amended by inserting "(A)" before "the reasonable cost", and by inserting after "under the project," the following: "or (B) if less, the customary charges with respect to such services provided under the project, or (C) if such services are furnished under the project by a public institution free of charge or at nominal charges to the public, an amount determined on the basis of those items (specified in regulations prescribed by the Secretary) included in the determination of such reasonable cost which the Secretary finds will provide fair compensation to such institution for such services".

(f) The amendments made by subsections (a) and (b) shall apply to services furnished by hospitals, extended care facilities, and home health agencies in accounting periods beginning after ~~June 30, 1971~~ *December 31, 1972.* The amendments made by subsections (c), (d), and (e) shall apply with respect to services furnished by hospitals in accounting periods beginning after ~~June 30, 1971~~ *December 31, 1972.*

INSTITUTIONAL PLANNING UNDER MEDICARE

SEC. 234. (a) The first sentence of section 1861(e) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (7);

(2) by redesignating paragraph (8) as paragraph (9); and

(3) by inserting after paragraph (7) the following new paragraph:

"(8) has in effect an overall plan and budget that meets the requirements of subsection (z); and".

(b) Section 1861(f)(2) of such Act is amended to read as follows:

"(2) satisfies the requirements of paragraphs (3) through (9) of subsection (e);".

(c) Section 1861(g)(2) of such Act is amended to read as follows:

"(2) satisfies the requirements of paragraphs (3) through (9) of subsection (e);".

(d) The first sentence of section 1861(j) of such Act is amended—

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

(2) by redesignating paragraph (10) as paragraph (11); and

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

"(10) has in effect an overall plan and budget that meets the requirements of subsection (z); and".

(e) Section 1861(o) of such Act is amended—

(1) by striking out "and" at the end of paragraph (4);

(2) by redesignating paragraph (5) as paragraph (6); and

(3) by inserting after paragraph (4) the following new paragraph:

"(5) has in effect an overall plan and budget that meets the requirements of subsection (z); and".

(f) Section 1861 of such Act is further amended by adding at the end thereof the following new subsection:

"Institutional Planning

"(z) An overall plan and budget of a hospital, extended care facility, or home health agency shall be considered sufficient if it—

"(1) provides for an annual operating budget which includes all anticipated income and expenses related to items which would, under generally accepted accounting principles, be considered income and expense items (except that nothing in this paragraph shall require that there be prepared, in connection with any budget, an item-by-item identification of the components of each type of anticipated expenditure or income);

"(2) provides for a capital expenditures plan

for at least a 3-year period (including the year to which the operating budget described in subparagraph (1) is applicable) which includes and identifies in detail the anticipated sources of financing for, and the objectives of, each anticipated expenditure in excess of $100,000 related to the acquisition of land, the improvement of land, buildings, and equipment, and the replacement, modernization, and expansion of the buildings and equipment which would, under generally accepted accounting principles, be considered capital items;

"(3) provides for review and updating at least annually; and

"(4) is prepared, under the direction of the governing body of the institution or agency, by a committee consisting of representatives of the governing body, the administrative staff, and the medical staff (if any) of the institution or agency."

(g) (1) Section 1814(a) (2) (C) and section 1814 (a) (2) (D) of such Act are each amended by striking out "and (8)" and inserting in lieu thereof "and (9)".

(2) Section 1863 of such Act is amended by striking out "subsections (e) (8), (f) (4), (g) (4), (j) (10), and

(o) (5)" and inserting in lieu thereof "subsections (e) (9), (f) (4), (g) (4), (j) (11), and (o) (6)".

(h) Section 1865 of such Act is amended—

(1) by striking out "(except paragraph (6) thereof)" in the first sentence and inserting in lieu thereof "(except paragraphs (6) and (8) thereof)", and

(2) by striking out the second sentence and inserting in lieu thereof the following: "If such Commission, as a condition for accreditation of a hospital, (1) requires a utilization review plan as defined in section 1861 (k) or imposes another requirement which serves substantially the same purpose, or (2) requires institutional plans as defined in section 1861 (z) or imposes another requirement which serves substantially the same purpose, the Secretary is authorized to find that all institutions so accredited by the Commission comply also with section 1861 (e) (6) or 1861 (e) (8), as the case may be."

(i) The amendments made by this section shall apply with respect to any provider of services for fiscal years (of

such provider) beginning after the fifth month following the month in which this Act is enacted.

PAYMENTS TO STATES UNDER MEDICAID FOR ~~INSTALLATION AND OPERATION OF CLAIMS PROCESSING AND INFORMATION RETRIEVAL SYSTEMS~~ *DEVELOPMENT OF COST DETERMINATION SYSTEMS FOR STATE-OWNED GENERAL HOSPITALS*

SEC. 235. (a) Section 1903 (a) of the Social Security Act is amended by redesignating paragraph (3) as paragraph (4), and by inserting after paragraph (2) the following new paragraph:

~~"(3) and amount equal to—~~

~~"(A) (i) 90 per centum of so much of the sums expended during such quarter as are attributable to the design, development, or installation of such mechanized claims processing and information retrieval systems as the Secretary determines are likely to provide more efficient, economical, and effective administration of the plan and to be compatible with the claims processing and information retrieval systems utilized in the administration of title XVIII, including the State's share of the cost of installing such a system to be used jointly in the administration of such State's plan and the plan of any other State approved under this title, and~~

~~"(ii) 90 per centum of so much of the sums expended during any such quarter in the fiscal year ending June 30, 1972, or the fiscal year ending June 30, 1973, as are attributable to the design, development, or installation of cost determination systems for State-owned general hospitals (except that the total amount paid to all States under this clause for either such fiscal year shall not exceed $150,000), and~~

~~"(B) 75 per centum of so much of the sums expended during such quarter as are attributable to the operation of systems of the type described in subparagraph (A)(i) (whether or not designed, developed, or installed with assistance under such subparagraph) which are approved by the Secretary and which include provision for prompt written notice to each individual who is furnished services covered by the plan of the specific services so covered, the name of the person or persons furnishing the services, the date or dates on which the services were furnished, and the amount of the payment or payments made under the plan on account of the services; plus".~~

"(3) an amount equal to 90 per centum of so much of the sums expended during any such quarter in the

fiscal year ending June 30, 1972, or the fiscal year ending June 30, 1973, as are attributable to the design, development, or installation of cost determination systems for State-owned general hospitals (except that the total amount paid to all States under this clause for either such fiscal year shall not exceed $150,000); plus".

(b) The amendments made by subsection (a) shall apply with respect to expenditures under State plans approved under title XIX of the Social Security Act made after June 30, 1971.

PROHIBITION AGAINST REASSIGNMENT OF CLAIMS TO BENEFITS

SEC. 236. (a) Section 1842(b) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(5) No payment under this part for a service provided to any individual shall (except as provided in section 1870) be made to anyone other than such individual or (pursuant to an assignment described in subparagraph (B)(ii) of paragraph (3)) the physician or other person who provided the service, except that payment may be made (A) to the employer of such physician or other person if such physician or other person is required as a condition of his employment to turn over his fee for such service to his employer, or (B) (where the service was provided in a hospital, clinic, or

other facility) to the facility in which the service was provided if there is a contractual arrangement between such physician or other person and such facility under which such facility submits the bill for such service."

(b) Section 1902 (a) of such Act is amended—

(1) by striking out "and" at the end of paragraph ~~(29)~~ *(30)*;

(2) by striking out the period at the end of paragraph ~~(30)~~ *(31)* and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph ~~(30)~~ *(31)* the following new paragraph:

"~~(31)~~ *(32)* provide that no payment under the plan for any care or service provided to an individual by a physician, dentist, or other individual practitioner shall be made to anyone other than such individual or such physician, dentist, or practitioner, except that payment may be made (A) to the employer of such physician, dentist, or practitioner if such physician, dentist, or practitioner is required as a condition of his employment to turn over his fee for such care or service to his employer, or (B) (where the care or service was provided in a hospital, clinic, or other facility) to the facility in which the care or service was provided if there is a contractual arrangement between such physician, dentist, or practitioner

and such facility under which such facility submits the bill for such care or service."

(c) The amendment made by subsection (a) shall apply with respect to bills submitted and requests for payments made after the date of the enactment of this Act. The amendments made by subsection (b) shall be effective ~~July 1, 1972~~ *January 1, 1973* (or earlier if the State plan so provides).

UTILIZATION REVIEW REQUIREMENTS FOR HOSPITALS AND SKILLED NURSING HOMES UNDER MEDICAID AND UNDER MATERNAL AND CHILD HEALTH PROGRAM

SEC. 237. (a) (1) Section 1903 (i) of the Social Security Act (as added by section 224 (c) and amended by sections 229 (c) and 233 (c) of this Act) is further amended by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; or", and by adding after paragraph (3) the following new paragraph:

"(4) with respect to any amount expended for care or services furnished under the plan by a hospital or skilled nursing home unless such hospital or skilled nursing home has in effect a utilization review plan which meets the requirements imposed by section 1861 (k) for purposes of title XVIII; and if such hospital or skilled nursing home has in effect such a utilization review plan

for purposes of title XVIII, such plan shall serve as the plan required by this subsection (with the same standards and procedures and the same review committee or group) as a condition of payment under this title; *the Secretary is authorized to waive the requirements of this paragraph if the State agency demonstrates to his satisfaction that it has in operation utilization review procedures which are superior in their effectiveness to the procedures required under section 1861(k).*"

(2) Section 1902(a)(30) of such Act is amended by inserting "(including but not limited to utilization review plans as provided for in section 1903(i)(4))" after "plan" where it first appears.

(b) Section 506(f) of such Act (as added by section 224(d) and amended by sections 229(d) and 233(d) of this Act) is further amended by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; or", and by adding after paragraph (3) the following new paragraph:

"(4) with respect to any amount expended for services furnished under the plan by a hospital unless such hospital has in effect a utilization review plan which meets the requirement imposed by section 1861(k) for purposes of title XVIII; and if such hospital has in

effect such a utilization review plan for purposes of title XVIII, such plan shall serve as the plan required by this subsection (with the same standards and procedures and the same review committee or group) as a condition of payment under this title; *the Secretary is authorized to waive the requirements of this paragraph in any State if the State agency demonstrates to his satisfaction that it has in operation utilization review procedures which are superior in their effectiveness to the procedures required under section 1861(k).*"

(c) Section 1861(k) of such Act is amended by adding at the end thereof the following new sentence: "If the Secretary determines that the utilization review procedures established pursuant to title XIX are superior in their effectiveness to the procedures required under this section, he may, to the extent that he deems it appropriate, require for purposes of this title that the procedures established pursuant to title XIX be utilized instead of the procedures required by this section."

~~(c)~~ *(d)* (1) The amendments made by subsections (a) (1) and (b) shall apply with respect to services furnished in calendar quarters beginning after June 30, ~~1972.~~ *1973.*

(2) The amendment made by subsection (a) (2) shall be effective July 1, ~~1972.~~ *1973.*

NOTIFICATION OF UNNECESSARY ADMISSION TO A HOSPITAL OR EXTENDED CARE FACILITY UNDER MEDICARE

SEC. 238. (a) Section 1814 (a) (7) of the Social Security Act is amended by striking out "as described in section 1861 (k) (4)" and inserting in lieu thereof "as described in section 1861 (k) (4), including any finding made in the course of a sample or other review of admissions to the institution".

(b) The amendment made by subsection (a) shall apply with respect to services furnished after the second month following the month in which this Act is enacted.

USE OF STATE HEALTH AGENCY TO PERFORM CERTAIN FUNCTIONS UNDER MEDICAID AND UNDER MATERNAL AND CHILD HEALTH PROGRAM

SEC. 239. (a) Section 1902 (a) (9) of the Social Security Act is amended to read as follows:

"(9) provide—

"(A) that the State health agency, or other appropriate State medical agency (whichever is utilized by the Secretary for the purpose specified in the first sentence of section 1864 (a)), shall be responsible for establishing and maintaining health standards for private or public institutions in which

recipients of medical assistance under the plan may receive care or services, and

"(B) for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards, other than those relating to health, for such institutions;".

(b) Section 1902(a) of such Act (as amended by section 236(b) of this Act) is further amended—

(1) by striking out "and" at the end of paragraph ~~(30);~~ *(31);*

(2) by striking out the period at the end of paragraph ~~(31)~~ *(32)* and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph ~~(31)~~ *(32)* the following new paragraph:

~~"(32)~~ *"(33)* provide—

"(A) that the State health agency, or other appropriate State medical agency, shall be responsible for establishing a plan, consistent with regulations prescribed by the Secretary, for the review by appropriate professional health personnel of the appropriateness and quality of care and

services furnished to recipients of medical assistance under the plan in order to provide guidance with respect thereto in the administration of the plan to the State agency established or designated pursuant to paragraph (5) and, where applicable, to the State agency described in the last sentence of this subsection; and

"(B) that the State or local agency utilized by the Secretary for the purpose specified in the first sentence of section 1864(a), or, if such agency is not the State agency which is responsible for licensing health institutions, the State agency responsible for such licensing, will perform for the State agency administering or supervising the administration of the plan approved under this title the function of determining whether institutions and agencies meet the requirements for participation in the program under such plan."

(c) Section 505(a) of such Act is amended—

(1) by striking out "and" at the end of paragraph (13);

(2) by striking out the period at the end of para-

graph (14) and inserting in lieu thereof "; and"; and

(3) by adding after paragraph (14) the following new paragraph:

"(15) provides—

"(A) that the State health agency, or other appropriate State medical agency, shall be responsible for establishing a plan, consistent with regulations prescribed by the Secretary, for the review by appropriate professional health personnel of the appropriateness and quality of care and services furnished to recipients of services under the plan and, where applicable, for providing guidance with respect thereto to the other State agency referred to in paragraph (2); and

"(B) that the State or local agency utilized by the Secretary for the purpose specified in the first sentence of section 1864(a), or, if such agency is not the State agency which is responsible for licensing health institutions, the State agency responsible for such licensing, will perform the function of determining whether institutions and agencies meet the requirements for participation in the program under the plan under this title."

(d) The amendments made by this section shall be effective ~~July 1, 1972~~ *January 1, 1973* (or earlier if the State plan so provides).

RELATIONSHIP BETWEEN MEDICAID AND COMPREHENSIVE HEALTH CARE PROGRAMS

SEC. 240. Section 1902 (a) (23) of the Social Security Act is amended by adding after the semicolon at the end thereof the following: "and a State plan shall not be deemed to be out of compliance with the requirements of this paragraph or paragraph (1) or (10) solely by reason of the fact that the State (or any political subdivision thereof) has entered into a contract with an organization which has agreed to provide care and services in addition to those offered under the State plan to individuals eligible for medical assistance who reside in the geographic area served by such organization and who elect to obtain such care and services from such organization;".

PROGRAM FOR DETERMINING QUALIFICATIONS FOR CERTAIN HEALTH CARE PERSONNEL

SEC. 241. Title XI of the Social Security Act is amended by adding after section 1122 (as added by section 221 (a) of this Act) the following new section:

"PROGRAM FOR DETERMINING QUALIFICATIONS FOR CERTAIN HEALTH CARE PERSONNEL

"SEC. 1123. (a) The Secretary, in carrying out his functions relating to the qualifications for health care personnel under title XVIII, shall develop (in consultation with appropriate professional health organizations and State health and licensure agencies) and conduct (in conjunction with State health and licensure agencies) *until December 31, 1977*, a program designed to determine the proficiency of individuals (who do not otherwise meet the formal educational, professional membership, or other specific criteria established for determining the qualifications of practical nurses, therapists, laboratory ~~technicians and technologists,~~ *technicians, and technologists, and cytotechnologists,* X-ray technicians, psychiatric technicians, or other health care technicians *and technologists*) to perform the duties and functions of practical nurses, therapists, laboratory technicians ~~and technologists,~~ *technologists, and cytotechnologists,* X-ray technicians, psychiatric technicians, or other health care technicians *and technologists.* Such program shall include (but not be limited to) the employment of procedures for the formal testing of the proficiency of individuals. In the conduct of such program, no individual who otherwise meets the proficiency requirements for any health care specialty shall be denied a satisfactory proficiency rating solely because of his

failure to meet formal educational or professional membership requirements.

"(b) If any individual has been determined, under the program established pursuant to subsection (a), to be qualified to perform the duties and functions of any health care specialty, no person or provider utilizing the services of such individual to perform such duties and functions shall be denied payment, under title XVIII or under any State plan approved under title XIX, for any health care services provided by such person on the grounds that such individual is not qualified to perform such duties and functions."

PENALTIES FOR FRAUDULENT ACTS AND FALSE REPORTING UNDER MEDICARE AND MEDICAID

SEC. 242. (a) Section 1872 of the Social Security Act is amended by striking out "208,".

(b) Title XVIII of the Social Security Act is amended by adding at the end thereof (after the new section added by section 226(a) of this Act) the following new section:

"PENALTIES

"SEC. 1877. (a) Whoever—

"(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in any application for any benefit or payment under this title,

"(2) at any time knowingly and willfully makes or

causes to be made any false statement or representation of a material fact for use in determining rights to any such benefit or payment,

"(3) having knowledge of the occurrence of any event affecting (A) his initial or continued right to any such benefit or payment, or (B) the initial or continued right to any such benefit or payment of any other individual in whose behalf he has applied for or is receiving such benefit or payment, conceals or fails to disclose such event with an intent fraudulently to secure such benefit or payment either in a greater amount or quantity than is due or when no such benefit or payment is authorized, or

"(4) having made application to receive any such benefit or payment for the use and benefit of another and having received it, knowingly and willfully converts such benefit or payment or any part thereof to a use other than for the use and benefit of such other person,

shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

"(b) ~~Any provider of services, supplier, physician, or other person who~~ *Whoever* furnishes items or services to an individual for which payment is or may be made under this title and who solicits, offers, or receives any—

"(1) kickback or bribe in connection with the furnishing of such items or services or the making or receipt of such payment, or

"(2) rebate of any fee or charge for referring any such individual to another person for the furnishing of such items or services,

shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

"(c) Whoever knowingly and willfully makes or causes to be made, or induces or seeks to induce the making of, any false statement or representation of a material fact with respect to the conditions or operation of any institution or facility in order that such institution or facility may qualify *(either upon initial certification or upon recertification)* as a hospital, extended care facility, or home health agency (as those terms are defined in section 1861), shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $2,000 or imprisoned for not more than 6 months, or ~~both."~~ *both.*

"(d) For purposes of this section the word 'whoever' includes corporations, companies, associations, firms, partnerships, societies, and joint stock companies, as well as individuals."

(c) Title XIX of such Act is amended by adding after section 1908 the following new section:

"PENALTIES

"SEC. 1909. (a) Whoever—

"(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in any application for any benefit or payment under a State plan approved under this title,

"(2) at any time knowingly and willfully makes or causes to be made any false statement or representation of a material fact for use in determining rights to such benefit or payment,

"(3) having knowledge of the occurrence of any event affecting (A) his initial or continued right to any such benefit or payment, or (B) the initial or continued right to any such benefit or payment of any other individual in whose behalf he has applied for or is receiving such benefit or payment, conceals or fails to disclose such event with an intent fraudulently to secure such benefit or payment either in a greater amount or quantity than is due or when no such benefit or payment is authorized, or

"(4) having made application to receive any such benefit or payment for the use and benefit of another and having received it, knowingly and willfully converts

such benefit or payment or any part thereof to a use other than for the use and benefit of such other person, shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

"(b) Whoever furnishes items or services to an individual for which payment is or may be made in whole or in part out of Federal funds under a State plan approved under this title and who solicits, offers, or receives any—

"(1) kickback or bribe in connection with the furnishing of such items or services or the making or receipt of such payment, or

"(2) rebate of any fee or charge for referring any such individual to another person for the furnishing of such items or services,

shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

"(c) Whoever knowingly and willfully makes or causes to be made, or induces or seeks to induce the making of, any false statement or representation of a material fact with respect to the conditions or operation of any institution or facility in order that such institution or facility may qualify *(either upon initial certification or upon recertification)* as a hospital, skilled nursing home, intermediate care facility,

or home health agency (as those terms are employed in this title) shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $2,000 or imprisoned for not more than 6 months, or ~~both.~~" *both.*

"*(d) For purposes of this section the word 'whoever' includes corporations, companies, associations, firms, partnerships, societies, and joint stock companies, as well as individuals.*"

(d) The provisions of amendments made by this section shall not be applicable to any acts, statements, or representations made or committed prior to the enactment of this Act.

PROVIDER REIMBURSEMENT REVIEW BOARD

SEC. 243. (a) Title XVIII of the Social Security Act is amended by adding at the end thereof (after the new sections added by section 226 (a) and section 242 (b) of this Act) the following new section:

"PROVIDER REIMBURSEMENT REVIEW BOARD

"SEC. 1878. (a) Any provider of services which has filed a required cost report within the time specified in regulations may obtain a hearing with respect to such cost report by a Provider Reimbursement Review Board (hereinafter referred to as the 'Board') which shall be established by the Secretary in accordance with subsection ~~(g)~~ *(h)*, if—

~~"(1) such provider is dissatisfied with a final determination of the organization serving as its fiscal inter-~~

~~mediary pursuant to section 1816 as to the amount of total program reimbursement due the provider for the items and services furnished to individuals for which payment may be made under this title for the period covered by such report,~~

"(1) such provider—

"(A) is dissatisfied with a final determination of the organization serving as its fiscal intermediary pursuant to section 1816 as to the amount of total program reimbursement due the provider for the items and services furnished to individuals for which payment may be made under this title for the period covered by such report,

"(B) has not received such final determination from such intermediary on a timely basis after filing such report, where such report complied with the rules and regulations of the Secretary relating to such report, or

"(C) has not received such final determination on a timely basis after filing a supplementary cost report, where such cost report did not so comply and such supplementary cost report did so comply,

"(2) the amount in controversy is $10,000 or more, and

"(3) such provider files a request for a hearing

within 180 days after notice of the intermediary's final determination under ~~paragraph (1).~~ *paragraph (1) (A) or with respect to appeals pursuant to paragraph (1) (B) or (C), within 180 days after notice of such determination would have been received if such determination had been made on a timely basis.*

"(b) The provisions of subsection (a) shall apply to any group of providers of services if each provider of services in such group would, upon the filing of an appeal (but without regard to the $10,000 limitation), be entitled to such a hearing, but only if the matters in controversy involve a common question of fact or interpretation of law or regulations and the amount in controversy is, in the aggregate, $10,000 or more.

"~~(b)~~ *(c)* At such hearing, the provider of services shall have the right to be represented by counsel, to introduce evidence, and to examine and cross-examine witnesses. Evidence may be received at any such hearing even though inadmissible under rules of evidence applicable to court procedure.

"~~(c)~~ *(d)* A decision by the Board shall be based upon the record made at such hearing, which shall include the evidence considered by the intermediary and such other evidence as may be obtained or received by the Board, and shall be supported by substantial evidence when the record

is viewed as a whole. The Board shall have the power to affirm, modify, or reverse a final determination of the fiscal intermediary with respect to a cost report and to make any other revisions on matters covered by such cost report (including revisions adverse to the provider of services) even though such matters were not considered by the intermediary in making such final determination.

"~~(d)~~ *(e)* The Board shall have full power and authority to make rules and establish procedures, not inconsistent with the provisions of this title *and regulations of the Secretary*, which are necessary or appropriate to carry out the provisions of this section. In the course of any hearing the Board may administer oaths and affirmations. The provisions of subsections (d), (e), and (f) of section 205 with respect to subpenas shall apply to the Board to the same extent as they apply to the Secretary with respect to title II.

"~~(e)~~ *(f)* A decision of the Board shall be final unless the Secretary, on his own motion, and within 60 days after the provider of services is notified of the Board's decision, reverses or modifies (adversely to such provider) the Board's decision. In any case where such a reversal or modification occurs the provider of services may obtain a review of such decision by a civil action commenced within 60 days of the date he is notified of the Secretary's reversal or modification. Such action shall be brought in the district court

of the United States for the judicial district in which the provider is located or in the District Court for the District of Columbia and shall be tried pursuant to the applicable provisions under chapter 7 of title 5, United States Code, notwithstanding any other provisions in section 205.

"~~(f)~~ *(g)* The finding of a fiscal intermediary that no payment may be made under this title for any expenses incurred for items or services furnished to an individual because such items or services are listed in section 1862 shall not be reviewed by the Board, or by any court pursuant to an action brought under subsection ~~(e)~~ *(f)*.

"~~(g)~~ *(h)* The Board shall be composed of five members appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive services. Two of such members shall be representative of providers of services. All of the members of the Board shall be persons knowledgeable in the field of cost reimbursement, and at least one of them shall be a certified public accountant. Members of the Board shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding the rate specified (at the time the service involved is rendered by such members) for grade GS–18 in section 5332 of title 5, United States Code. The term of office shall be three years, except that the Secretary

shall appoint the initial members of the Board for shorter terms to the extent necessary to permit staggered terms of office.

"~~(h)~~ *(i)* The Board is authorized to engage such technical assistance as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Board such secretarial, clerical, and other assistance as the Board may require to carry out its functions."

(b) The first sentence of section 1816(a) of such Act is amended by striking out "subject to" in the parenthetical phrase and inserting in lieu thereof "subject to the provisions of section 1878 and to".

(c) The amendments made by this section shall apply with respect to cost reports of providers of services, as defined in title XVIII of the Social Security Act, for accounting periods ~~beginning~~ *ending on or* after June 30. ~~1971~~ *1973.*

VALIDATION OF SURVEYS MADE BY JOINT COMMISSION ON THE ACCREDITATION OF HOSPITALS

SEC. 244. (a) Section 1864 of the Social Security Act is amended by inserting at the end thereof the following new subsection:

"(c) The Secretary is authorized to enter into an

agreement with any State under which the appropriate State or local agency which performs the certification function described in subsection (a) will survey, on a selective sample basis (or where the Secretary finds that a survey is appropriate because of substantial allegations of the existence of a significant deficiency or deficiencies which would, if found to be present, adversely affect health and safety of patients), hospitals which have an agreement with the Secretary under section 1866 and which are accredited by the Joint Commission on the Accreditation of Hospitals. The Secretary shall pay for such services in the manner prescribed in subsection (b)."

(b)(1) Section 1865 of such Act, as amended by section 234 of this Act, is further amended by striking out "SEC. 1865" and the first two sentences of such section and inserting in lieu thereof the following:

"SEC. 1865. (a) Except as provided in subsection (b) and the second sentence of section 1863, if—

"(1) an institution is accredited as a hospital by the Joint Commission on Accreditation of Hospitals, and

"(2) such institution (if it is included within a survey described in section 1864(c)) authorizes the Commission to release to the Secretary (on a confidential basis) upon his request (or such State agency as the

Secretary may designate) a copy of the most current accreditation survey of such institution made by such Commission,

then, such institution shall be deemed to meet the requirements of the numbered paragraphs of section 1861(e); except—

"(3) paragraph (6) thereof, and

"(4) any standard, promulgated by the Secretary pursuant to paragraph (9) thereof, which is higher than the requirements prescribed for accreditation by such Commission.

If such Commission, as a condition for accreditation of a hospital, requires a utilization review plan (or imposes another requirement which serves substantially the same purpose) or imposes a standard which the Secretary determines is at least equivalent to the standard promulgated by the Secretary as described in paragraph (4) of this subsection, the Secretary is authorized to find that all institutions so accredited by such Commission comply also with section 1861 (e)(6) or the standard described in such paragraph (4), as the case may be."

(2) Such section 1865 (as so amended) is further amended by adding after subsection (a) thereof the following:

"(b) Notwithstanding any other provision of this title,

if the Secretary finds following a survey made pursuant to section 1864(c) that an institution has significant deficiencies (as defined in regulations pertaining to health and safety), such institution shall, after the date of notice of such finding to the hospital and for such period as may be prescribed in regulations, be deemed not to meet the requirements of the numbered paragraphs of section 1861(e)."

(c) Section 1861(e) of such Act, as amended by sections 211 and 234 of this Act, is further amended by striking out, in subsection (9), everything after the word "institution" and inserting in lieu thereof a period.

(d) Section 1875(b) of such Act, as amended by sections 222 and 226 of this Act, is further amended by inserting, after "including" and before "the operation", the following: "a validation of the accreditation process of the Joint Commission on the Accreditation of Hospitals,".

PAYMENT FOR DURABLE MEDICAL EQUIPMENT UNDER MEDICARE

SEC. 245. (a) The Secretary is authorized to conduct reimbursement experiments designed to eliminate unreasonable expenses resulting from prolonged rentals of durable medical equipment described in section 1861(s)(6) of the Social Security Act.

(b) Such experiment may be conducted in one or more geographic areas, as the Secretary deems appropriate, and may, pursuant to agreements with suppliers, provide for reimbursement for such equipment on a lump-sum basis whenever it is determined (in accordance with guidelines established by the Secretary) that a lump-sum payment would be more economical than the anticipated period of rental payments. Such experiments may also provide for incentives to beneficiaries (including waiver of the 20 percent coinsurance amount applicable under section 1833 of the Social Security Act) to purchase used equipment whenever the purchase price is at least 25 percent less than the reasonable charge for new equipment.

(c) The Secretary is authorized, at such time as he deems appropriate, to implement on a nationwide basis any such reimbursement procedures which he finds to be workable, desirable and economical and which are consistent with the purposes of this section.

(d) Section 1833(f) of the Social Security Act is amended—

(1) by striking out "with respect to purchases of inexpensive equipment (as determined by the Secretary)" and inserting in lieu thereof "(A)", and

(2) by inserting before the period at the end thereof

the following: ", and (B) with respect to purchases of used equipment the Secretary is authorized to waive the 20 percent coinsurance amount applicable under subsection (a) whenever the purchase price of such equipment is at least 25 percent less than the reasonable charge for comparable new equipment."

(3) by inserting "(1)" after "(f)" and by adding after paragraph (1) the following new paragraph:

"(2) In the case of rental of durable medical equipment, the Secretary may, pursuant to agreements made with suppliers of such equipment, establish any reimbursement procedures (including payment on a lump sum basis in lieu of prolonged rental payments) which he finds to be equitable, economical, and feasible."

UNIFORM STANDARDS FOR SKILLED NURSING FACILITIES UNDER MEDICARE AND MEDICAID

SEC. 246. (a) Section 1902(a)(28) of the Social Security Act is amended to read as follows:

"(28) provide that any skilled nursing facility receiving payments under such plan must satisfy all of the requirements contained in section 1861(j), except that the exclusion contained therein with respect to institutions which are primarily for the care and treatment of mental diseases and tuberculosis shall not apply for purposes of this title;"

(b) Section 1861(j) of such Act, as amended by section 234(d) of this Act, is further amended—

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

(2) by redesignating paragraph (11) as paragraph (14); and

(3) by inserting after paragraph (10) the following new paragraphs:

"(11) supplies full and complete information to the Secretary or his delegate as to the identity (A) of each person having (directly or indirectly) an ownership interest of 10 per centum or more in such skilled nursing facility, (B) in case a skilled nursing facility is organized as a corporation, of each officer and director of the corporation, and (C) in case a skilled nursing facility is organized as a partnership, of each partner; and promptly reports any changes which would affect the current accuracy of the information so required to be supplied;

"(12) cooperates in an effective program which provides for a regular program of independent medical evaluation and audit of the patients in the facility to the extent required by the programs in which the facility

participates (including medical evaluation of each patient's need for skilled nursing facility care);

"(13) meets such provisions of the Life Safety Code of the National Fire Protection Association (21st edition, 1967) as are applicable to nursing homes; except that the Secretary may waive, for such periods as he deems appropriate, specific provisions of such Code which if rigidly applied would result in unreasonable hardship upon a nursing home, but only if such waiver will not adversely affect the health and safety of the patients; except that the provisions of such Code shall not apply in any State if the Secretary finds that in such State there is in effect a fire and safety code, imposed by State law, which adequately protects patients in nursing homes; and".

(c) The amendments made by this section shall be effective July 1, 1973.

LEVEL OF CARE REQUIREMENTS FOR SKILLED NURSING HOME SERVICES

SEC. 247. (a) Section 1814(a)(2)(C) of the Social Security Act is amended by striking out everything which appears before "(or services" and inserting in lieu thereof the following:

"(C) in the case of post-hospital extended care services, such services are or were required to be given because the individual needs or needed on a daily basis skilled nursing care (provided directly by or requiring the supervision of skilled nursing personnel) or other skilled rehabilitation services, which as a practical matter can only be provided in a skilled nursing facility on an inpatient basis, for any of the conditions with respect to which he was receiving inpatient hospital services".

(b) Section 1905 of the Social Security Act, as amended by section 212 of this Act is further amended by adding at the end thereof the following new subsection:

"(f) For purposes of this title, the term 'skilled nursing facility services' means services which are or were required to be given an individual who needs or needed on a daily basis skilled nursing care (provided directly by or requiring the supervision of skilled nursing personnel) or other skilled rehabilitation services which as a practical matter can only be provided in a skilled nursing facility on an inpatient basis."

(c) The amendments made by this section shall be effective with respect to services furnished after December 31, 1972.

MODIFICATION OF MEDICARE'S 14-DAY TRANSFER REQUIREMENT FOR EXTENDED CARE BENEFITS

SEC. 248. Section 1861(i) of the Social Security Act is amended by striking out "within 14 days after discharge from such hospital;" and inserting in lieu thereof the following: "(A) within 14 days after discharge from such hospital, or (B) within 28 days after such discharge, in the case of an individual who was unable to be admitted to a skilled nursing facility within such 14 days because of a shortage of appropriate bed space in the geographic area in which he resides, or (C) within such time as it would be medically appropriate to begin an active course of treatment, in the case of an individual whose condition is such that skilled nursing facility care would not be medically appropriate within 14 days after discharge from a hospital;"

REIMBURSEMENT RATES FOR SKILLED NURSING HOMES AND INTERMEDIATE CARE FACILITIES

SEC. 249. (a) Section 1902(a)(13) of the Social Security Act, as amended by section 221(c)(5) of this Act, is further amended—

(1) by inserting "and" at the end of subparagraph (D), and

(2) by inserting after subparagraph (D) the following new paragraph:

"(E) effective July 1, 1974, for payment of the

skilled nursing home and intermediate care facility services provided under the plan on a reasonable cost related basis, as determined in accordance with methods and standards which shall be developed by the State on the basis of cost-finding methods approved and verified by the Secretary;".

(b) Section 1861(v)(1) of such Act, as amended by sections 223 and 227 of this Act, is further amended by inserting after subparagraph (D) the following new subparagraph:

"(E) Such regulations may, in the case of skilled nursing facilities in any State, provide for the uses of rates, developed by the State in which such facilities are located, for the payment of the cost of skilled nursing facility services furnished under the State's plan approved under title XIX (and such rates may be increased by the Secretary on a class or size of institution or on a geographical basis by a percentage factor not in excess of 10 percent to take into account determinable items or services or other requirements under this title not otherwise included in the computation of such State rates), if the Secretary finds that such rates are reasonably related to (but not necessarily limited to) analyses undertaken by such State of costs of care in comparable facilities in such State; except that the foregoing provisions of this sub-

paragraph shall not apply to any skilled nursing facility in such State if—

"(i) such facility is a distinct part of or directly operated by a hospital, or

"(ii) such facility operates in a close, formal satellite relationship (as defined in regulations of the Secretary) with a participating hospital or hospitals.

Notwithstanding the previous provisions of this paragraph in the case of a facility specified in clause (ii) of this subparagraph, the reasonable cost of any services furnished by such facility as determined by the Secretary under this subsection shall not exceed 150 percent of the costs determined by the application of this subparagraph (without regard to such clause (ii)).".

MEDICAID CERTIFICATION AND APPROVAL OF SKILLED NURSING FACILITIES

SEC. 249A. (a) Title XIX of the Social Security Act, is amended by adding at the end thereof (after the new section added by section 242(c) of this Act) the following new section:

"CERTIFICATION AND APPROVAL OF SKILLED NURSING FACILITIES

"SEC. 1910. (a) The Secretary shall make an agreement with any State which is able and willing to do so under which the services of the State health agency or other appro-

priate State or local agencies (whichever are utilized by the Secretary pursuant to section 1864(a)) will be utilized by him for the purpose of determining whether an institution in such State qualifies as a skilled nursing home for purposes of section 1902(a)(28). To the extent that the Secretary finds it appropriate, any institution which such a State or local agency certifies to him to be a skilled nursing home may be treated as such by the Secretary.

"(b) The Secretary shall advise the State agency administering the medical assistance plan of his approval or disapproval of any institution certified to him as a qualified skilled nursing home for purposes of section 1902(a)(28) and specify for each such institution the period (not to exceed twelve months) for which approval is granted, except that the Secretary may extend such term for a period not exceeding two months, where the health and safety of patients will not be jeopardized thereby, if he finds that such extension is necessary to prevent irreparable harm to such facility or hardship to the individuals being furnished items or services by such facility or if he finds it impracticable within such twelve-month period to determine whether such facility is complying with the provisions of this title and regulations thereunder. The State agency may enter into an agreement for the provision of services and the making of payments under the plan with any skilled nursing home approved by

the Secretary for a period not to exceed the period of approval specified.

"(c) The Secretary may cancel the approval of any skilled nursing home at any time if he finds that the skilled nursing home fails to meet the requirements contained in section 1902(a)(28), or if he finds grounds for termination of his agreement with such institution pursuant to section 1866 (b). In such event the Secretary shall notify the State agency and the skilled nursing home that the approval of eligibility of such institution to participate in the programs established by this title and title XVIII shall be terminated at such time as may be specified by the Secretary. The approval of eligibility of any such institution to participate in such programs may not be reinstated unless the Secretary finds that the reason for termination has been removed and there is reasonable assurance that it will not recur.

"(d) Effective July 1, 1973, no payment may be made to any State under this title with respect to skilled nursing home services furnished by any institution—

"(1) which does not have in effect an agreement with the State agency executed pursuant to subsection (b), or

"(2) whose approval of eligibility to participate in the programs established by this title or title XVIII has been terminated by the Secretary and has not been rein-

stated, except that payment may be made for up to 30 days with respect to skilled nursing home services furnished to any eligible individual who was admitted to such institution prior to the effective date of such termination."

(b) Section 1866(a)(1) of the Social Security Act is amended by adding at the end thereof the following sentence: "An agreement under this paragraph with an extended care facility shall be for a term of not exceeding 12 months, except that the Secretary may extend such term for a period not exceeding 2 months, where the health and safety of patients will not be jeopardized thereby, if he finds that such extension is necessary to prevent irreparable harm to such facility or hardship to the individuals being furnished items or services by such facility or if he finds it impracticable within such 12-month period to determine whether such facility is complying with the provisions of this title and regulations thereunder."

(c) Section 1866(b) of such Act is amended by—

(1) striking out, in the material which precedes clause (1), "terminated-" and inserting in lieu thereof "terminated (and in the case of an extended care facility, prior to the end of the term specified in subsection (a)(1))-"; and

(2) by striking out all of clause (3) appearing after

the phrase "Any termination shall be applicable—" and inserting in lieu thereof the following:

"(3) in the case of inpatient hospital services (including tubcrculosis hospital services and inpatient psychiatric hospital services) or post-hospital extended care services, with respect to services furnished after the effective date of such termination, except that payment may be made for up to thirty days with respect to inpatient institutional services furnished to any eligible individual who was admitted to such institution prior to the effective date of such termination,"

(d) Section 1866(c) of such Act is amended by inserting "(1)" after "(c)" and by adding at the end thereof the following new paragraph:

"(2) In the case of a skilled nursing facility participating in the programs established by this title and title XIX, the Secretary may enter into an agreement under this section only if such facility has been approved pursuant to section 1910, and the term of any such agreement shall be in accordance with the period of approval of eligibility specified by the Secretary pursuant to such section."

(e) The provisions of this section shall be effective with respect to agreements filed with the Secretary under section

1866 of the Social Security Act by skilled nursing facilities (as defined in section 1861(j) of such Act) before, on, or after the date of enactment of this Act, but accepted by him on or after such date.

(f) Notwithstanding any other provision of law, any agreement, filed by a skilled nursing facility (as defined in section 1861(j) of the Social Security Act) with the Secretary under section 1866 of such Act and accepted by him prior to the date of enactment of this Act, which was in effect on such date shall be deemed to be for a specified term, ending on whichever of the following is the earlier: (1) December 31, 1973, or (2) the date of expiration of an agreement executed pursuant to section 1910(b) of the Social Security Act; except that the term of any such agreement may be extended under the conditions specified in such section 1910(b).

PAYMENTS TO STATES UNDER MEDICAID FOR COMPENSATION OF INSPECTORS RESPONSIBLE FOR MAINTAINING COMPLIANCE WITH FEDERAL STANDARDS

SEC. 249B. Section 1903(a) of the Social Security Act, as amended by sections 207(a)(2) and 235(a) of this Act, is further amended, effective January 1, 1972, by redesignating paragraph (4) as paragraph (5), and by inserting after paragraph (3) the following new paragraph:

"(4) an amount equal to 100 per centum of the sums expended during such quarter (as found necessary by the Secretary for the proper and efficient administration of the State plan) which are attributable to compensation or training of personnel (of the State agency or any other public agency) responsible for inspecting public or private institutions (or portions thereof) providing long-term care to recipients of medical assistance to determine whether such institutions comply with health or safety standards applicable to such institutions under this Act; plus".

DISCLOSURE OF INFORMATION CONCERNING THE PERFORMANCE OF CARRIERS, INTERMEDIARIES, STATE AGENCIES, AND PROVIDERS OF SERVICES UNDER MEDICARE AND MEDICAID

SEC. 249C. (a) Section 1106 of the Social Security Act is amended by adding at the end thereof the following new subsections:

"(d) Notwithstanding any other provision of this section the Secretary shall make available to each State agency operating a program under title XIX and shall, subject to the limitations contained in subsection (e), make available for public inspection in readily accessible form and fashion, the

following official reports (not including, however, references to any internal tolerance rules and practices that may be contained therein, internal working papers or other informal memoranda) dealing with the operation of the health programs established by titles XVIII and XIX—

"(1) individual contractor performance reviews and other formal evaluations of the performance of carriers, intermediaries, and State agencies, including the reports of follow-up reviews;

"(2) comparative evaluations of the performance of such contractors, including comparisons of either overall performance or of any particular aspect of contractor operation; and

"(3) program validation survey reports and other formal evaluations of the performance of providers of services, including the reports of follow-up reviews, except that such reports shall not identify individual patients, individual health care practitioners, or other individuals.

"(e) No report described in subsection (d) shall be made public by the Secretary or the State title XIX agency until the contractor or provider of services whose performance is being evaluated has had a reasonable oppor-

twenty (not exceeding 60 days) to review such report and to offer comments pertinent parts of which may be incorporated in the public report; nor shall the Secretary be required to include in any such report information with respect to any deficiency (or improper practice or procedures) which is known by the Secretary to have been fully corrected, within 60 days of the date such deficiency was first brought to the attention of such contractor or provider of services, as the case may be."

(b) The provisions of subsection (a) shall apply with respect to reports which are completed by the Secretary after the third calendar month following the enactment of this Act.

LIMITATION ON INSTITUTIONAL CARE

SEC. 249D. Section 121(b) of the Social Security Amendments of 1965 is amended by adding at the end thereof the following new sentence: "After the date of enactment of the Social Security Amendments of 1972, Federal matching shall not be available for any portion of any payment to any State under title I, X, XIV, XVI, or part A of title IV of the Social Security Act for any medical or any other type of remedial care provided by an institution to any individual, in the case of any State which has a plan approved under title XIX of such Act, if such care is (or could be) provided under the State plan approved under title XIX of such Act.".

DETERMINING ELIGIBILITY FOR ASSISTANCE UNDER TITLE XIX FOR CERTAIN INDIVIDUALS

SEC. 249E. For purposes of section 1902(a)(10) of the Social Security Act any individual who, for the month of August 1972, was eligible for or receiving aid or assistance under a State plan approved under title I, X, XIV, or XVI, or part A of title IV of such Act and who for such month was entitled to monthly insurance benefits under title II of such Act shall be deemed to be eligible for such aid or assistance for any month thereafter if such individual would have been eligible for such aid or assistance for such month had the increase in monthly insurance benefits under title II of such Act resulting from enactment of Public Law 92-336 not been applicable to such individual.

PROFESSIONAL STANDARDS REVIEW

SEC. 249F. (a) The heading to title XI of the Social Security Act is amended by striking out

"TITLE XI—GENERAL PROVISIONS"

and inserting in lieu thereof

"TITLE XI—GENERAL PROVISIONS AND PROFESSIONAL STANDARDS REVIEW

"PART A—GENERAL PROVISIONS"

(b) Title XI of such Act is further amended by adding the following:

"PART B—PROFESSIONAL STANDARDS REVIEW

"DECLARATION OF PURPOSE

"SEC. 1151. *In order to promote the effective, efficient, and ecomonical delivery of health care services of proper quality for which payment may be made (in whole or in part) under this Act and in recognition of the interests of patients, the public, practitioners, and providers in improved health care services, it is the purpose of this part to assure, through the application of suitable procedures of professional standards review, that the services for which payment may be made under the Social Security Act will conform to appropriate professional standards for the provision of health care and that payment for such services will be made -*

"(1) only when, and to the extent, medically necessary, as determined in the exercise of reasonable limits of professional discretion; and

"(2) in the case of services provided by a hospital or other health care facility on an inpatient basis, only when and for such period as such services cannot, consistent with professionally recognized health care standards, effectively be provided on an outpatient basis or more economically in an inpatient health care facility of a different type, as determined in the exercise of reasonable limits of professional discretion.

"DESIGNATION OF PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS

"SEC. 1152. (a) The Secretary shall (1) not later than January 1, 1974, establish throughout the United States appropriate areas with respect to which Professional Standards Review Organizations may be designated, and (2) at the earliest practicable date after designation of an area enter into an agreement with a qualified orgnization whereby such an organization shall be conditionally designated as the Professional Standards Review Organization for such area. If, on the basis of its performance during such period of conditional designation, the Secretary determines that such organization is capable of fulfilling, in a satisfactory manner, the obligations and requirements for a Professional Standards Review Organization under this part, he shall enter into an agreement with such organization designating it as the Professional Standards Review Organization for such area.

"(b) For purposes of subsection (a), the term 'qualified organization' means—

"(1) when used in connection with any area—

"(A) an organization (i) which is a nonprofit professional association (or a component organiza-

tion thereof), (ii) which is composed of licensed doctors of medicine or osteopathy engaged in the practice of medicine or surgery in such area, (iii) the membership of which includes a substantial proportion of all such physicians in such area, (iv) which is organized in a manner which makes available professional competence to review health care services of the types and kinds with respect to which Professional Standards Review Organizations have review responsibilities under this part, (v) the membership of which is voluntary and open to all doctors of medicine or osteopathy licensed to engage in the practice of medicine or surgery in such area without requirement of membership in or payment of dues to any organized medical society or association, and (vi) which does not restrict the eligibility of any member for service as an officer of the Professional Standards Review Organization or eligibility for and assignment to duties of such Professional Standards Review Organization, or, subject to subsection (c)(i),

"(B) such other public, nonprofit private, or other agency or organization, which the Secretary

determines, in accordance with criteria prescribed by him in regulations, to be of professional competence and otherwise suitable; and

"(2) an organization which the Secretary, on the basis of his examination and evaluation of a formal plan submitted to him by the association, agency, or organization (as well as on the basis of other relevant data and information), finds to be willing to perform and capable of performing, in an effective, timely, and objective manner and at reasonable cost, the duties, functions, and activities of a Professional Standards Review Organization required by or pursuant to this part.

"(c)(1) The Secretary shall not enter into any agreement under this part under which there is designated as the Professional Standards Review Organization for any area any organization other than an organization referred to in subsection (b)(1)(A) unless, in such area, there is no organization referred to in subsection (b)(1)(A) which meets the conditions specified in subsection (b)(2).

"(2) Whenever the Secretary shall have entered into an agreement under this part under which there is designated as the Professional Standards Review Organization for any area any organization other than an organization referred to

in subsection (b)(1)(A), he shall not renew such agreements with such organization if he determines that—

"(A) there is in such area an organization referred to in subsection (b)(1)(A) which (i) has not been previously designated as a Professional Standards Review Organization. and (ii) is willing to enter into an agreement under this part under which such organization would be designated as the Professional Standards Review Organization for such area;

"(B) such organization meets the conditions specified in subsection (b)(2); and

"(C) the designation of such organization as the Professional Standards Review Organization for such area is anticipated to result in substantial improvement in the performance in such area of the duties and functions required of such organizations under this part.

"(d) Any such agreement under this part with an organization (other than an agreement established pursuant to section 1154) shall be for a term of 12 months; except that, prior to the expiration of such term such agreement may be terminated—

"(1) by the organization at such time and upon such notice to the Secretary as may be prescribed in

regulations (except that notice of more than 3 months may not be required); or

"(2) by the Secretary at such time and upon such reasonable notice to the organization as may be prescribed in regulations, but only after the Secretary has determined (after providing such organization with an opportunity for a formal hearing on the matter) that such organization is not substantially complying with or effectively carrying out the provisions of such agreement.

"(e) In order to avoid duplication of functions and unnecessary review and control activities, the Secretary is authorized to waive any or all of the review, certification, or similar activities otherwise required under or pursuant to any provision of this Act (other than this part) where he finds, on the basis of substantial evidence of the effective performance of review and control activities by Professional Standards Review Organizations, that the review, certification, and similar activities otherwise so required are not needed for the provision of adequate review and control.

"REVIEW PENDING DESIGNATION OF PROFESSIONAL STANDARDS REVIEW ORGANIZATION

"SEC. 1153. Pending the assumption by a Professional Standards Review Organization for any area, of full review

responsibility, and pending a demonstration of capacity for improved review effort with respect to matters involving the provision of health care services in such area for which payment (in whole or in part) may be made, under this Act, any review with respect to such services which has not been designated by the Secretary as the full responsibility of such organization, shall be reviewed in the manner otherwise provided for under law.

"TRIAL PERIOD FOR PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS

"SEC. 1154. (a) The Secretary shall initially designate an organization as a Professional Standards Review Organization for any area on a conditional basis with a view to determining the capacity of such organization to perform the duties and functions imposed under this part on Professional Standards Review Organizations. Such designation may not be made prior to receipt from such organization and approval by the Secretary of a formal plan for the orderly assumption and implementation of the responsibilities of the Professional Standards Review Organization under this part.

"(b) During any such trial period (which may not exceed 24 months), the Secretary may require a Pro-

fessional Standards Review Organization to perform only such of the duties and functions required under this part of Professional Standards Review Organization as he determines such organization to be capable of performing. The number and type of such duties shall, during the trial period, be progressively increased as the organization becomes capable of added responsibility so that, by the end of such period, such organization shall be considered a qualified organization only if the Secretary finds that it is substantially carrying out in a satisfactory manner, the activities and functions required of Professional Standards Review Organizations under this part with respect to the review of health care services provided or ordered by physicians and other practitioners and institutional and other health care facilities, agencies, and organizations. Any of such duties and functions not performed by such organization during such period shall be performed in the manner and to the extent otherwise provided for under law.

"(c) Any agreement under which any organization is conditionally designated as the Professional Standards Review Organization for any area may be terminated by such organization upon 90 days notice to the Secretary or by

the Secretary upon 90 days notice to such organization.

"DUTIES AND FUNCTIONS OF PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS

"SEC. 1155. (a)(1) Notwithstanding any other provision of law, but consistent with the provisions of this part, it shall be the duty and function of each Professional Standards Review Organization for any area to assume, at the earliest date practicable, responsibility for the review of the professional activities in such area of physicians and other health care practitioners and institutional and noninstitutional providers of health care services in the provision of health care services and items for which payment may be made (in whole or in part) under this Act for the purpose of determining whether—

"(A) such services and items are or were medically necessary;

"(B) the quality of such services meets professionally recognized standards of health care; and

"(C) in case such services and items are proposed to be provided in a hospital or other health care facility on an inpatient basis, such services and items could, consistent with the provision of appropriate medical

care, be effectively provided on an out-patient basis or more economically in an inpatient health care facility of a different type.

"(2) Each Professional Standards Review Organization shall have the authority to determine, in advance, in the case of—

"(A) any elective admission to a hospital, or other health care facility, or

"(B) any other health care service which will consist of extended or costly courses of treatment,

whether such service, if provided, or if provided by a particular health care practitioner or by a particular hospital or other health care facility, organization, or agency, would meet the criteria specified in clauses (A) and (C) of paragraph (1).

"(3) Each Professional Standards Review Organization shall, in accordance with regulations of the Secretary, determine and publish, from time to time, the types and kinds of cases (whether by type of health care or diagnosis involved, or whether in terms of other relevant criteria relating to the provision of health care services) with respect to which such organization will, in order most effectively to carry out the

purposes of this part, exercise the authority conferred upon it under paragraph (2).

"(4) Each Professional Standards Review Organization shall be responsible for the arranging for the maintenance of and the regular review of profiles of care and services received and provided with respect to patients, utilizing to the greatest extent practicable in such patient profiles, methods of coding which will provide maximum confidentiality as to patient identity and assure objective evaluation consistent with the purposes of this part. Profiles shall also be regularly reviewed on an ongoing basis with respect to each health care practitioner and provider to determine whether the care and services ordered or rendered are consistent with the criteria specified in clauses (A), (B), and (C) of paragraph (1).

"(5) Physicians assigned responsibility for the review of hospital care may be only those having active hospital staff privileges in at least one of the participating hospitals in the area served by the Professional Standards Review Organization and (except as may be otherwise provided under subsection (e)(1) of this section) such physicians ordinarily should not be responsible for, but may participate in the review of care and services provided in any hospital in which such physicians have active staff privileges.

"(6) No physician shall be permitted to review—

"(A) health care services provided to a patient if he was directly or indirectly involved in providing such services, or

"(B) health care services provided in or by an institution, organization, or agency, if he or any member of his family has, directly or indirectly, any financial interest in such institution, organization, or agency.

For purposes of this paragraph, a physician's family includes only his spouse (other than a spouse who is legally separated from him under a decree of divorce or separate maintenance), children (including legally adopted children), grandchildren, parents, and grandparents.

"(b) To the extent necessary or appropriate for the proper performance of its duties and functions, the Professional Standards Review Organization serving any area is authorized in accordance with regulations prescribed by the Secretary to—

"(1) make arrangements to utilize the services of persons who are practitioners of or specialists in the various areas of medicine (including dentistry), or other types of health care, which persons shall, to the maximum extent practicable, be individuals engaged in the practice

of their profession within the area served by such organization;

"(2) undertake such professional inquiry either before or after, or both before and after, the provision of services with respect to which such organization has a responsibility for review under subsection (a)(1);

"(3) examine the pertinent records of any practitioner or provider of health care services providing services with respect to which such organization has a responsibility for review under subsection (a)(1); and

"(4) inspect the facilities in which care is rendered or services provided (which are located in such area) of any practitioner or provider.

"(c) No Professional Standards Review Organization shall utilize the services of any individual who is not a duly licensed doctor of medicine or osteopathy to make final determinations in accordance with its duties and functions under this part with respect to the professional conduct of any other duly licensed doctor of medicine or osteopathy, or any act performed by any duly licensed doctor of medicine or osteopathy in the exercise of his profession.

"(d) In order to familiarize physicians with the review functions and activities of Professional Standards Review

Organizations and to promote acceptance of such functions and activities by physicians, patients, and other persons, each Professional Standards Review Organization, in carrying out its review responsibilities, shall (to the maximum extent consistent with the effective and timely performance of its duties and functions)—

"(1) encourage all physicians practicing their profession in the area served by such Organization to participate as reviewers in the review activities of such Organizations;

"(2) provide rotating physician membership of review committees on an extensive and continuing basis;

"(3) assure that membership on review committees have the broadest representation feasible in terms of the various types of practice in which physicians engage in the area served by such Organization; and

"(4) utilize, whenever appropriate, medical periodicals and similar publications to publicize the functions and activities of Professional Standards Review Organizations.

"(e)(1) Each Professional Standards Review Organization shall utilize the services of, and accept the findings of, the review committees of a hospital or other operating

health care facility or organization located in the area served by such organization, but only when and only to the extent and only for such time that such committees in such hospital or other operating health care facility or organization have demonstrated to the satisfaction of such organization their capacity effectively and in timely fashion to review activities in such hospital or other operating health care facility or organization (including the medical necessity of admissions, types and extent of services ordered, and lengths of stay) so as to aid in accomplishing the purposes and responsibilities described in subsection (a)(1), except where the Secretary disapproves, for good cause, such acceptance.

"(2) The Secretary may prescribe regulations to carry out the provisions of this subsection.

"(f)(1) An agreement entered into under this part between the Secretary and any organization under which such organization is designated as the Professional Standards Review Organization for any area shall provide that such organization will—

"(A) perform such duties and functions and assume such responsibilities and comply with such other requirements as may be required by this part or under regu-

lations of the Secretary promulgated to carry out the provisions of this part; and

"(B) collect such data relevant to its functions and such information and keep and maintain such records in such form as the Secretary may require to carry out the purposes of this part and to permit access to and use of any such records as the Secretary may require for such purposes.

"(2) Any such agreement with an organization under this part shall provide that the Secretary make payments to such organization equal to the amount of expenses reasonably and necessarily incurred, as determined by the Secretary, by such organization in carrying out or preparing to carry out the duties and functions required by such agreement.

"NORMS OF HEALTH CARE SERVICES FOR VARIOUS ILLNESSES OR HEALTH CONDITIONS

"SEC. 1156. (a) Each Professional Standards Review Organization shall apply professionally developed norms of care, diagnosis, and treatment based upon typical patterns of practice in its regions (including typical lengths-of-stay for institutional care by age and diagnosis) as principal points of evaluation and review. The National Professional Standards

Review Council and the Secretary shall provide such technical assistance to the organization as will be helpful in utilizing and applying such norms of care, diagnosis, and treatment. Where the actual norms of care, diagnosis, and treatment in a Professional Standards Review Organization area are significantly different from professionally developed regional norms of care, diagnosis, and treatment approved for comparable conditions, the Professional Standards Review Organization concerned shall be so informed, and in the event that appropriate consultation and discussion indicate reasonable basis for usage of other norms in the area concerned, the Professional Standards Review Organization may apply such norms in such area as are approved by the National Professional Standards Review Council.

"(b) Such norms with respect to treatment for particular illnesses or health conditions shall include (in accordance with regulations of the Secretary)—

"(1) the types and extent of the health care services which, taking into account differing, but acceptable, modes of treatment and methods of organizing and delivering care are considered within the range of appropriate diagnosis and treatment of such illness or health

condition, consistent with professionally recognized and accepted patterns of care;

"(2) the type of health care facility which is considered, consistent with such standards, to be the type in which health care services which are medically appropriate for such illness or condition can most economically be provided.

"(c)(1) The National Professional Standards Review Council shall provide for the preparation and distribution, to each Professional Standards Review Organization and to each other agency or person performing review functions with respect to the provision of health care services under this Act, of appropriate materials indicating the regional norms to be utilized pursuant to this part. Such data concerning norms shall be reviewed and revised from time to time. The approval of the National Professional Standards Review Council of norms of care, diagnosis, and treatment shall be based on its analysis of appropriate and adequate data.

"(2) Each review organization, agency, or person referred to in paragraph (1) shall utilize the norms developed under this section as a principal point of evaluation and review for determining, with respect to any health care services

which have been or are proposed to be provided, whether such care and services are consistent with the criteria specified in section 1155(a)(1).

"(d)(1) Each Professional Standards Review Organization shall—

"(A) in accordance with regulations of the Secretary, specify the appropriate points in time after the admission of a patient for inpatient care in a health care institution, at which the physician attending such patient shall execute a certification stating that further inpatient care in such institution will be medically necessary effectively to meet the health care needs of such patient; and

"(B) require that there be included in any such certification with respect to any patient such information as may be necessary to enable such organization properly to evaluate the medical necessity of the further institutional health care recommended by the physician executing such certification.

"(2) The points in time at which any such certification will be required (usually, not later than the 50th percentile of lengths-of-stay for patients in similar age groups with similar diagnoses) shall be consistent with and based on pro-

fessionally developed norms of care and treatment and data developed with respect to length of stay in health care institutions of patients having various illnesses, injuries, or health conditions, and requiring various types of health care services or procedures.

"SUBMISSION OF REPORTS BY PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS

"SEC. 1157. If, in discharging its duties and functions under this part, any Professional Standards Review Organization determines that any health care practitioner or any hospital, or other health care facility, agency, or organization has violated any of the obligations imposed by section 1160, such organization shall report the matter to the Statewide professional Standards Review Council for the State in which such organization is located together with the recommendations of such Organization as to the action which should be taken with respect to the matter. Any Statewide Professional Standards Review Council receiving any such report and recommendation shall review the same and promptly transmit such report and recommendation to the Secretary together with any additional comments or recommendations thereon as it deems appropriate. The Secretary may utilize a Professional Standards Review Organization, in lieu of a

program review team as specified in sections 1862 and 1866, for purposes of subparagraph (C) of section 1862(d)(1) and subparagraph (F) of section 1866(b)(2).

"REQUIREMENT OF REVIEW APPROVAL AS CONDITION OF PAYMENT OF CLAIMS

"SEC. 1158. (a) Except as provided for in section 1159, no Federal funds appropriated under any title of this Act (other than title V) for the provision of health care services or items shall be used (directly or indirectly) for the payment, under such title or any program established pursuant thereto, of any claim for the provision of such services or items, unless the Secretary, pursuant to regulation determines that the claimant is without fault if—

"(1) the provision of such services or items is subject to review under this part by any Professional Standards Review Organization, or other agency; and

"(2) such organization or other agency has, in the proper exercise of its duties and functions under or consistent with the purposes of this part, disapproved of the services or items giving rise to such claim, and has notified the practitioner or provider who provided or proposed to provide such services or items and the individual who would receive or was proposed to receive

such services or items of its disapproval of the provision of such services or items.

"(b) Whenever any Professional Standards Review Organization, in the discharge of its duties and functions as specified by or pursuant to this part, disapproves of any health care services or items furnished or to be furnished by any practitioner or provider, such organization shall, after notifying the practitioner, provider, or other organization or agency of its disapproval in accordance with subsection (a), promptly notify the agency or organization having responsibility for acting upon claims for payment for or on account of such services or items.

"HEARINGS AND REVIEW BY SECRETARY

"SEC. 1159. (a) Any beneficiary or recipient who is entitled to benefits under this Act (other than title V) or a provider or practitioner who is dissatisfied with a determination with respect to a claim made by a Professional Standards Review Organization in carrying out its responsibilities for the review of professional activities in accordance with paragraphs (1) and (2) of section 1155(a) shall, after being notified of such determination, be entitled to a reconsideration thereof by the Professional Standards Review Organization and, where the Professional Standards Review

Organization reaffirms such determination in a State which has established a Statewide Professional Standards Review Council, and where the matter in controversy is $100 or more, such determination shall be reviewed by professional members of such Council and, if the Council so determined, revised.

"(b) Where the determination of the Statewide Professional Standards Review Council is adverse to the beneficiary or recipient (or, in the absence of such Council in a State and where the matter in controversy is $100 or more), such beneficiary or recipient shall be entitled to a hearing thereon by the Secretary to the same extent as is provided in section 205(b), and, where the amount in controversy is $1,000 or more, to judicial review of the Secretary's final decision after such hearing as is provided in section 205(g). The Secretary will render a decision only after appropriate professional consultation on the matter.

"(c) Any review or appeals provided under this section shall be in lieu of any review, hearing, or appeal under this Act with respect to the same issue.

"OBLIGATIONS OF HEALTH CARE PRACTITIONERS AND PROVIDERS OF HEALTH CARE SERVICES; SANCTIONS AND PENALTIES; HEARINGS AND REVIEW

"SEC. 1160. (a)(1) It shall be the obligation of any health care practitioner and any other person (including a hospital or other health care facility, organization, or agency) who provides health care services for which payment may be made (in whole or in part) under this Act, to assure that services or items ordered or provided by such practitioner or person to beneficiaries and recipients under this Act—

"(A) will be provided only when, and to the extent, medically necessary; and

"(B) will be of a quality which meets professionally recognized standards of health care; and

"(C) will be supported by evidence of such medical necessity and quality in such form and fashion and at such time as may reasonably be required by the Professional Standards Review Organization in the exercise of its duties and responsibilities;

and it shall be the obligation of any health care practitioner, in ordering, authorizing, directing, or arranging for the provision by any other person (including a hospital or other health care facility, organization, or agency) of health care services for any patient of such practitioner, to exercise his professional responsibility with a view to assuring (to the extent of his influence or control over such patient, such person, or the provision of such services) that such services or items will be provided—

"(D) only when, and to the extent, medically necessary; and

"(E) will be of a quality which meets professionally recognized standards of health care.

"(2) Each health care practitioner, and each hospital or other provider of health care services, shall have an obligation, within reasonable limits of professional discretion, not to take any action, in the exercise of his profession (in the case of any health care practitioner), or in the conduct of its business (in the case of any hospital or other such provider), which would authorize any individual to be admitted as an inpatient in or to continue as an inpatient in any hospital or other health care facility unless—

"(A) in-patient care is determined by such practitioner and by such hospital or other provider, consistent with professionally recognized health care standards, to be medically necessary for the proper care of such individual; and

"(B)(i) the inpatient care required by such individual cannot, consistent with such standards, be provided more economically in a health care facility of a different type; or

"(ii) (in the case of a patient who requires care which can, consistent with such standards, be provided more economically in a health care facility of a different type) there is, in the area in which such individual is located, no such facility or no such facility which is available to provide care to such individual at the time when care is needed by him.

"(b)(1) If after reasonable notice and opportunity for discussion with the practitioner or provider concerned, any Professional Standard Review Organization submits a report and recommendations to the Secretary pursuant to section 1157 (which report and recommendations shall be submitted through the Statewide Professional Standards Review Council, if such Council has been established, which shall

promptly transmit such report and recommendations together with any additional comments and recommendations thereon as it deems appropriate) and if the Secretary determines that such practitioner or provider, in providing health care services over which such organization has review responsibility and for which payment (in whole or in part) may be made under this Act has—

"(A) by failing, in a substantial number of cases, substantially to comply with any obligation imposed on him under subsection (a), or

"(B) by grossly and flagrantly violating any such obligation in one or more instances,

demonstrated an unwillingness or a lack of ability substantially to comply with such obligations, he (in addition to any other sanction provided under law) may exclude (permanently or for such period as the Secretary may prescribe) such practitioner or provider from eligibility to provide such services on a reimbursable basis.

"(2) A determination made by the Secretary under this subsection shall be effective at such time and upon such reasonable notice to the public and to the person furnishing the services involved as may be specified in regulations. Such determination shall be effective with respect to services fur-

nished to an individual on or after the effective date of such determination (except that in the case of institutional health care services such determination shall be effective in the manner provided in title XVIII with respect to terminations of provider agreements), and shall remain in effect until the Secretary finds and gives reasonable notice to the public that the basis for such determination has been removed and that there is reasonable assurance that it will not recur.

"(3) In lieu of the sanction authorized by paragraph (1), the Secretary may require that (as a condition to the continued eligibility of such practitioner or provider to provide such health care services on a reimbursable basis) such practitioner or provider pay to the United States, in case such acts or conduct involved the provision or ordering by such practitioner or provider of health care services which were medically improper or unnecessary, an amount not in excess of the actual or estimated cost of the medically improper or unnecessary services so provided, or (if less) $5,000. Such amount may be deducted from any sums owing by the United States (or any instrumentality thereof) to the person from whom such amount is claimed.

"(4) Any person furnishing services described in paragraph (1) who is dissatisfied with a determination made by

the Secretary under this subsection shall be entitled to reasonable notice and opportunity for a hearing thereon by the Secretary to the same extent as is provided in section 205(b), and to judicial review of the Secretary's final decision after such hearing as is provided in section 205(g).

"(c) It shall be the duty of each Professional Standards Review Organization and each Statewide Professional Standards Review Council to use such authority or influence it may possess as a professional organization, and to enlist the support of any other professional or governmental organization having influence or authority over health care practitioners and any other person (including a hospital or other health care facility, organization, or agency) providing health care services in the area served by such review organization, in assuring that each practitioner or provider (referred to in subsection (a)) providing health care services in such area shall comply with all obligations imposed on him under subsection (a).

"NOTICE TO PRACTITIONER OR PROVIDER

"SEC. 1161. Whenever any Professional Standards Review Organization takes any action or makes any determination—

"(a) which denies any request, by a health care practitioner or other provider of health care services,

for approval of a health care service or item proposed to be ordered or provided by such practitioner or provider; or

"(b) that any such practitioner or provider has violated any obligation imposed on such practitioner or provider under section 1160,

such organization shall, immediately after taking such action or making such determination, give notice to such practitioner or provider of such determination and the basis therefor, and shall provide him with appropriate opportunity for discussion and review of the matter.

"STATEWIDE PROFESSIONAL STANDARDS REVIEW COUNCILS; ADVISORY GROUPS TO SUCH COUNCILS

"SEC. 1162. (a) In any State in which there are located three or more Professional Standards Review Organizations, the Secretary shall establish a Statewide Professional Standards Review Council.

"(b) The membership of any such Council for any State shall be appointed by the Secretary and shall consist of—

"(1) one representative from and designated by each Professional Standards Review Organization in the State;

"(2) four physicians, two of whom may be desig-

nated by the State medical society and two of whom may be designated by the State hospital association of such State to serve as members on such Council; and

"(3) four persons knowledgeable in health care from such State whom the Secretary shall have selected as representatives of the public in such State (at least two of whom shall have been recommended for membership on the Council by the Governor of such State).

"(c) It shall be the duly and function of the Statewide Professional Standards Review Council for any State, in accordance with regulations of the Secretary, (1) to coordinate the activities of, and disseminate information and data among the various Professional Standards Review Organizations within such State including assisting the Secretary in development of uniform data gathering procedures and operating procedures applicable to the several areas in a State (including, where appropriate, common data processing operations serving several or all areas) to assure efficient operation and objective evaluation of comparative performance of the several areas and, (2) to assist the Secretary in evaluating the performance of each Professional Standards Review Organization, and (3) where the Secretary finds it necessary to replace a Professional Standards Review Organization, to assist him in developing and arranging

for a qualified replacement Professional Standards Review Organization.

"(d) The Secretary is authorized to enter into an agreement with any such Council under which the Secretary shall make payments to such Council equal to the amount of expenses reasonably and necessarily incurred, as determined by the Secretary, by such Council in carrying out the duties and functions provided in this section.

"(e)(1) The Statewide Professional Standards Review Council for any State (or in a State which does not have such Council, the Professional Standards Review Organizations in such State which have agreements with the Secretary) shall be advised and assisted in carrying out its functions by an advisory group (of not less than seven nor more than eleven members) which shall be made up of representatives of health care practitioners (other than physicians) and hospitals and other health care facilities which provide within the State health care services for which payment (in whole or in part) may be made under any program established by or pursuant to this Act.

"(2) The Secretary shall by regulations provide the manner in which members of such advisory group shall be selected by the Statewide Professional Standards Review Council (or Professional Standards Review Organizations in States without such Councils).

"(3) The expenses reasonably and necessarily incurred, as determined by the Secretary, by such group in carrying out its duties and functions under this subsection shall be considered to be expenses necessarily incurred by the Statewide Professional Standards Review Council served by such group.

"NATIONAL PROFESSIONAL STANDARDS REVIEW COUNCIL

"Sec. 1163. (a)(1) There shall be established a National Professional Standards Review Council (hereinafter in this section referred to as the 'Council') which shall consist of eleven physicians, not otherwise in the employ of the United States, appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service.

"(2) Members of the Council shall be appointed for a term of three years and shall be eligible for reappointment.

"(3) The Secretary shall from time to time designate one of the members of the Council to serve as Chairman thereof.

"(b) Members of the Council shall consist of physicians of recognized standing and distinction in the appraisal of medical practice. A majority of such members shall be physicians who have been recommended to the Secretary to serve on the Council by national organizations recognized by the Secretary as representing practicing physicians. The membership of the Council shall include physicians who have been

recommended for membership on the Council by consumer groups and other health care interests.

"(c) The Council is authorized to utilize, and the Secretary shall make available, or arrange for, such technical and professional consultative assistance as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Council such secretarial, clerical and other assistance and such pertinent data prepared by, for, or otherwise available to, the Department of Health, Education, and Welfare as the Council may require to carry out its functions.

"(d) Members of the Council, while serving on business of the Council, shall be entitled to receive compensation at a rate fixed by the Secretary (but not in excess of the daily rate paid under GS–18 of the General Schedule under section 5332 of title 5, United States Code), including travel-time; and while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

"(e) It shall be the duty of the Council to—

"(1) advise the Secretary in the administration of this part;

"(2) provide for the development and distribution,

among Statewide Professional Standards Review Councils and Professional Standards Review Organizations of information and data which will assist such review councils and organizations in carrying out their duties and functions;

"(3) review the operations of Statewide Professional Standards Review Councils and Professional Standards Review Organizations with a view to determining the effectiveness and comparative performance of such review councils and organizations in carrying out the purposes of this part; and

"(4) make or arrange for the making of studies and investigations with a view to developing and recommending to the Secretary and to the Congress measures designed more effectively to accomplish the purposes and objectives of this part.

"(f) The National Professional Standards Review Council shall from time to time, but not less often than annually, submit to the Secretary and to the Congress a report on its activities and shall include in such report the findings of its studies and investigations together with any recommendations it may have with respect to the more effective accomplishment of the purposes and objectives of this part. Such report shall also contain comparative data indicating

the results of review activities, conducted pursuant to this part, in each State and in each of the various areas thereof.

"APPLICATION OF THIS PART TO CERTAIN STATE PROGRAMS RECEIVING FEDERAL FINANCIAL ASSISTANCE

"SEC. 1164. (a) In addition to the requirements imposed by law as a condition of approval of a State plan approved under any title of this Act under which health care services are paid for in whole or part, with Federal funds, there is hereby imposed the requirement that provisions of this part shall apply to the operation of such plan or program.

"(b) The requirement imposed by subsection (a) with respect to such State plans approved under this Act shall apply—

"(1) in the case of any such plan where legislative action by the State legislature is not necessary to meet such requirement, on and after January 1, 1974; and

"(2) in the case of any such plan where legislative action by the State legislature is necessary to meet such requirement, whichever of the following is earlier—

"(A) on and after July 1, 1974, or

"(B) on and after the first day of the calendar month which first commences more than ninety days after the close of the first regular session of the legislature of such State which begins after December 31, 1973.

"CORRELATION OF FUNCTIONS BETWEEN PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS AND ADMINISTRATIVE INSTRUMENTALITIES

"SEC. 1165. The Secretary shall by regulations provide for such correlation of activities, such interchange of data and information, and such other cooperation consistent with economical, efficient, coordinated, and comprehensive implementation of this part (including, but not limited to, usage of existing mechanical and other data-gathering capacity) between and among—

"(a)(1) agencies and organizations which are parties to agreements entered into pursuant to section 1816, (2) carriers which are parties to contracts entered into pursuant to section 1842, and (3) any other public or private agency (other than a Professional Standards Review Organization) having review or control functions, or proved relevant data-gathering procedures and experience, and

"(b) Professional Standards Review Organizations, as may be necessary or appropriate for the effective administration of title XVIII, or State plans approved under this Act.

"PROHIBITION AGAINST DISCLOSURE OF INFORMATION

"SEC. 1166. (a) Any data or information acquired by any Professional Standards Review Organization, in the

exercise of its duties and functions, shall be held in confidence and shall not be disclosed to any person except (1) to the extent that may be necessary to carry out the purposes of this part or (2) in such cases and under such circumstances as the Secretary shall by regulations provide to assure adequate protection of the rights and interests of patients, health care practitioners, or providers of health care.

"(b) It shall be unlawful for any person to disclose any such information other than for such purposes, and any person violating the provisions of this section shall, upon conviction, be fined not more than $1,000, and imprisoned for not more than six months, or both, together with the costs of prosecution.

"LIMITATION ON LIABILITY FOR PERSONS PROVIDING INFORMATION, AND FOR MEMBERS AND EMPLOYEES OF PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS, AND FOR HEALTH CARE PRACTITIONERS AND PROVIDERS

"SEC. 1167. (a) Notwithstanding any other provision of law, no person providing information to any Professional Standards Review Organization shall be held, by reason of having provided such information, to have violated any criminal law, or to be civilly liable under any law, of the United States or of any State (or political subdivision thereof) unless—

"(1) such information is unrelated to the performance of the duties and functions of such Organization, or

"(2) such information is false and the person providing such information knew, or had reason to believe, that such information was false.

"(b)(1) No individual who, as a member or employee of any Professional Standards Review Organization or who furnishes professional counsel or services to such organization, shall be held by reason of the performance by him of any duty, function, or activity authorized or required of Professional Standards Review Organizations under this part, to have violated any criminal law, or to be civilly liable under any law, of the United States or of any State (or political subdivision thereof) provided he has exercised due care.

"(2) The provisions of paragraph (1) shall not apply with respect to any action taken by any individual if such individual, in taking such action, was motivated by malice toward any person affected by such action.

"(c) No doctor of medicine or osteopathy and no provider (including directors, trustees, employees, or officials thereof) of health care services shall be civilly liable to any person under any law of the United States or of any State (or political subdivision thereof) on account of any action taken by him in compliance with or reliance upon profes-

sionally developed norms of care and treatment applied by a Professional Standards Review Organization (which has been designated in accordance with section 1152(b)(1)(A)) operating in the area where such doctor of medicine or osteopathy or provider took such action but only if—

"(1) he takes such action (in the case of a health care practitioner) in the exercise of his profession as a doctor of medicine or osteopathy (or in the case of a provider of health care services) in the exercise of his functions as a provider of health care services, and

"(2) he exercised due care in all professional conduct taken or directed by him and reasonably related to, and resulting from, the actions taken in compliance with or reliance upon such professionally accepted norms of care and treatment.

"AUTHORIZATION FOR USE OF CERTAIN FUNDS TO ADMINISTER THE PROVISIONS OF THIS PART

"SEC. 1168. Expenses incurred in the administration of this part shall be payable from—

"(a) funds in the Federal Hospital Insurance Trust Fund;

"(b) funds in the Federal Supplementary Medical Insurance Trust Fund; and

"(c) funds appropriated to carry out the health care provisions of the several titles of this Act;

in such amounts from each of the sources of funds (referred to in subsections (a), (b), and (c)) as the Secretary shall deem to be fair and equitable after taking into consideration the costs attributable to the administration of this part with respect to each of such plans and programs.

"*TECHNICAL ASSISTANCE TO ORGANIZATIONS DESIRING TO BE DESIGNATED AS PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS*

"*SEC. 1169. The Secretary is authorized to provide all necessary technical and other assistance (including the preparation of prototype plans of organization and operation) to organizations described in section 1152(b)(1) which—*

"*(a) express a desire to be designated as a Professional Standards Review Organization; and*

"*(b) the Secretary determines have a potential for meeting the requirements of a Professional Standards Review Organization;*

to assist such organizations in developing a proper plan to be submitted to the Secretary and otherwise in preparing to meet the requirements of this part for designation as a Professional Standards Review Organization.

"*EXEMPTIONS OF CHRISTIAN SCIENCE SANATORIUMS*

"*SEC. 1170. The provisions of this part shall not apply with respect to a Christian Science sanatorium operated, or*

listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts."

~~PART C—MISCELLANEOUS AND TECHNICAL PROVISIONS~~

PHYSICAL THERAPY SERVICES AND OTHER THERAPY SERVICES UNDER MEDICARE

~~SEC. 251. (a)(1) Section 1861(p) of the Social Security Act is amended by adding at the end thereof (after and below paragraph (4)(B)) the following new sentence: "The term 'outpatient physical therapy services' also includes physical therapy services furnished an individual by a physical therapist (in his office or in such individual's home) who meets licensing and other standards prescribed by the Secretary in regulations, otherwise than under an arrangement with and under the supervision of a provider of services, clinic, rehabilitation agency, or public health agency, if the furnishing of such services meets such conditions relating to health and safety as the Secretary may find necessary."~~

~~(2) Section 1833 of such Act is amended by adding at the end thereof the following new subsection:~~

~~"(g) In the case of services described in the next to last sentence of section 1861(p), with respect to expenses incurred in any calendar year, no more than $100 shall be considered as incurred expenses for purposes of subsections (a) and (b)."~~

~~(3) Section 1833(a)(2) of such Act (as amended by~~

section 233(b) of this Act) is further amended by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; or", and by adding after subparagraph (B) the following new subparagraph:

"(C) if such services are services to which the next to last sentence of section 1861(p) applies, the reasonable charges for such services."

(4) Section 1832(a)(2)(C) of such Act is amended by striking out "services." and inserting in lieu thereof "services, other than services to which the next to last sentence of section 1861(p) applies."

(b)(1) Section 1861(p) of such Act (as amended by subsection (a)(1) of this section) is further amended by adding at the end thereof the following new sentence: "In addition, such term includes physical therapy services which meet the requirements of the first sentence of this subsection except that they are furnished to an individual as an inpatient of a hospital or extended care facility."

SEC. 251. (a)(1) Section 1861(p) of the Social Security Act is amended by adding at the end thereof (after and below paragraph (4)(B)) the following new sentence: "In addition, such term includes physical therapy services which meet the requirements of the first sentence of this subsection except that they are furnished to an individual as an inpatient of a hospital or extended care facility."

(2) Section 1835(a)(2)(C) of such Act is amended by striking out "on an outpatient basis".

~~(c)~~ *(b)* Section 1861(v) of such Act (as amended by sections 221(c)(4) and 223(f) of this Act) is further amended by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively, and by inserting after paragraph (4) the following new paragraph:

"(5) *(A)* Where physical therapy services, occupational therapy services, speech therapy services, or other therapy services or services of other health-related personnel (other than physicians) are furnished ~~by a provider of services, or other organization specified in the first sentence of section 1861(p), or by others~~ under an arrangement with ~~such~~ a provider *of services* or other organization *specified in the first sentence of section 1861(p)*, the amount included in any payment to such provider or *other* organization under this title as the reasonable cost of such services *(as furnished under such arrangements)* shall not exceed an amount equal to the salary which would reasonably have been paid for such services *(together with any additional costs that would have been incurred by the provider or other organization)* to the person performing them if they had been performed in an employment relationship with such provider or *other* organization (rather than under such arrangement) plus the cost of such other expenses *(including a reasonable allowance for travel-*

time and other reasonable types of expense related to any differences in acceptable methods of organization for the provision of such therapy) incurred by such ~~person not working as an employee,~~ *person,* as the Secretary may in regulations determine to be ~~appropriate."~~ *appropriate.*

"(B) Notwithstanding the provisions of subparagraph (A), if a provider of services or other organization specified in the first sentence of section 1861(p) requires the services of a therapist on a limited part-time basis, or only to perform intermittent services, the Secretary may make payment on the basis of a reasonable rate per unit of service, even though such rate is greater per unit of time than salary related amounts, where he finds that such greater payment is, in the aggregate, less than the amount that would have been paid if such organization had employed a therapist on a full- or part-time salary basis."

~~(d)~~ *(c)* (1) The ~~amendment~~ *amendments* made by subsection (a) shall apply with respect to services furnished on or after ~~January 1, 1972~~ *the date of enactment of this Act.*

~~(2) The amendments made by subsection (b) shall apply with respect to services furnished on or after the date of enactment of this Act.~~

~~(3)~~ *(2)* The amendments made by subsection ~~(c)~~ *(b)* shall be effective with respect to accounting periods beginning ~~on or after January 1, 1972~~ *after December 31, 1972.*

COVERAGE OF SUPPLIES RELATED TO COLOSTOMIES

SEC. 252. (a) Section 1861 (s) (8) of the Social Security Act is amended by inserting after "organ" the following: " (including colostomy bags and supplies directly related to colostomy care) ".

(b) The amendment made by subsection (a) shall apply only with respect to items furnished on or after the date of the enactment of this Act.

~~COVERAGE OF PTOSIS BARS~~

~~SEC. 253. (a) Section 1861 (s) (9) of the Social Security Act is amended by inserting "ptosis bars," after "neck braces,".~~

~~(b) The amendment made by subsection (a) shall apply only with respect to items furnished on or after the date of the enactment of this Act.~~

~~INCLUSION UNDER MEDICAID OF CARE IN INTERMEDIATE CARE FACILITIES~~

~~SEC. 254. (a) (1) Section 1905 (a) of the Social Security Act is amended—~~

~~(A) by striking out "and" at the end of clause (14),~~

~~(B) by adding "and" after the semicolon at the end of clause (15), and~~

(C) by inserting after clause (15) the following new clause:

"(16) intermediate care facility services (other than such services in an institution for tuberculosis or mental diseases) for individuals who are determined, in accordance with section 1902(a)(33)(A), to be in need of such care;".

(2) Section 1905 of such Act is amended by adding at the end thereof the following new subsections:

"(c) For purposes of this title the term 'intermediate care facility' means an institution or distinct part thereof which (1) is licensed under State law to provide, on a regular basis, health-related care and services to individuals who do not require the degree of care and treatment which a hospital or skilled nursing home is designed to provide, but who because of their mental or physical condition require care and services (above the level of room and board) which can be made available to them only through institutional facilities, (2) meets such standards prescribed by the Secretary as he finds appropriate for the proper provision of such care, and (3) meets such standards of safety and sanitation as are applicable to nursing homes under State law. The term 'intermediate care facility' also includes

a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts, but only with respect to institutional services deemed appropriate by the State. With respect to services furnished to individuals under age 65, the term 'intermediate care facility' shall not include, except as provided in subsection (d), any public institution or distinct part thereof for mental diseases or mental defects.

"(d) The term 'intermediate care facility services' may include services in a public institution (or distinct part thereof) for the mentally retarded or persons with related conditions if—

"(1) the primary purpose of such institution (or distinct part thereof) is to provide health or rehabilitative services for mentally retarded individuals and which meet such standards as may be prescribed by the Secretary;

"(2) the mentally retarded individual with respect to whom a request for payment is made under a plan approved under this title is receiving active treatment under such a program; and

"(3) the State or political subdivision responsible for the operation of such institution has agreed that the non-Federal expenditures with respect to patients in such institution (or distinct part thereof) will not be

reduced because of payments made under this title."

(b) Section 1902(a) of such Act as amended by sections 236(b) and 239(b) of this Act) is further amended—

(1) by striking out "and" at the end of paragraph (31);

(2) by striking out the period at the end of paragraph (32) and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (32) the following new paragraph:

"(33) provide (A) for a regular program of independent professional review (including medical evaluation of each patient's need for intermediate care) and a written plan of service prior to admission or authorization of benefits in an intermediate care facility which provides more than a minimum level of health care services as determined under regulations of the Secretary; (B) for periodic inspections to be made in all such intermediate care facilities (if the State plan includes care in such institutions) within the State by one or more independent professional review teams (composed of physicians or registered nurses and other appropriate health and social service personnel) of (i) the care being provided in such intermediate care facilities to persons receiving assistance under the State plan, (ii) with respect

~~to each of the patients receiving such care, the adequacy of the services available in particular intermediate care facilities to meet the current health needs and promote the maximum physical well-being of patients receiving care in such facilities, (iii) the necessity and desirability of the continued placement of such patients in such facilities, and (iv) the feasibility of meeting their health care needs through alternative institutional or noninstitutional services; and (C) for the making by such team or teams of full and complete reports of the findings resulting from such inspections, together with any recommendations to the State agency administering or supervising the administration of the State plan."~~

~~(c) Section 1121 of such Act is repealed.~~

~~(d) The amendments made by this section shall become effective January 1, 1972.~~

COVERAGE PRIOR TO APPLICATION FOR MEDICAL ASSISTANCE

SEC. 255. (a) Section 1902 (a) of the Social Security Act (as amended by sections 236 (b), *and* 239 (b), ~~and 254 (b)~~ of this Act) is further amended—

(1) by striking out "and" at the end of paragraph (32);

(2) by striking out the period at the end of paragraph (33) and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (33) the following new paragraph:

"(34) provide that in the case of any individual who has been determined to be eligible for medical assistance under the plan, such assistance will be made available to him for care and services included under the plan and furnished in or after the third month before the month in which he made application for such assistance if such individual was (or upon application would have been) eligible for such assistance at the time such care and services were furnished."

(b) The amendments made by subsection (a) shall be effective July 1, ~~1972~~ *1973*.

HOSPITAL ADMISSIONS FOR DENTAL SERVICES UNDER MEDICARE

SEC. 256. (a) Section 1814(a)(2) of the Social Security Act is amended by striking out "or" at the end of subparagraph (C), by adding "or" after the semicolon at the end of subparagraph (D), and by inserting after subparagraph (D) the following new subparagraph:

"(E) in the case of inpatient hospital services in connection with a dental procedure, the individual suffers from impairments of such severity as to require hospitalization;".

(b) Section 1861(r) of such Act is amended by

inserting after "or any facial bone," the following: "or (C) the certification required by section 1814 (a) (2) (E) of this Act,".

(c) Section 1862 (a) (12) of such Act is amended by inserting before the semicolon the following: ", except that payment may be made under part A in the case of inpatient hospital services in connection with a dental procedure where the individual suffers from impairments of such severity as to require hospitalization".

(d) The amendments made by this section shall apply with respect to admissions occurring after the second month following the month in which this Act is enacted.

EXTENSION OF GRACE PERIOD FOR TERMINATION OF SUPPLEMENTARY MEDICAL INSURANCE COVERAGE WHERE FAILURE TO PAY PREMIUMS IS DUE TO GOOD CAUSE

SEC. 257. (a) Section 1838 (b) of the Social Security Act is amended by striking out "(not in excess of 90 days)" in the third sentence, and by adding at the end thereof the following new sentence: "The grace period determined under the preceding sentence shall not exceed 90 days; except that it may be extended to not to exceed 180 days in any case where the Secretary determines that there was good cause for failure to pay the overdue premiums within such 90-day period."

(b) The amendments made by subsection (a) shall

apply with respect to nonpayment of premiums which become due and payable on or after the date of the enactment of this Act or which became payable within the 90-day period immediately preceding such date, and for purposes of such amendments any premium which became due and payable within such 90-day period shall be considered a premium becoming due and payable on the date of the enactment of this Act.

EXTENTION OF TIME FOR FILING CLAIM FOR SUPPLEMENTARY MEDICAL INSURANCE BENEFITS WHERE DELAY IS DUE TO ADMINISTRATIVE ERROR

SEC. 258. (a) Section 1842(b)(3) of the Social Security Act (as amended by section 224(a) of this Act) is further amended by adding at the end thereof the following new sentence: "The requirement in subparagraph (B) that a bill be submitted or request for payment be made by the close of the following calendar year shall not apply if (i) failure to submit the bill or request the payment by the close of such year is due to the error or misrepresentation of an officer, employee, fiscal intermediary, carrier, or agent of the Department of Health, Education, and Welfare performing functions under this title and acting within the scope of his or its authority, and (ii) the bill is submitted or the payment is requested promptly after such error or misrepresentation is eliminated or corrected."

(b) The amendment made by subsection (a) shall apply with respect to bills submitted and requests for payment made after March 1968.

WAIVER OF ENROLLMENT PERIOD REQUIREMENTS WHERE INDIVIDUAL'S RIGHTS WERE PREJUDICED BY ADMINISTRATIVE ERROR OR INACTION

SEC. 259. (a) Section 1837 of the Social Security Act (after the new subsections added by section 206(a) of this Act) is amended by adding at the end thereof the following new subsection:

"(h) In any case where the Secretary finds that an individual's enrollment or nonenrollment in the insurance program established by this part *or part A pursuant to section 1818 or section 1819* is unintentional, inadvertent, or erroneous and is the result of the error, misrepresentation, or inaction of an officer, employee, or agent of the ~~Department of Health, Education, and Welfare~~ *Federal Government, or its instrumentalities,* the Secretary may take such action (including the designation for such individual of a special initial or subsequent enrollment period, with a coverage period determined on the basis thereof and with appropriate adjustments of premiums) as may be necessary to correct or eliminate the effects of such error, misrepresentation, or inaction."

(b) The amendment made by subsection (a) shall be effective as of July 1, 1966.

ELIMINATION OF PROVISIONS PREVENTING ENROLLMENT IN SUPPLEMENTARY MEDICAL INSURANCE PROGRAM MORE THAN THREE YEARS AFTER FIRST OPPORTUNITY

SEC. 260. Section 1837(b) of the Social Security Act is amended to read as follows:

"(b) No individual may enroll under this part more than twice."

WAIVER OF RECOVERY OF INCORRECT PAYMENTS FROM SURVIVOR WHO IS WITHOUT FAULT UNDER MEDICARE

SEC. 261. (a) Section 1870(c) of the Social Security Act is amended by striking out "and where" and inserting in lieu thereof the following: "or where the adjustment (or recovery) would be made by decreasing payments to which another person who is without fault is entitled as provided in subsection (b)(4), if".

(b) The amendment made by subsection (a) shall apply with respect to waiver actions considered after the date of the enactment of this Act.

REQUIREMENT OF MINIMUM AMOUNT OF CLAIM TO ESTABLISH ENTITLEMENT TO HEARING UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

SEC. 262. (a) Section 1842(b)(3)(C) of the Social Security Act is amended by inserting after "a fair hearing by

the carrier" the following: ", in any case where the amount in controversy is $100 or more,".

(b) The amendment made by subsection (a) shall apply with respect to hearings requested (under the procedures established under section 1842(b)(3)(C) of the Social Security Act) after the date of the enactment of this Act.

COLLECTION OF SUPPLEMENTARY MEDICAL INSURANCE PREMIUMS FROM INDIVIDUALS ENTITLED TO BOTH SOCIAL SECURITY AND RAILROAD RETIREMENT BENEFITS

SEC. 263. (a) Section 1840(a)(1) of the Social Security Act is amended by striking out "subsection (d)" and inserting in lieu thereof "subsections (b)(1) and (c)".

(b) Section 1840(b)(1) of such Act is amended by inserting "(whether or not such individual is also entitled for such month to a monthly insurance benefit under section 202)" after "1937", and by striking out "subsection (d)" and inserting in lieu thereof "subsection (c)".

(c) Section 1840 of such Act is further amended by striking out subsection (c), and by redesignating subsections (d) through (i) as subsections (c) through (h), respectively.

(d)(1) Section 1840(e) of such Act (as so redesig-

nated) is amended by striking out "subsection (d)" and inserting in lieu thereof "subsection (c)".

(2) Section 1840(f) of such Act (as so redesignated) is amended by striking out "subsection (d) or (f)" and inserting in lieu thereof "subsection (c) or (e)".

(3) Section 1840(h) of such Act (as so redesignated) is amended by striking out "(c), (d), and (e)" and inserting in lieu thereof "(c), and (d)".

(4) Section 1841(h) of such Act is amended by striking out "1840(e)" and inserting in lieu thereof "1840(d)".

~~(5) Section 1842 of such Act is amended by adding at the end thereof the following new subsection:~~

~~"(g) The Railroad Retirement Board shall, in accordance with such regulations as the Secretary may prescribe, contract with a carrier or carriers to perform the functions set out in this section with respect to individuals entitled to benefits as qualified railroad retirement beneficiaries pursuant to section 226(a) of this Act and section 21(b) of the Railroad Retirement Act of 1937."~~

(e) Section 1841 of such Act is amended by adding at the end thereof the following new subsection:

"(i) The Managing Trustee shall pay from time to time from the Trust Fund such amounts as the Secretary of Health, Education, and Welfare certifies are necessary to pay the costs incurred by the Railroad Retirement Board

for services performed pursuant to section 1840(b)(1) ~~and section 1842(g).~~ During each fiscal year or after the close of such fiscal year, the Railroad Retirement Board shall certify to the Secretary the amount of the costs it incurred in performing such services and such certified amount shall be the basis for the amount of such costs certified by the Secretary to the Managing Trustee."

(f) The amendments made by this section with respect to collection of premiums shall apply to premiums becoming due and payable after the fourth month following the month in which this Act is enacted.

PROSTHETIC LENSES FURNISHED BY OPTOMETRISTS UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

SEC. 264. (a) Section 1861(r) of the Social Security Act (as amended by sections 211(c)(2) and 256(b) of this Act) is further amended (1) by striking out "or (3)" and inserting in lieu thereof "(3)", and (2) by inserting before the period at the end thereof the following: ", or (4) a doctor of optometry who is legally authorized to practice optometry by the State in which he performs such function, but only with respect to establishing the necessity for prosthetic lenses".

(b) The amendment made by subsection (a) shall apply only with respect to services performed on or after the date of the enactment of this Act.

~~PROVISION OF MEDICAL SOCIAL SERVICES NOT MANDATORY FOR EXTENDED CARE FACILITIES~~

~~SEC. 265. Section 1861(j)(11) of the Social Security Act (as redesignated by section 234(d) of this Act) is amended by inserting before the semicolon at the end thereof the following: ", except that the Secretary shall not require as a condition of participation that medical social services be furnished in any such institution".~~

REFUND OF EXCESS PREMIUMS UNDER MEDICARE

SEC. 266. Section 1870 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(g) If an individual, who is enrolled under section 1818(c), *1819(b), 1837, or 1845* of the Social Security Act ~~or under section 1837,~~ dies, and premiums with respect to such enrollment have been received with respect to such individual for any month after the month of his death, such premiums shall be refunded to the person or persons determined by the Secretary under regulations to have paid such premiums or if payment for such premiums was made by the deceased individual before his death, to the legal representative of the estate of such deceased individual, if any. If there is no person who meets the requirements of the preceding sentence such premiums shall be refunded to the person or

persons in the priorities specified in paragraphs (2) through (7) of subsection (e)."

~~WAIVER OF REQUIREMENT OF REGISTERED PROFESSIONAL NURSES IN SKILLED NURSING HOMES IN RURAL AREAS UNDER MEDICAID~~

~~SEC. 267. Section 1902(a)(28)(B) of the Social Security Act is amended by adding after the semicolon at the end thereof the following:~~

~~"except that the State agency with the approval of the Secretary is authorized to waive the requirement of this subparagraph for any one-year period (or less) ending no later than December 31, 1975, with respect to any skilled nursing home where immediately preceding such period the Secretary finds that—~~

~~"(i) such nursing home is located in a rural area and the supply of skilled nursing home services in such area is not sufficient to meet the needs of individuals residing therein, and~~

~~"(ii) the failure of such nursing home to qualify as a skilled nursing home would seriously reduce the availability of such services to beneficiaries in such area; and~~

~~"(iii) such nursing home has made and continues to make a good faith effort to comply~~

~~with this subparagraph, but such compliance is impeded by the lack of qualified nursing personnel in such area; and~~

~~"(iv) the requirements of this subparagraph were met for a regular daytime shift."~~

WAIVER OF REGISTERED NURSE REQUIREMENT IN SKILLED NURSING FACILITIES IN RURAL AREAS

SEC. 267. Section 1861(j) of the Social Security Act, as amended by sections 234(d) and 246(b) of this Act, is further amended by adding at the end thereof the following new sentence: "To the extent that paragraph (6) of this subsection may be deemed to require that any skilled nursing facility engage the services of a registered professional nurse for more than 40 hours a week, the Secretary is authorized to waive such requirement if he finds that—

"(A) such facility is located in a rural area and the supply of skilled nursing facility services in such area is not sufficient to meet the needs of individuals residing therein,

"(B) such facility has one full-time registered professional nurse who is regularly on duty at such facility 40 hours a week, and

"(C) such facility (i) has only patients whose physicians have indicated (through physicians' orders or admission notes) that each such patient does not require

the services of a registered nurse or a physician for a 48-hour period, or (ii) has made arrangements for a registered professional nurse or a physician to spend such time at such facility as may be indicated as necessary by the physician to provide necessary skilled nursing services on days when the regular full-time registered professional nurse is not on duty."

EXEMPTION OF CHRISTIAN SCIENCE SANATORIUMS FROM CERTAIN NURSING HOME REQUIREMENTS UNDER MEDICAID

SEC. 268. (a) Section 1902 (a) of the Social Security Act (as amended by section 544 (11) of this Act) is amended by adding at the end thereof the following new sentence: "For purposes of paragraph (9) (A), ~~(26),~~ ~~(28)~~ ~~(B),~~ ~~(D),~~ ~~and~~ ~~(E),~~ (29), (32), *and (33)*, and of section 1903 (i) (4), the term 'skilled nursing home' and 'nursing home' do not include a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts."

(b) Section 1908 (g) (1) of such Act is amended by inserting after "Secretary" the following: ", but does not include a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts".

(c) The amendments made by this section shall be effective on the date of the enactment of this Act.

REQUIREMENTS FOR NURSING HOME ADMINISTRATORS

SEC. 269. Section 1908(d) of the Social Security Act is amended by striking out "No State" and inserting in lieu thereof the following: "No State shall be considered to have failed to comply with the provisions of section 1902(a)(29) because the agency or board of such State (established pursuant to subsection (b)) shall have granted any waiver, with respect to any individual who, during all of the three calendar years immediately preceding the calendar year in which the requirements prescribed in section 1902(a)(29) are first met by the State, has served as a nursing home administrator, of any of the standards developed, imposed, and enforced by such agency or board pursuant to subsection (c). No State".

TERMINATION OF NATIONAL ADVISORY COUNCIL ON NURSING HOME ADMINISTRATION

SEC. 270. Section 1908(f)(5) of the Social Security Act is amended by striking out "as of December 31, 1971" and inserting in lieu thereof "30 days after the date of the enactment of the Social Security Amendments of 1971".

INCREASE IN LIMITATION ON PAYMENTS TO PUERTO RICO *AND THE VIRGIN ISLANDS* FOR MEDICAL ASSISTANCE

SEC. 271. (a) Section 1108(c)(1) of the Social Security Act is amended by striking out "$20,000,000" and inserting in lieu thereof "$30,000,000".

(b) Section 1108(c)(2) of such Act is amended by striking out "$650,000" and inserting in lieu thereof "$1,000,000".

~~(b)~~ *(c)* The ~~amendment made by subsection (a)~~ *amendments made by subsections (a) and (b)* shall apply with respect to fiscal years beginning after June 30, 1971.

EXTENSION OF TITLE V TO AMERICAN SAMOA AND THE TRUST TERRITORY OF THE PACIFIC ISLANDS

SEC. 272. (a) Section 1101(a)(1) of the Social Security Act is amended by adding at the end thereof the following new sentence: "Such term when used in title V also includes American Samoa and the Trust Territory of the Pacific Islands."

(b) Section 1108(d) of such Act is amended by inserting, after "allot such smaller amount to Guam", the following: ", American Samoa, and the Trust Territory of the Pacific Islands".

(c) The amendments made by this section shall apply with respect to fiscal years beginning after June 30, 1971.

~~STUDY OF CHIROPRACTIC COVERAGE~~

~~SEC. 273. The Secretary, utilizing the authority conferred by section 1110 of the Social Security Act, shall conduct a study of the coverage of services performed by chiropractors under State plans approved under title XIX of such Act in order to determine whether and to what extent such services should be covered under the supplementary medical insurance program under part B of title XVIII of such Act, giving particular attention to the limitations which should be placed upon any such coverage and upon payment therefor. Such study shall include one or more experimental, pilot, or demonstration projects designed to assist in providing under controlled conditions the information necessary to achieve the objectives of the study. The Secretary shall report the results of such study to the Congress within two years after the date of the enactment of this Act, together with his findings and recommendations based on such study (and on such other information as he may consider relevant concerning experience with the coverage of chiropractors by public and private plans).~~

INCLUSION OF CHIROPRACTOR SERVICES UNDER MEDICARE

SEC. 273 (a) Section 1861(r) of the Social Security Act (as amended by sections 256(b) and 264(a) of this Act) is further amended by—

(1) striking out "or (4)" and inserting in lieu thereof "(4)", and

(2) inserting before the period at the end thereof the following ", or (5) a chiropractor who is licensed as such by the State (or in a State which does not license chiropractors as such, is legally authorized to perform the services of a chiropractor in the jurisdiction in which he performs such services), and who meets uniform minimum standards promulgated by the Secretary, but only for the purpose of sections 1861(s)(1) and 1861 (s)(2)(A) and only with respect to treatment by means of manual manipulation of the spine which he is legally authorized to perform by the State or jurisdiction in which such treatment is provided".

(b) The amendments made by this section shall be effective with respect to services furnished after June 30, 1973.

MISCELLANEOUS TECHNICAL AND CLERICAL AMENDMENTS

SEC. 274. (a) Clause (A) of section 1902(a)(26) of the Social Security Act is amended by striking out "evaluation" and inserting in lieu thereof "evaluation)", and by striking out "care)" and inserting in lieu thereof "care".

(b) Section 1908(d) of such Act is amended by strik-

ing out "subsection (b) (1)" and inserting in lieu thereof "subsection (c) (1)".

CHIROPRACTORS' SERVICES UNDER MEDICAID

SEC. 275. (a) Section 1905 of the Social Security Act is amended by adding after subsection (f), as added by section 247 of this Act, the following new subsection:

"(g) If the State plan includes provision of chiropractors' services, such services include only—

"(1) services provided by a chiropractor (A) who is licensed as such by the State and (B) who meets uniform minimum standards promulgated by the Secretary under section 1861(r)(5); and

"(2) services which consist of treatment by means of manual manipulation of the spine which the chiropractor is legally authorized to perform by the State."

(b) The amendment made by this section shall be effective with respect to services furnished after June 30, 1973.

SERVICES OF PODIATRIC INTERNS AND RESIDENTS UNDER PART A OF MEDICARE

SEC. 276. (a) Section 1861(b)(6), as added by section 227(a) of this Act, is amended by deleting "; or" and inserting in lieu thereof the following: ", or in the case of services in a hospital or osteopathic hospital by an intern or resident-in-training in the field of podiatry, approved by the Council

on Podiatry Education of the American Podiatry Association; or".

(b) The amendment made by this section shall apply with respect to accounting periods beginning after December 31, 1972.

USE OF CONSULTANTS FOR EXTENDED CARE FACILITIES

SEC. 277. Section 1864(a) of the Social Security Act is amended by adding at the end the following new sentence: "Any State agency which has such an agreement may (subject to approval of the Secretary) furnish to an extended care facility, after proper request by such facility, such specialized consultative services (which such agency is able and willing to furnish in a manner satisfactory to the Secretary) as such facility may need to meet one or more of the conditions specified in section 1861(j). Any such services furnished by a State agency shall be deemed to have been furnished pursuant to such agreement."

DESIGNATION OF EXTENDED CARE FACILITIES AND SKILLED NURSING HOMES AS SKILLED NURSING FACILITIES

SEC. 278. (a) The following sections of the Social Security Act are amended by striking out the terms "extended care facility" and "skilled nursing home" each time they appear therein and inserting in lieu thereof "skilled nursing facility," and by changing "an" to "a" as appropriate:

(1) section 1814(a)(2)(C);

(2) section 1814(a)(6);

(3) section 1814(a)(7);

(4) section 1861(a)(2);

(5) section 1861(h);

(6) section 1861(i);

(7) section 1861(j);

(8) section 1861(k);

(9) section 1861(l);

(10) section 1861(m)(7);

(11) section 1861(n);

(12) section 1861(u);

(13) section 1861(v)(3);

(14) section 1861(w);

(15) section 1861(y);

(16) section 1864(a);

(17) section 1866;

(18) section 1902(a)(13);

(19) section 1902(a)(26);

(20) section 1902(a)(28);

(21) section 1905(a)(4);

(22) section 1905(a)(5); and

(23) section 1905(a)(14).

(b) The following sections of the Social Security Act, as amended or added by the provisions of this Act, are fur-

ther amended by striking out the terms "extended care facility" and "skilled nursing home" each time they appear therein and inserting in lieu thereof "skilled nursing facility," and by changing "an" to "a" as appropriate:

(1) section 1903(g) of the Social Security Act as added by section 207 of this Act;

(2) section 402(a)(1)(E) of the Social Security Amendments of 1967 as amended by section 222 of this Act;

(3) section 1876 of the Social Security Act as added by section 226(a) of this Act;

(4) section 1814(h) of such Act as added by section 228(a) of this Act;

(5) section 1903(h) of such Act as added by section 207(a)(1) of this Act;

(6) section 1861(z) of such Act as added by section 234(f) of this Act;

(7) section 1903(i)(4) of such Act as added by section 237(a) of this Act;

(8) section 1877(c) of such Act as added by section 242(b) of this Act;

(9) section 1909(c) of such Act as added by section 242(c) of this Act;

(10) section 1861(i) of such Act as amended by section 248 of this Act;

(11) section 1861(v)(1)(E) of such Act as added by section 249(b) of this Act;

(12) section 1910 of such Act as added by section 249A of this Act;

(13) section 1861(j) of such Act as amended by section 267 of this Act;

(14) section 1902(a) of such Act as amended by section 268 of this Act; and

(15) section 1864(a) of such Act as amended by section 277 of this Act.

DIRECT LABORATORY BILLING OF PATIENTS

SEC. 279. (a) Section 1833(a)(1) of the Social Security Act (as amended by section 211(c)(4) of this Act) is further amended by—

(1) striking out "and" before "(C)";

(2) inserting before the semicolon at the end thereof the following: ", and (D) with respect to diagnostic tests performed in a laboratory for which payment is made under this part to the laboratory, the amounts paid shall be equal to 100 percent of the negotiated rate for such tests (as determined pursuant to subsection (g) of this section)".

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

"(g) With respect to diagnostic tests performed in a

laboratory for which payment is made under this part to the laboratory, the Secretary is authorized to establish a payment rate which is acceptable to the laboratory and which would be considered the full charge for such tests. Such negotiated rate shall be limited to an amount not in excess of the total payment that would have been made for the services in the absence of such a rate."

CLARIFICATION OF MEANING OF "PHYSICIANS' SERVICES" UNDER TITLE XIX

SEC. 280. Section 1905(a)(5) of the Social Security Act is amended by inserting "furnished by a physician (as defined in section 1861(r)(1))" after "physicians' services".

LIMITATION ON ADJUSTMENT OR RECOVERY OF INCORRECT PAYMENTS UNDER THE MEDICARE PROGRAM

SEC. 281. (a)(1) Section 1870(b)(1) of the Social Security Act is amended by—

(A) inserting "(A)" after "the Secretary determines"; and

(B) inserting at the end of paragraph (1) the following:

"(B) that such provider of services or other person was without fault with respect to the payment of such excess over the correct amount, or".

(2) Section 1870(b) of such Act is amended by adding at the end the following new sentence: "For purposes of

clause (B) of paragraph (1), such provider of services or such other person shall, in the absence of evidence to the contrary, be deemed to be without fault if the Secretary's determination that more than such correct amount was paid was made subsequent to the third year following the year in which notice was sent to such individual that such amount had been paid; except that the Secretary may reduce such three-year period to not less than one year if he finds such reduction is consistent with the objectives of this title."

(b) Section 1870(c) of such Act (as amended by section 261 of this Act) is further amended by—

(1) inserting "or title XVIII" after "title II", and

(2) adding at the end the following new sentence: "Adjustment or recovery of an incorrect payment (or only such part of an incorrect payment as the Secretary determines to be inconsistent with the purposes of this title) against an individual who is without fault shall be deemed to be against equity and good conscience if (A) the incorrect payment was made for expenses incurred for items or services for which payment may not be made under this title by reason of the provisions of paragraph (1) or (9) of section 1862 and (B) if the Secretary's determination that such payment was incorrect was made subsequent to the third year following the year in which notice of such payment was sent to such

individual; except that the Secretary may reduce such three-year period to not less than one year if he finds such reduction is consistent with the objectives of this title."

(c) Section 1866(a)(1) of such Act (as amended by section 227(d)(2) of this Act) is further amended by—

(1) redesignating subparagraph (B) as subparagraph (C), and

(2) inserting after subparagraph (A) the following new subparagraph:

"(B) not to charge any individual or any other person for items or services for which such individual is not entitled to have payment made under this title because payment for expenses incurred for such items or services may not be made by reason of the provisions of paragraph (1) or (9), but only if (i) such individual was without fault in incurring such expenses and (ii) the Secretary's determination that such payment may not be made for such items and services was made after the third year following the year in which notice of such payment was sent to such individual; except that the Secretary may reduce such three-year period to not less than one year if he finds such reduction is consistent with the objectives of this title, and"

(d) Section 1842(b)(3)(B)(ii) of such Act (as

amended by section 211(c)(3) of this Act) is further amended by—

(1) inserting "(I)" after "of which"; and

(2) inserting after "service" the following: "and (II) the physician or other person furnishing such service agrees not to charge for such service if payment may not be made therefor by reason of the provisions of paragraph (1) of section 1862, and if the individual to whom such service was furnished was without fault in incurring the expenses of such service, and if the Secretary's determination that payment (pursuant to such assignment) was incorrect and was made subsequent to the third year following the year in which notice of such payment was sent to such individual; except that the Secretary may reduce such three-year period to not less than one year if he finds such reduction is consistent with the objectives of this title."

(e) Section 1814(a)(1) of such Act is amended to read as follows:

"(1) written request, signed by such individual, except in cases in which the Secretary finds it impracticable for the individual to do so, is filed for such payment in such form, in such manner, and by such person or persons as the Secretary may by regulation prescribe, no later than the close of the period of 3 calendar years

following the year in which such services are furnished (deeming any services furnished in the last 3 calendar months of any calendar year to have been furnished in the succeeding calendar year) except that where the Secretary deems that efficient administration so requires, such period may be reduced to not less than 1 calendar year;".

(f) Section 1835(a)(1) of such Act is amended to read as follows:

"(1) written request, signed by such individual, except in cases in which the Secretary finds it impracticable for the individual to do so, is filed for such payment in such form, in such manner and by such person or persons as the Secretary may by regulation prescribe, no later than the close of the period of 3 calendar years following the year in which such services are furnished (deeming any services furnished in the last 3 calendar months of any calendar year to have been furnished in the succeeding calendar year) except that, where the Secretary deems that efficient administration so requires, such period may be reduced to not less than 1 calendar year; and".

(g) The provisions of subsection (a)(1) shall apply with respect to notices of payment sent to individuals after the date of enactment of this Act. The provisions of subsections

(a)(2), (b), (c), and (d) shall apply in the case of notices sent to individuals after 1968. The provisions of subsections (e) and (f) shall apply in the case of services furnished (or deemed to have been furnished) after 1970.

PROVIDE FOR 75 PERCENT MATCHING UNDER MEDICAID OF REASONABLE EXPENDITURES FOR PROFESSIONAL PERSONNEL

SEC. 282. Section 1903(a)(2) of the Social Security Act is amended—

(1) by inserting "(A)" immediately after "attributable to", and

(2) by inserting immediately before "; plus" the following: "and (B) reasonable payment for professional review activities, performed by skilled professional medical personnel and staff directly supporting such personnel pursuant to section 1902(a) (26) and (31), regardless of whether such activities are performed by State agency personnel or by others under an arrangement with such agency".

CONDITIONS OF COVERAGE OF OUTPATIENT SPEECH PATHOLOGY SERVICES UNDER MEDICARE

SEC. 283. (a) Section 1832(a)(2) of the Social Security Act, as amended by section 227(e)(1) of this Act, is further amended—

(1) by striking out "and" at the end of subparagraph (B),

(2) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof "; and",

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

"(D) outpatient speech pathology services."

(b) Section 1861(s)(2) of such Act is amended—

(1) by striking out "and" at the end of subparagraph (C),

(2) by inserting "and" after the semicolon at the end of subparagraph (D), and

(3) by adding after subparagraph (D) the following new subparagraph:

"(E) outpatient speech pathology services;"

(c) Section 1861 of such Act, as amended by section 234(f) of this Act, is further amended by adding after subsection (z) the following new subsection:

"Outpatient Speech Pathology Services

"(aa) The term 'outpatient speech pathology services' means speech pathology services furnished by a provider of services, a clinic, rehabilitation agency (including a single service rehabilitation facility), or by a public health agency,

or by others under an arrangement with, and under the supervision of, such provider, clinic, rehabilitation agency, or public health agency to an individual as an outpatient, subject to the conditions prescribed in subsection (p) relating to physical therapy services, except that the terms 'speech pathology' and 'speech pathologists' shall be substituted for the terms 'physical therapy' and 'physical therapists' as used throughout subsection (p). For purposes of this section the term 'single service rehabilitation facility' means a facility in which only speech pathology shall be required to be provided."

(d) Section 1835(a)(2) of such Act (as amended by section 251 of this Act) is further amended—

(1) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof "; and";

(2) by adding after subparagraph (C) the following new subparagraph:

"(D) in the case of outpatient speech pathology services, (i) such services are or were required because the individual needed speech pathology services, (ii) a plan for furnishing such services has been established and is periodically reviewed by a physician, and (iii) such services are or were furnished while the individual is or was under the care of a physician."; and

(3) by striking out "outpatient physical therapy services (as therein defined)." in the subparagraph below subparagraph (D) and inserting in lieu thereof "outpatient physical therapy services and outpatient speech pathology services (as defined in sections 1861 (p) and 1861(aa), respectively)."

(e) Section 1866(e) of such Act is amended by striking out "outpatient physical therapy services (as defined therein)." and inserting in lieu thereof "outpatient physical therapy services and outpatient speech pathology services, as defined in sections 1861(p) and 1861(aa), respectively."

(f) The provisions of this section shall apply with respect to services rendered after December 31, 1972.

CONDITIONS OF COVERAGE OF OUTPATIENT CLINICAL PSYCHOLOGISTS' SERVICES UNDER MEDICARE

SEC. 284. (a) Section 1832(a)(2) of the Social Security Act, as amended by sections 227(e)(1) and 283(a) of this Act is further amended—

(1) by striking out "and" at the end of subparagraph (C),

(2) by striking out the period at the end of subparagraph (D) and inserting in lieu thereof "; and",

(3) by adding after subparagraph (D) the following new subparagraph:

"(E) outpatient clinical psychologists' services."

(b) Section 1861(s)(2) of such Act, as amended by section 283(b) of this Act, is further amended—

(1) by striking out "and" at the end of subparagraph (D),

(2) by inserting "and" after the semicolon at the end of subparagraph (E), and

(3) by adding after subparagraph (E) the following new subparagraph:

"(F) outpatient clinical psychologists services;"

(c) Section 1861 of such Act, as amended by sections 234(f) and 283(c) of this Act, is further amended by adding after subsection (aa) the following new subsection:

"Outpatient Clinical Psychologists' Services

"(bb) The term 'outpatient clinical psychologists' services' means clinical psychologists' services furnished by a provider of services, a clinic, rehabilitation agency (including a single service rehabilitation facility), or by a public health agency, or by others under an arrangement with, and under the supervision of, such provider, clinic, rehabilitation agency, or public health agency to an individual as an outpatient, subject to the conditions prescribed in such subsection (p) relating to physical therapy services, except that the terms 'clinical psychology' and 'clinical psychologists' shall be substituted for

the terms 'physical therapy' and 'physical therapists' as used throughout subsection (p). For purposes of this section the term 'single service rehabilitation facility' means a facility in which only clinical psychologists' services shall be required to be provided."

(d) Section 1835(a)(2) of such Act, as amended by sections 251 and 283(d) of this Act, is further amended—

(1) by striking out the period at the end of subparagraph (D) and inserting in lieu thereof "; and",

(2) by adding after subparagraph (D) the following new subparagraph:

"(E) in the case of outpatient clinical psychologists' services, (i) such services are or were required because the individual needed clinical psychology services, (ii) a plan for furnishing such services has been established and is periodically reviewed by a physician, and (iii) such services are or were furnished while the individual is or was under the care of a physician.", and

(3) by striking out "outpatient physical therapy services and outpatient speech pathology services, as defined in sections 1861(p) and 1861(aa), respectively", and inserting in lieu thereof "outpatient physical therapy services, outpatient speech pathology services, and out-

patient clinical psychologists' services, as defined in sections 1861(p), 1861(aa), and 1861(bb), respectively".

(e) Section 1866(e) of such Act, as amended by section 283(e) of this Act, is further amended by striking out "outpatient physical therapy services and outpatient speech pathology services, as defined in section 1861(p) and 1861(aa)" and inserting in lieu thereof: "outpatient physical therapy services, outpatient speech pathology services, and outpatient clinical psychologists' services, as defined in sections 1861(p), 1861(aa), and 1861(bb)".

(f) Section 1833(c) of such Act is amended by adding at the end thereof the following new sentence:

"The provisions of this subsection shall apply with respect to outpatient clinical psychologists' services defined in section 1861(bb)."

(g) The provisions of this section shall apply with respect to services rendered after December 31, 1972.

CONDITIONS OF COVERAGE OF OUTPATIENT REHABILITATION SERVICES UNDER MEDICARE

SEC. 285. (a) Section 1832(a)(2) of the Social Security Act, as amended by sections 227(e)(1), 283(a), and 284(a) of this Act is further amended—

(1) by striking out "and" at the end of subparagraph (D),

(2) by striking out the period at the end of subparagraph (E) and inserting in lieu thereof "; and", and

(3) by adding after subparagraph (E) the following new subparagraph:

"(F) outpatient rehabilitation services.".

(b) Section 1861(s)(2) of such Act, as amended by sections 283(b) and 284(b) of this Act, is further amended—

(1) by striking out "and" at the end of subparagraph (E),

(2) by inserting "and" after the semicolon at the end of subparagraph (F), and

(3) by adding after subparagraph (F) the following new subparagraph:

"(G) outpatient rehabilitation services;".

(c) Section 1861 of such Act, as amended by sections 234(f), 283(c), and 284(c) of this Act, is further amended by adding after subsection (bb) the following new subsection:

"Outpatient Rehabilitation Services

"(cc) The term 'outpatient rehabilitation services' means physical therapy, speech pathology, occupational therapy, and medical social services furnished by a provider of services, a clinic, rehabilitation agency, or a public health agency, or by others under an arrangement with, and under the

supervision of, such provider, clinic, rehabilitation agency, or public health agency to an individual as an outpatient, subject to the conditions prescribed in subsection (p) relating to physical therapy services, except that clause (ii) of paragraph 4(A) is amended by inserting after 'physical therapist' the phrase 'or speech pathologist, as appropriate,' and the term 'physical therapy' as used throughout subsection (p) shall be deemed for purposes of this subsection to mean 'rehabilitation'."

(d) Section 1835(a)(2) of such Act, as amended by sections 251, 283(d), and 284(d) of this Act, is further amended—

(1) by striking out the period at the end of subparagraph (E) and inserting in lieu thereof "; and",

(2) by adding after subparagraph (E) the following new subparagraph:

"(F) in the case of outpatient rehabilitation services, (i) such services are or were required because the individual needed outpatient rehabilitation services, including physical therapy or speech pathology services, (ii) a plan for furnishing such services has been established and is periodically reviewed by a physician, and (iii) such services are or were furnished while the individual is or was under the care of a physician.", and

(3) by striking out "outpatient physical therapy services, outpatient speech pathology services, and outpatient clinical psychologists' services, as defined in sections 1861(p), 1861(aa), and 1861(bb), respectively", and inserting in lieu thereof "outpatient physical therapy services, outpatient speech pathology services, outpatient clinical psychologists' services, and outpatient rehabilitation services, as defined in sections 1861(p), 1861(aa), 1861(bb), and 1861(cc), respectively".

(e) Section 1866(e) of such Act is amended—

(1) by inserting after "rehabilitation agency", the first time it appears therein, the following: "including a single service rehabilitation facility,"

(2) by inserting after the phrase "section 1861(p)(4)(B)," the following: "or if, in the case of a single service rehabilitation facility, such facility meets the requirements of section 1861 (aa) or (bb), whichever is appropriate,", and

(3) by striking out "outpatient physical therapy services, outpatient speech pathology services, and outpatient clinical psychologists' services, as defined in sections 1861(p), 1861(aa), and 1861(bb)" and inserting in lieu thereof "outpatient physical therapy services, outpatient speech pathology services, outpatient clinical psy-

chologists' services, and outpatient rehabilitation services, as defined in sections 1861(p), 1861(aa), 1861(bb), and 1861(cc)".

(f) Section 1864(a) of the Act is amended by inserting after "rehabilitation agency", "(including a single service rehabilitation facility as defined in section 1861 (aa) or (bb))".

(g) The provisions of this section shall apply with respect to services rendered after December 31, 1972.

AUTHORITY FOR SECRETARY TO ASSIGN MEDICARE PROVIDERS TO FISCAL INTERMEDIARIES

SEC. 286. (a) Section 1816(d) of the Social Security Act is amended by striking out everything contained therein and inserting in lieu thereof the following:

"(d) Effective January 1, 1973, the Secretary is authorized to assign or reassign any provider of services to any agency or organization which has entered into an agreement with him under this section whenever he determines, in his sole discretion, that to do so would result in more effective and efficient administration of this part. In making any such assignment or reassignment the Secretary shall take into consideration the choice of any such provider, but he shall not be bound by such choice."

TERMINATION OF MEDICAL ASSISTANCE ADVISORY COUNCIL

SEC. 287. (a) Section 1906 of the Social Security Act is repealed.

(b) The provisions of subsection (a) shall become effective on the first day of the third calendar month following the month in which this Act is enacted.

MODIFICATION OF THE ROLE OF THE HEALTH INSURANCE BENEFITS ADVISORY COUNCIL

SEC. 288. (a) Section 1867(a) of the Social Security Act is amended to read as follows:

"(a) There is hereby created a Health Insurance Benefits Advisory Council which shall consist of 19 persons, not otherwise in the employ of the United States, appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive services. The Secretary shall from time to time appoint one of the members to serve as Chairman. The members shall include persons who are outstanding in fields related to hospital, medical, and other health activities, persons who are representative of organizations and associations of professional personnel in the fiela of medicine, and at least one person who is representative of the general public.

Each member shall hold office for a term of four years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. A member shall not be eligible to serve continuously for more than two terms. Members of the Advisory Council, while attending meetings or conferences thereof or otherwise serving on business of the Advisory Council, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding $100 per day, including traveltime, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently. The Advisory Council shall meet as the Secretary deems necessary, but not less than annually."

(b) Section 1867(b) of such Act is amended to read as follows:

"(b) It shall be the function of the Advisory Council to provide advice and recommendations for the consideration of the Secretary on matters of general policy with respect to this title and title XIX."

(c) Section 1867 of such Act is further amended by striking out subsection (c).

AUTHORITY OF SECRETARY TO ADMINISTER OATHS IN MEDICARE PROCEEDINGS

SEC. 289. Section 1874 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(c) In the course of any hearing, investigation, or other proceeding that he is authorized to conduct under this title, the Secretary may administer oaths and affirmations."

WITHHOLDING OF FEDERAL PAYMENTS UNDER MEDICAID WITH RESPECT TO CERTAIN HEALTH CARE FACILITIES

SEC. 290. Section 1903 of the Social Security Act is amended by adding after subsection (i) thereof the following new subsection:

"(j)(1) Notwithstanding the preceding provisions of this section, no payment shall be made to a State (except as provided under this subsection) with respect to expenditures incurred by it for services provided by any institution during any period that an order for suspension of payment (as authorized by this subsection) is effective with respect to such institution.

"(2) The Secretary may issue a suspension of payment order with respect to any institution if—

"(A) such institution (i) does not (at the time such order is issued) have in effect an agreement with

the Secretary which is entered into pursuant to section 1866; and (ii) did (prior to the time such order is issued) have in effect such an agreement; and

"(B)(i) the Secretary has been unable to collect (or make satisfactory arrangement for the collection of) amounts due on account of overpayments made to such institution under title XVIII; or

"(ii) the Secretary has been unable to obtain from such institution the data and information necessary to enable him to determine the amount (if any) of the overpayments made to such institution under title XVIII.

"(3) Whenever the Secretary issues any order for suspension of payment under this subsection with respect to any institution, he shall submit a notice of such order to the single State agency (referred to in section 1902(a)(5)) of each State which he has reason to believe does or may utilize the services of such institution in providing medical assistance under a plan approved under this title.

"(4) Any order for suspension of payment issued with respect to any institution under this subsection shall become effective, in the case of any State plan approved under this title, on the 60th day after the date the State agency (referred to in section 1902(a)(5)) administering or supervising the administration of such plan receives notice of such order submitted pursuant to paragraph (3). Any such order shall

cease to be effective at such time as the Secretary is satisfied that the institution is participating in substantial negotiations which seek to remedy the conditions which gave rise to his order of suspension of payments, or that the amounts (referred to in paragraph (2)) are no longer due from such institution or that a satisfactory arrangement has been made for the payment by such institution of any such amounts. Upon the determination of the Secretary that any such order with respect to any such institution shall cease to be effective, he shall forthwith notify each State agency to which he has theretofore submitted notice under paragraph (3) with respect to such institution.

"(5) Whenever any order which has been issued by the Secretary under the preceding provisions of this subsection with respect to an institution ceases to be effective, any payment to which any State would (except for the preceding provisions of this subsection) have been entitled under this section on account of services provided by such institution shall be made to such State for the month in which such order ceases to be effective."

EXTENSION OF AUTHORIZATION FOR SPECIAL PROJECT GRANTS UNDER TITLE V OF THE SOCIAL SECURITY ACT

SEC. 291. (a) So much of section 502 of the Social Security Act as precedes the sentence beginning with "Not to exceed" is amended—

(1) in clause (1), by striking out "next 4 fiscal years" and inserting in lieu thereof "next 5 fiscal years";

(2) in clause (2), by striking out "June 30, 1974," and inserting in lieu thereof "June 30, 1975".

(b)(1) Section 505(a)(8) of such Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(2) Section 505(a)(9) of such Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(3) Section 505(a)(10) of such Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(c) Section 508(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(d) Section 509(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(e) Section 510(b) of such Act is amended by striking out "June 30, 1972" and inserting in lieu thereof "June 30, 1974".

INTERMEDIATE CARE SERVICES IN STATES WHICH DO NOT HAVE A MEDICAID PROGRAM

SEC. 292. Section 4(d) of Public Law 92-223 (approved December 28, 1971) is amended by inserting immediately before the period at the end thereof the following: "; except that the repeal made by subsection (c) shall not become effective in the case of any State, which on January 1, 1972 did not have in effect a State plan approved under title XIX of the Social Security Act, until the first day of the first month (occurring after such date) that such State does have in effect a State plan approved under such title".

REQUIRED INFORMATION RELATING TO EXCESS MEDICARE TAX PAYMENTS BY RAILROAD EMPLOYEES

SEC. 293. (a) Section 6051(a) of the Internal Revenue Code of 1954 (relating to requirement of receipts for employees) is amended—

(1) by striking out "section 3101, 3201, or 3402" in the matter preceding paragraph (1) and inserting in lieu thereof "section 3101 or 3402";

(2) by inserting "and" at the end of paragraph (5), and by striking out the comma at the end of paragraph (6) and inserting in lieu thereof a period; and

(3) by striking out paragraphs (7) and (8).

(b) Section 6051(c) of such Code (relating to additional requirements) is amended by striking out "sections 3101 and 3201" in the second sentence and inserting in lieu thereof "section 3101".

(c) Section 6051 of such Code (relating to receipts for employees) is amended by adding at the end thereof the following new subsection:

"(e) RAILROAD EMPLOYEES.—

"(1) ADDITIONAL REQUIREMENT.—Every person required to deduct and withold tax under section 3201 from an employee shall include on or with the statement required to be furnished such employee under subsection (a) a notice concerning the provisions of this title with respect to the allowance of a credit or refund of the tax on wages imposed by section 3101(b) and the tax on compensation imposed by section 3201 or 3211 which is treated as a tax on wages imposed by section 3101(b).

"(2) INFORMATION TO BE SUPPLIED TO EMPLOYEES.—Each person required to deduct and withhold tax under section 3201 during any year from an employee who has also received wages during such year subject to the tax imposed by section 3101(b) shall,

upon request of such employee, furnish to him a written statement showing—

"(A) the total amount of compensation with respect to which the tax imposed by section 3201 was deducted,

"(B) the total amount deducted as tax under section 3201, and

"(C) the portion of the total amount deducted as tax under section 3201 which is for financing the cost of hospital insurance under part A of title XVIII of the Social Security Act."

(d) The amendments made by this section shall apply in respect to remuneration paid after December 31, 1971.

APPOINTMENT AND CONFIRMATION OF ADMINISTRATOR OF SOCIAL AND REHABILITATIVE SERVICE

SEC. 294. Appointments made on or after the date of enactment of this Act to the office of Administrator of the Social and Rehabilitation Service, within the Department of Health, Education, and Welfare, shall be made by the President, by and with the advice and consent of the Senate.

REPEAL OF SECTION 1903(b)(1)

SEC. 295. Section 1903(b)(1) of the Social Security Act is repealed.

TRAINING OF INTERMEDIATE CARE FACILITY ADMINISTRATORS

SEC. 296. Section 1908 of the Social Security Act is amended by striking out subsections (d) and (e) thereof and by inserting after subsection (c) the following new subsection:

"(d) There are authorized to be appropriated for fiscal years 1973 and 1974 such sums as may be necessary to enable the Secretary to make grants to States for the purpose of assisting them in instituting and conducting programs of supplemental training and instruction for persons who are employed as administrators of intermediate care facilities in order to enable such administrators to comply with such standards as may be prescribed by the Secretary."

COVERAGE UNDER MEDICAID OF INTERMEDIATE CARE FURNISHED IN MENTAL AND TUBERCULOSIS INSTITUTIONS

SEC. 297. (a) Section 1905(a)(14) of the Social Security Act is amended to read as follows:

"(14) inpatient hospital services, skilled nursing home services, and intermediate care facility services for individuals 65 years of age or over in an institution for tuberculosis or mental diseases;"

(b) The amendment made by this section shall apply with respect to services furnished after December 31, 1971.

INDEPENDENT REVIEW OF INTERMEDIATE CARE FACILITY PATIENTS

SEC. 298. Section 1902(a)(31)(A) of the Social Security Act, as added by Public Law 92-223, is amended by striking out the phrase "which provides more than a minimum level of health care services."

INTERMEDIATE CARE, MAINTENANCE OF EFFORT IN PUBLIC INSTITUTIONS

SEC. 299. Section 1905(d)(3) of the Social Security Act, as added by Public Law 92-223, is amended to read as follows:

"(3) the State or political subdivision responsible for the operation of such institution has agreed that the non-Federal expenditures in any calendar quarter prior to January 1, 1975, with respect to services furnished to patients in such institution (or distinct part thereof) in the State will not, because of payments made under this title, be reduced below the average amount expended for such services in such institution in the four quarters immediately preceding the quarter in which the State in which such institution is located elected to make such

services available under its plan approved under this title."

DISCLOSURE OF OWNERSHIP OF INTERMEDIATE CARE FACILITIES

SEC. 299A. Section 1902(a) of the Social Security Act, as amended by sections 236, 239, 249D, and 255 of this Act, is further amended—

(1) by striking out "and" at the end of paragraph (34);

(2) by striking out the period at the end of paragraph (35) and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (35) the following new paragraph:

"(36) effective January 1, 1973, provide that any intermediate care facility receiving payments under such plan must supply to the licensing agency of the State full and complete information as to the identity (A) of each person having (directly or indirectly) an ownership interest of 10 per centum or more in such intermediate care facility, (B) in case an intermediate care facility is organized as a corporation, of each officer and director of the corporation, and (C) in case an intermediate care facility is organized as a partnership, of each partner; and promptly report any changes which would affect the

current accuracy of the information so required to be supplied."

TREATMENT IN MENTAL HOSPITALS FOR INDIVIDUALS UNDER AGE 21

SEC. 299B. (a) Section 1905(a) of the Social Security Act is amended—

(1) by striking the word "and" in paragraph (15);

(2) by redesignating paragraph (15) as paragraph (17);

(3) by redesignating paragraph (16) as paragraph (15);

(4) by inserting after paragraph (15) the following new paragraph:

"(16) effective January 1, 1973, inpatient psychiatric hospital services for individuals under 21, as defined in subsection (e);".

(b) Section 1905 of such Act, as amended by sections 212(a), 247(b) and 275(e) of this Act is further amended by adding after subsection (g) the following new subsection:

"(h)(1) For purposes of paragraph (16) of subsection (a), the term 'inpatient psychiatric hospital services for individuals under age 21' includes only—

"(A) inpatient services which are provided in an

institution which is accredited as a psychiatric hospital by the Joint Commission on Accreditation of Hospitals;

"(B) inpatient services which, in the case of any individual, involves active treatment (which meets such standards, as may be prescribed pursuant to title XVIII in regulations by the Secretary) of such individual; and

"(C) inpatient services which, in the case of any individual, are provided prior to (A) the date such individual attains age 21, or (B) in the case of an individual who was receiving such services in the period immediately preceding the date on which he attained age 21, (i) the date such individual no longer requires such services, or (ii) if earlier, the date such individual attains age 22;

"(2) Such term does not include services provided during any calendar quarter under the State plan of any State if the total amount of the funds expended, during such quarter, by the State (and the political subdivisions thereof) from non-Federal funds for inpatient services included under paragraph (e)(1), and for active psychiatric care and treatment provided on an outpatient basis for eligible mentally ill children, is less than the average quarterly amount of the funds expended, during the 4-quarter period ending December 31, 1971, by the State (and the political subdivisions thereof) from non-Federal funds for such services."

(c) Section 1905(a) is further amended by striking out, in the part which follows paragraph (17) (as redesignated by subsection (a) of this section), "except that" and inserting in lieu thereof "except as otherwise provided in paragraph (16),".

(d) The Secretary is authorized to conduct, through contracts with State agencies having approved plans under title XIX of the Social Security Act, a limited number of demonstration projects to determine the feasibility of extending under such title mental health care and services to eligible individuals who are between the ages of 21 and 65 and who are receiving active treatment (as defined in section 1905(e)(1)(B) of such Act) in an institution accredited as a psychiatric hospital.

PUBLIC DISCLOSURE OF INFORMATION CONCERNING SURVEY REPORTS OF AN INSTITUTION

SEC. 299D. (a) Section 1864(a) of the Social Security Act is amended by adding at the end thereof the following new sentence: "Within 90 days following the completion of each survey of any health care facility, laboratory, clinic, agency, or organization by the appropriate State or local agency described in the first sentence of this subsection, the Secretary shall make public in readily available form and place the pertinent findings of each such survey relating to the compliance of each such health care facility, laboratory,

clinic, agency, or organization with (1) the statutory conditions of participation imposed under this title and (2) the major additional conditions which the Secretary finds necessary in the interest of health and safety of individuals who are furnished care or services by any such facility, laboratory, clinic, agency, or organization.".

(b) Section 1902(a) of the Social Security Act, as amended by sections 236, 239, 249D, 255, and 299A of this Act, is further amended—

(1) by striking out "and" at the end of paragraph (35);

(2) by striking out the period at the end of paragraph (36) and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (36) the following new paragraph:

"(37) provide that within 90 days following the completion of each survey of any health care facility, laboratory, agency, clinic, or organization, by the appropriate State agency described in paragraph (9), such agency shall (in accordance with regulations of the Secretary) make public in readily available form and place the pertinent findings of each such survey relating to the compliance of each such health care facility, laboratory, clinic, agency, or organization with (A) the statutory conditions of participation imposed

under this title, and (B) the major additional conditions which the Secretary finds necessary in the interest of health and safety of individuals who are furnished care or services by any such facility, laboratory, clinic, agency, or organization."

(c) The provisions of this section shall be effective beginning January 1, 1973, or within 6 months following the enactment of this Act, whichever is later.

FAMILY PLANNING SERVICES MANDATORY UNDER MEDICAID

SEC. 299E. (a) Section 1903(a) of the Social Security Act, as amended by sections 235 and 249B of this Act, is further amended by redesignating paragraph (5) as paragraph (6), and by inserting after paragraph (4) the following new paragraph:

"(5) an amount equal to 100 per centum of the sums expended during such quarter (as found necessary by the Secretary for the proper and efficient administration of the plan) which are attributable to the offering, arranging, and furnishing (directly or on a contract basis) of family planning services and supplies;"

(b) Section 1905(a)(4) of the Social Security Act is amended by adding after clause (B) the following: "and (C) family planning services and supplies furnished (di-

rectly or under arrangements with others) to individuals of child-bearing age (including minors who can be considered to be sexually active) who are eligible under the State plan and who desire such services and supplies;"

(c) Section 402(a)(15)(B) of such Act is amended, effective January 1, 1973, (1) by adding after "in all appropriate cases" the following: "(including minors who can be considered to be sexually active)", and (2) by adding after "family planning services are offered them" the following: "and are provided promptly (directly or under arrangements with others) to all individuals voluntarily requesting such services".

(d) Section 403 of such Act is amended (but only if title IV of such Act does not already so provide) by adding at the end thereof the following new sections:

"(e) Notwithstanding any other provision of subsection (a), with respect to expenditures during any calendar quarter beginning after December 31, 1972 (as found necessary by the Secretary for the proper and efficient administration of the plan) which are attributable to the offering, arranging, and furnishing, directly or on a contract basis, of family planning services and supplies, the amount payable to any

State under this part shall be 100 per centum of such expenditures.

"(f) Notwithstanding any other provision of this section, the amount payable to any State under this part for quarters in a fiscal year shall with respect to quarters in fiscal years beginning after June 30, 1973, be reduced by 2 per centum (calculated without regard to any reduction under section 403(g)) of such amount if such State—

"(1) in the immediately preceding fiscal year failed to carry out the provisions of section 402(a)(15)(B) as pertain to requiring the offering and arrangement for provision of family planning services; or

"(2) in the immediately preceding fiscal year (but, in the case of the fiscal year beginning July 1, 1972, only considering the third and fourth quarters thereof). failed to carry out the provisions of section 402(a)(15)(B) of the Social Security Act with respect to any individual who, within such period or periods as the Secretary may prescribe, has been an applicant for or recipient of aid to families with dependent children under the plan of the State approved under this part."

PENALTY FOR FAILURE TO PROVIDE CHILD HEALTH SCREENING SERVICES UNDER MEDICAID

SEC. 299F. Section 403 of the Social Security Act is amended (but only if title IV of such Act does not already so provide) by adding at the end thereof the following:

"(g) Notwithstanding any other provision of this section, the amount payable to any State under this part for quarters in a fiscal year shall with respect to quarters in fiscal years beginning after June 30, 1974, be reduced by 2 per centum (calculated without regard to any reduction under section 403(f)) of such amount if such State fails to—

"(1) inform all families in the State receiving aid to families with dependent children under the plan of the State approved under this part of the availability of child health screening services under the plan of such State approved under title XIX,

"(2) provide or arrange for the provision of such screening services in all cases where they are requested, or

"(3) arrange for (directly or through referral to appropriate agencies, organizations, or individuals) cor-

rective treatment the need for which is disclosed by such child health screening services."

TREATMENT FOR DRUG ADDICTS AND ALCOHOLICS

SEC. 299G. (a) The Social Security Act is amended by adding immediately before title XVI thereof a new title as follows:

"TITLE XV—GRANTS TO STATES FOR CARE AND TREATMENT OF DRUG ADDICTS AND ALCOHOLICS

"PURPOSE; APPROPRIATION

"SEC. 1501. For the purpose of enabling the States to furnish care and treatment to drug addicts and alcoholics to help such individuals to terminate their dysfunctional dependency on drugs or alcohol, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary of Health, Education, and Welfare, State plans for care and treatment of such individuals.

"SUBPART 1—STATE PLANS FOR CARE AND TREATMENT OF DRUG ADDICTS AND ALCOHOLICS

"GENERAL ADMINISTRATIVE PROVISIONS

"SEC. 1502. A State plan for care and treatment of medically determined drug addicts and alcoholics must—

"(a) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them;

"(b) provide for financial participation by the State;

"(c) either provide for the designation of a single State agency to administer the plan, or provide for the designation of a single State agency to supervise the administration of the plan;

"(d) provide that the State agency designated to administer or supervise the administration of the plan will enter into an agreement with the appropriate State agencies designated under the Comprehensive Alcohol Abuse and Treatment Act of 1970 and the Drug Abuse and Treatment Act of 1972 under which (1) such agencies will prepare and implement a rehabilitation plan for each individual enrolled in the care and treatment program and will certify to the State agency those local treatment agencies, organizations, institutions, and practitioners qualified to provide care and treatment under the

State plan, and (2) the State agency will assume responsibility for financing the program, accept applications from individuals desiring to enroll in the program, determine eligibility, and certify the maximum amount any enrollee may receive for his maintenance;

"(e) set forth the methods of administration to be followed in carrying out the State plan which—

"(1) include methods relating to the establishment and maintenance of personnel standards on a merit basis, and

"(2) provide for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of recipients of assistance, as community services aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants and enrollees;

"(f) provide that the State agency will make such reports, in such form and containing such information, as the Secretary may from time to time require, and comply with such provisions as the Secretary may from time to time find necessary to assure the correctness and verification of such reports; and

"(g) provide (1) that, as a condition of eligibility under the plan, each applicant or enrollee shall furnish to the State agency his social security account number (or numbers, if he has more than one such number), and (2) that such State agency shall utilize such account numbers, in addition to any other means of identification it may determine to employ, in the administration of such plan.

"DETERMINING ELIGIBILITY FOR CARE AND TREATMENT; REHABILITATION PLAN

"SEC. 1503. A State plan for care and treatment of drug addicts and alcoholics must—

"(a) provide that any individual who (1) would be eligible, except for section 411(f)(6), for aid under the State plan approved under part A of title IV, or would be eligible for assistance under the State plan approved under title XIV or XVI, or, after December 31, 1973, would be eligible, except for section 1611 (e)(3), for supplementary security income under title XVI, and (2) who is medically determined, by a physician qualified to make such a determination, to be unable to engage in any substantial gainful activity (or, in the case of a child under the age of 18, if he suffers from a physical or mental impairment of comparable severity) by reason of a medically determinable addictive dependency on drugs or alcohol which has lasted or can

be expected to last for a period of 12 months, shall be eligible, upon application, to enroll in the program of care and treatment established by the State under this title;

"(b) provide that the appropriate agency (as determined under the agreement required by section 1502 (d))—

"(1) prepare a rehabilitation plan for each enrollee which will—

"(A) provide for active care and treatment under a professionally developed plan of rehabilitation that is designed to terminate dysfunctional dependency on alcohol or drugs,

"(B) include, to the extent appropriate, work experience, and

"(C) include a determination of (i) the needs, if any, of such enrollee for maintenance payments and (ii) the amount of any such payment: Provided, That no such payment shall be in excess of the amount of aid such enrollee would be eligible to receive if he was eligible, except for section 411(f)(6), for aid under the State plan approved under part A of title IV, or if he was eligible for assistance under the State plan approved under title XIV or XVI,

or, after December 31, 1973, if he was eligible, except for section 1611(e)(3), for supplementary security income under title XVI;

"(2) make (in consultation with the State agency) arrangements for protective payments to be made on behalf of the enrollee to another individual who (as determined in accordance with standards prescribed by the Secretary) is interested in or concerned with the welfare of such individual, or directly to a person furnishing food, living accommodations, or other goods, services, or items for such enrollee; and

"(3) review the rehabilitation plan for each enrollee not less often than every three months, and, as a part of such review, determine whether protective payments should continue to be made and whether such payments should be made directly to such enrollee;

"(c) make funds available for the provision of active care and treatment for individuals, pursuant to a rehabilitation plan prepared under subsection (b)(1), referred to local treatment agencies, organizations, institutions, or practitioners certified as qualified under section 1502(d);

"(d) provide that all individuals enrolled in the treatment program established by the State under this

title will be referred for care and treatment, pursuant to a rehabilitation plan prepared under subsection (b)(1), to a local treatment agency, organization, institution, or practitioner certified as qualified under section 1502(d);

"(e) provide that any individual referred to the appropriate agency for care and treatment under the State plan or any enrollee under the plan who shall refuse such care and treatment, without good cause, shall be ineligible to receive further care and treatment under this title; and

"(f) provide that in any case in which more or less than the correct amount of any payment for any month was paid to an enrollee (or to another individual on behalf of an enrollee) under the plan,

"(1) in the case of underpayments, proper adjustment shall be made in future payments with respect to such enrollee which are made within such maximum period of time as the State agency may prescribe, and

"(2) in the case of overpayments—

"(A) proper adjustment or recovery shall be made in future payments with respect to such enrollee or by recovery from such enrollee in accordance with procedures of the State for collection of overpayments, or

"(B) if such adjustment or recovery cannot be made, the State agency will so notify the Secretary so that he may make appropriate adjustments to or recovery from other amounts which may be owed to such enrollee by the United States pursuant to section 1511.

"STATUTORY RIGHTS OF APPLICANTS AND ENROLLEES

"SEC. 1504. A State plan for care and treatment of drug addicts and alcoholics must—

"(a) provide for granting an opportunity for an evidentiary hearing before the State agency or, if the State plan is administered in each of the political subdivisions of the State by a local agency, before such local agency, to any individual (1) whose application for enrollment for care and treatment under the plan is denied or is not acted upon with reasonable promptness, or (2) who has been found ineligible for further care and treatment pursuant to section 1503(e); and

"(b) provide safeguards which permit the use of disclosure of information concerning applicants or recipients only (1) to public officials who require such information in connection with their official duties, or (2) to other persons for purposes directly connected with the administration of the plan for care and treatment of drug addicts and alcoholics.

"SUBPART 2—PAYMENTS TO STATES

"PAYMENTS TO STATES

"SEC. 1505. (a) From the sums appropriated therefor, the Secretary shall pay to each State which has a plan for care and treatment of drug addicts and alcoholics approved under this title, for each quarter, beginning with the quarter commencing with the calendar year beginning January 1, 1973—

"(1)(A) an amount equal to the amount such State would have been entitled to receive as reimbursement for payments to individuals under this title if such individuals had been receiving aid or assistance under (i) the State plan for aid to families with dependent children approved under part A of title IV, if such individual had been eligible to receive such aid except for the provisions of section 411(f)(6), or (ii) prior to January 1, 1974, the State plan approved under title XIV or XVI; and

"(B) an amount equal to the amount such individual would have received as supplementary security income under title XVI, if such individual has been eligible to receive such income except for the provisions of section 1611(e)(3);

"(2) an amount equal to the Federal social service percentage (as defined in section 1101(a)(8) of so much of such expenditures as are for social services authorized to be made available under sections 407(b) and 1607(b);

"(3) an amount equal to the Federal medical assistance percentage (as defined in section 1905(b) of this Act) of the total amounts expended during such quarter as medical assistance (as defined in section 1905(a) of this Act) under the State plan for care and treatment (including expenditures for premiums under part B of title XVIII, for individuals who were, at the time of their enrollment, recipients of money payments under a State plan approved under another title of this Act, or payments for foster care in accordance with section 406, and other insurance premiums for medical or any other type of remedial care or the cost thereof) and as reasonable payment for professional activities, other than the direct provision of services, performed in the administration of this title by skilled professional medical personnel and staff directly supporting such personnel pursuant to section 1902(a) (26) and (31), regardless of whether such activities are performed by State agency personnel or by others under an arrangement with such agency; and

"(4) an amount equal to 50 per centum of the total amount expended during such quarter as are found necessary by the Secretary for the proper and efficient administration of the plan (except that the Secretary shall exercise no authority with respect to the selection, tenure

of office, and compensation of any individual employed in accordance with the methods of administration included in the State plan pursuant to section 1502(e)).

"(b)(1) Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a State will be entitled under subsection (a) for such quarter, such estimates to be based on (A) a report filed by the State containing its estimates of the total sum to be expended in such quarter in accordance with the other provisions of such subsection, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of individuals disabled (as that term is used in section 1503 (a)(2)) by reason of addictive dependence upon alcohol or drugs in the State, and (C) such other investigation as the Secretary may find necessary.

"(2) The Secretary shall then pay, in such installments as he may determine, to the State the amount so estimated, reduced or increased to the extent of any overpayment or underpayment which the Secretary determines was made under this section to such State for any prior quarter and

with respect to which adjustment has not already been made under this subsection.

"(3) The pro rata share to which the United States is equitably entitled, as determined by the Secretary, of the net amount recovered during any quarter by the State or any political subdivision thereof with respect to payments made under the State plan but excluding any amount recovered from the estate of a deceased recipient which is not in excess of the amount expended by the State or any political subdivision thereof for the funeral expenses of the deceased, shall be considered an overpayment to be adjusted under this subsection.

"(4) Upon the making of any estimate by the Secretary under this subsection, any appropriations available for payments under this section shall be deemed obligated.

"(c) The level of expenditures for the program established by the State under this title in any fiscal year beginning after the fiscal year ending June 30, 1973, shall be reduced by that percentage which is equal to the percentage reduction, if any, of total Federal, State, and local government expenditures in such State in the immediately preceding two fiscal years for all other programs of care and treatment for drug addicts and alcoholics (exclusive of the program established by the State under this title).

"SUBPART 3—FEDERAL RESPONSIBILITY

"OPERATION OF STATE PLANS

"SEC. 1507. (a) The Secretary shall approve any plan which meets the requirements of this title.

"(b) If the Secretary, after reasonable notice and opportunity for a hearing to the State agency administering or supervising administration of the State plan approved under this title, finds that in the administration of the plan there is a failure to comply substantially with any such provision required by this title to be included in the plan, the Secretary shall notify such State agency that further payments will not be made to the State (or, in his discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure), until the Secretary is satisfied that there will no longer be any such failure to comply. Until he is so satisfied he shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failures).

"RECOVERY OF OVERPAYMENTS TO DRUG ADDICTS AND ALCOHOLICS

"SEC. 1508. In any case in which a State agency has notified the Secretary that it cannot recover from an individual overpayments to drug addicts and alcoholics, and that payments (if any) made to such individual, subsequent to

the determination of the overpayment, are insufficient to permit adjustments to recoup such overpayment, the Secretary shall recover the amount of such overpayment from any amounts (other than lump-sum death benefits payable under section 202(i)) otherwise due such individual or becoming due such individual from any officer or agency of the United States or under any Federal program. An appropriate portion of amounts recovered under the preceding sentence shall be credited to the State which made such overpayment."

(b) The amendments made by this section shall become effective on January 1, 1973.

LIMITATION ON EXPENDITURES FOR TREATMENT OF DRUG ADDICTS AND ADCOHOLICS UNDER TITLES XIV AND XVI IN 1973

SEC. 299H. For the purposes of sections 1403 and 1603 of the Social Security Act, expenditures by any State (or its political subdivisions) as aid to the permanently and totally disabled and to the aged, blind, or disabled in the calendar year beginning January 1, 1973, shall be deemed to be reduced by—

(a) an amount equal to expenditures as such aid to individuals described in section 1503(a)(2) of such Act (as added by section 299G of this Act) who are under 65 and not blind for months in the calendar quarter beginning April 1, 1973, multiplied by the ratio of—

(1) the average number of such individuals receiving such aid for months in such quarter in excess of 50 per centum of the average total number of (A) such individuals receiving such aid for months in such quarter, plus (B) the average monthly number of such individuals receiving care and treatment under the plan of such State approved under such title XV in months in such quarter, to

(2) the average number of such individuals receiving such aid for months in such quarter; and

(b) an amount equal to expenditures with respect to such individuals for months in each of the calendar quarters beginning after June 30, 1973, and before January 1, 1974, multiplied by the ratio of—

(1) the average number of such individuals receiving such aid for months in such quarter in excess of 25 per centum of the average total number of (A) such individuals receiving such aid for months in such quarter, plus (B) the average monthly number of such individuals receiving care and treatment under the plan of such State approved under such title XV in months in such quarter, to

(2) the average number of such individuals receiving such aid for months in such quarter.

TITLE III—ASSISTANCE FOR THE AGED, BLIND, AND DISABLED

ESTABLISHMENT OF PROGRAM

SEC. 301. The Social Security Act is amended by adding at the end thereof the following new title:

"TITLE XX—ASSISTANCE FOR THE AGED, BLIND, AND DISABLED

"PURPOSE; APPROPRIATIONS

"SEC. 2001. For the purpose of establishing a national program to provide financial assistance to needy individuals who have attained age 65 or are blind or disabled, there are authorized to be appropriated sums sufficient to carry out this title.

"BASIC ELIGIBILITY FOR BENEFITS

"SEC. 2002. Every aged, blind, or disabled individual who is determined under part A to be eligible on the basis of his income and resources shall, in accordance with and subject to the provisions of this title, be paid benefits by the Secretary of Health, Education, and Welfare.

"PART A—DETERMINATION OF BENEFITS

"ELIGIBILITY FOR AND AMOUNT OF BENEFITS

"Definition of Eligible Individual

"SEC. 2011. (a)(1) Each aged, blind, or disabled individual who does not have an eligible spouse and—

"(A) whose income, other than income excluded

pursuant to section 2012(b), is at a rate of not more than—

"(i) $780 for the 6-month period ending December 31, 1972,

"(ii) $780 for the 6-month period ending June 30, and $840 for the 6-month period ending December 31, in the calendar year 1973,

"(iii) $840 for the 6-month period ending June 30, and $900 for the 6-month period ending December 31, in the calendar year 1974, or

"(iv) $1,800 for the calendar year 1975 or any calendar year thereafter, and

"(B) whose resources, other than resources excluded pursuant to section 2013(a), are not more than $1,500,

shall be an eligible individual for purposes of this title.

"(2) Each aged, blind, or disabled individual who has an eligible spouse and—

"(A) whose income (together with the income of such spouse), other than income excluded pursuant to section 2012(b), is at a rate of not more than—

"(i) $1,170 for the 6-month period ending December 31, 1972,

"(ii) $1,170 for the 6-month period ending

June 30, and $1,200 for the 6-month period ending December 31, in the calendar year 1973, or

"(iii) $2,400 for the calendar year 1974 or any calendar year thereafter, and

"(B) whose resources (together with the resources of such spouse), other than resources excluded pursuant to section 2013(a), are not more than $1,500,

shall be an eligible individual for purposes of this title.

"Amount of Benefits

"(b)(1) The benefit under this title for an individual who does not have an eligible spouse shall be payable at the rate of—

"(A) $780 for the 6-month period ending December 31, 1972,

"(B) $780 for the 6-month period ending June 30, and $840 for the 6-month period ending December 31, in the calendar year 1973,

"(C) $840 for the 6-month period ending June 30, and $900 for the 6-month period ending December 31, in the calendar year 1974, and

"(D) $1,800 for the calendar year 1975 or any calendar year thereafter,

reduced by the amount of income, not excluded pursuant to section 2012(b), of such individual.

"(2) The benefit under this title for an individual who has an eligible spouse shall be payable at the rate of—

"(A) $1,170 for the 6-month period ending December 31, 1972,

"(B) $1,170 for the 6-month period ending June 30, and $1,200 for the 6-month period ending December 31, in the calendar year 1973, and

"(C) $2,400 for the calendar year 1974 or any calendar year thereafter,

reduced by the amount of income, not excluded pursuant to section 2012(b), of such individual and spouse.

"Period for Determination of Benefits

"(c)(1) An individual's eligibility for benefits under this title and the amount of such benefits shall be determined for each quarter of a calendar year. Eligibility for and the amount of such benefits for any quarter shall be redetermined at such time or times as may be provided by the Secretary, such redetermination to be effective prospectively.

"(2) The Secretary shall by regulation prescribe the cases in which and extent to which the amount of a benefit under this title for any quarter shall be reduced by reason of time elapsed since the beginning of such quarter and before the date of filing of the application for the benefit.

"(3) For purposes of this subsection an application

shall be considered to have been filed on the first day of the month in which it was actually filed.

"Special Limits on Gross Income

"(d) The Secretary may prescribe the circumstances under which, consistently with the purposes of this title, the gross income from a trade or business (including farming) will be considered sufficiently large to make an individual ineligible for benefits under this title. For purposes of this subsection, the term 'gross income' has the same meaning as when used in chapter 1 of the Internal Revenue Code of 1954.

"Limitation on Eligibility of Certain Individuals

"(e)(1)(A) Except as provided in subparagraph (B), no person shall be an eligible individual or eligible spouse for purposes of this title with respect to any month if throughout such month he is an inmate of a public institution.

"(B) In any case where an eligible individual or his eligible spouse (if any) is, throughout any month, in a hospital, extended care facility, nursing home, or intermediate care facility receiving payments (with respect to such individual or spouse) under a State plan approved under title XIX, the benefit under this title for such individual for such month shall be payable—

"(i) at a rate not in excess of $300 per year (reduced by the amount of any income not excluded pur-

suant to section 2012(b)) in the case of an individual who does not have an eligible spouse;

"(ii) at a rate not in excess of the sum of the applicable rate specified in subsection (b)(1) and the rate of $300 per year (reduced by the amount of any income not excluded pursuant to section 2012(b)) in the case of an individual who has an eligible spouse, if only one of them is in such a hospital, home, or facility throughout such month; and

"(iii) at a rate not in excess of $600 per year (reduced by the amount of any income not excluded pursuant to section 2012(b)) in the case of an individual who has an eligible spouse, if both of them are in such a hospital, home, or facility throughout such month.

"(2) No person shall be an eligible individual or eligible spouse for purposes of this title if, after notice to such person by the Secretary that it is likely that such person is eligible for any payments of the type enumerated in section 2012(a)(2)(B), such person fails within 30 days to take all appropriate steps to apply for and (if eligible) obtain any such payments.

"(3)(A) No person who is an aged, blind, or disabled individual solely by reason of disability (as determined under section 2014(a)(3)) shall be an eligible individual or eli-

gible spouse for purposes of this title with respect to any month if such disability is determined by the Secretary to be the result in whole or in part of drug abuse or alcohol abuse unless such person is undergoing any treatment that may be appropriate for such abuse at an institution or facility approved for purposes of this paragraph by the Secretary (so long as such treatment is available) and demonstrates that he is complying with the terms, conditions, and requirements of such treatment and with requirements imposed by the Secretary under subparagraph (B).

"(B) The Secretary shall provide for the monitoring and testing of all individuals who are receiving benefits under this title and who as a condition of such benefits are required to be undergoing treatment and complying with the terms, conditions, and requirements thereof as described in subparagraph (A), in order to assure such compliance and to determine the extent to which the imposition of such requirement is contributing to the achievement of the purposes of this title. The Secretary shall annually submit to the Congress a full and complete report on his activities under this paragraph.

"(C) As used in subparagraph (A), the term 'drug abuse' means abuse of a controlled substance within the meaning of section 102 of the Controlled Substances Act; and the term 'alcohol abuse' means alcohol abuse or alcoholism within

the meaning of section 247 of the Community Mental Health Centers Act.

"Suspension of Payments to Individuals Who Are Outside the United States

"(f) Notwithstanding any other provision of this title, individual is outside the United States (and no person shall be considered the eligible spouse of an individual for purposes of this title with respect to any month during all of which such person is outside the United States). For purposes of the preceding sentence, after an individual has been outside the United States for any period of 30 consecutive days, he shall be treated as remaining outside the United States until he has been in the United States for a period of 30 consecutive days.

"Puerto Rico, the Virgin Islands, and Guam

"(g) For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 1108(c).

"INCOME—

"Meaning of Income

"SEC. 2012. (a) For purposes of this title, income means both earned income and unearned income; and—

"(1) earned income means only—

"(A) wages as determined under section 203(f)(5)(C); and

"(B) net earnings from self-employment, as defined in section 211 (without the application of the second and third sentences following clause (C) of subsection (a)(9), and the last paragraph of subsection (a)), including earnings for services described in paragraphs (4), (5), and (6) of subsection (c); and

"(2) unearned income means all other income, including—

"(A) support and maintenance furnished in cash or kind; except that in the case of any individual (and his eligible spouse, if any) living in another person's household and receiving support and maintenance in kind from such person, the dollar amounts otherwise applicable to such individual (and spouse) as specified in subsections (a) and (b) of section 2011 shall be reduced by 33⅓ percent in lieu of including such support and maintenance in the unearned income of such individual (and spouse) as otherwise required by this subparagraph;

"(B) any payments received as an annuity, pension, retirement, or disability benefit, including veterans' compensation and pensions, workmen's compensation payments, old-age, survivors, and disability insurance benefits, railroad retirement annui-

ties and pensions, and unemployment insurance benefits;

"(C) prizes and awards;

"(D) the proceeds of any life insurance policy to the extent that they exceed the amount expended by the beneficiary for purposes of the insured individual's last illness and burial or $1,500, whichever is less;

"(E) gifts (cash or otherwise), support and alimony payments, and inheritances; and

"(F) rents, dividends, interest, and royalties.

"Exclusions From Income

"(b) In determining the income of an individual (and his eligible spouse) there shall be excluded—

"(1) subject to limitations (as to amount or otherwise) prescribed by the Secretary, if such individual is a child who is, as determined by the Secretary, a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment, the earned income of such individual;

"(2) (A) the total unearned income of such individual (and such spouse, if any) in a calendar quarter which, as determined in accordance with criteria prescribed by the Secretary, is received too infrequently or irregularly

to be included, if such income so received does not exceed $60 in such quarter, and (B) the total earned income of such individual (and such spouse, if any) in a calendar quarter which, as determined in accordance with such criteria, is received too infrequently or irregularly to be included, if such income so received does not exceed $30 in such quarter;

"(3) (A) if such individual (or such spouse) is blind (and has not attained age 65, or received benefits under this title (or aid under a State plan approved under section 1002 or 1602) for the month before the month in which he attained age 65), (i) the first $1,020 per year (or proportionately smaller amounts for shorter periods) of earned income not excluded by the preceding paragraphs of this subsection, plus one-half of the remainder thereof, (ii) an amount equal to any expenses reasonably attributable to the earning of any income, and (iii) such additional amounts of other income, where such individual has a plan for achieving self-support approved by the Secretary, as may be necessary for the fulfillment of such plan,

"(B) if such individual (or such spouse) is disabled but not blind (and has not attained age 65, or received benefits under this title (or aid under a State plan approved under section 1402, or 1602) for the

month before the month in which he attained age 65), (i) the first $1,020 per year (or proportionately smaller amounts for shorter periods) of earned income not excluded by the preceding paragraphs of this subsection, plus one-half of the remainder thereof, and (ii) such additional amounts of other income, where such individual has a plan for achieving self-support approved by the Secretary, as may be necessary for the fulfillment of such plan, or

"(C) if such individual (or such spouse) has attained age 65 and is not included under subparagraph (A) or (B), the first $720 per year (or proportionately smaller amounts for shorter periods) of earned income not excluded by the preceding paragraphs of this subsection, plus one-third of the remainder thereof;

"(4) subject to section 2016, any assistance (except veterans' pensions) which is based on need and furnished by any State or political subdivision of a State or any Federal agency, or by any private agency or organization exempt from taxation under section 501 (a) of the Internal Revenue Code of 1954 as an organization described in section 500(c) (3) or (4) of such Code;

"(5) any portion of any grant, scholarship, or fellowship received for use in paying the cost of tuition

and fees at any educational (including technical or vocational education) institution;

"(6) home produce of such individual (or spouse) utilized by the household for its own consumption;

"(7) if such individual is a child, one-third of any payment for his support received from an absent parent; and

"(8) any amounts received for the foster care of a child who is not an eligible individual but who is living in the same home as such individual and was placed in such home by a public or nonprofit private child-placement or child-care agency.

"(c) For provisions relating to additional disregarding of income, see section 1007 of the Social Security Amendments of 1969 and section 2016(c)(1) of this Act.

"RESOURCES

"Exclusions from Resources

"SEC. 2013. (a) In determining the resources of an individual (and his eligible spouse, if any) there shall be excluded—

"(1) the home, to the extent that its value does not exceed such amount as the Secretary determines to be reasonable;

"(2) household goods and personal effects, to the

extent that their total value does not exceed such amount as the Secretary determines to be reasonable;

"(3) other property which, as determined in accordance with and subject to limitations prescribed by the Secretary, is so essential to the means of self-support of such individual (and such spouse) as to warrant its exclusion; and

"(4) such resources of an individual who is blind or disabled and who has a plan for achieving self-support approved by the Secretary, as may be necessary for the fulfillment of such plan.

In determining the resources of an individual (or eligible spouse) an insurance policy shall be taken into account only to the extent of its cash surrender value; except that if the total face value of all life insurance policies on any person is $1,500 or less, no part of the value of any such policy shall be taken into account.

"Disposition of Resources

"(b) The Secretary shall prescribe the period or periods of time within which, and the manner in which, various kinds of property must be disposed of in order not to be included in determining an individual's eligibility for benefits. Any portion of the individual's benefits paid for any such period shall be conditioned upon such disposal;

and any benefits so paid shall (at the time of the disposal) be considered overpayments to the extent they would not have been paid had the disposal occurred at the beginning of the period for which such benefits were paid.

"MEANING OF TERMS

"Aged, Blind, or Disabled Individual

"SEC. 2014. (a) (1) For purposes of this title, the term 'aged, blind, or disabled individual' means an individual who—

"(A) is 65 years of age or older, is blind (as determined under paragraph (2)), or is disabled (as determined under paragraph (3)), and

"(B) is a resident of the United States, and is either (i) a citizen or (ii) an alien lawfully admitted for permanent residence.

"(2) An individual shall be considered to be blind for purposes of this title if he has central visual acuity of 20/200 or less in the better eye with the use of a correcting lens. An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered for purposes of the first sentence of this subsection as having a central visual acuity of 20/200 or less. An individual shall also be considered to be blind for purposes of this title if he is blind as defined under a State plan approved

under title X or XVI as in effect prior to the enactment of this subsection and received aid under such plan (on the basis of blindness) for June 1972, so long as he is continuously blind as so defined.

"(3)(A) An individual shall be considered to be disabled for purposes of this title if he is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve months (or, in the case of a child under the age of 18 if he suffers from any medically determinable physical or mental impairment of comparable severity). An individual shall also be considered to be disabled for purposes of this title if he is permanently and totally disabled as defined under a State plan approved under title XIV or XVI as in effect prior to the enactment of this subsection and received aid under such plan (on the basis of disability) for June 1972, so long as he is continuously disabled as so defined.

"(B) For purposes of subparagraph (A) (except with respect to a child under the age of 18), an individual shall be determined to be under a disability only if his physical or mental impairment or impairments are of such severity that he is not only unable to do his previous work but cannot, considering his age, education, and work experience, engage

in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the immediate area in which he lives, or whether a specific job vacancy exists for him, or whether he would be hired if he applied for work. For purposes of the preceding sentence (with respect to any individual), 'work which exists in the national economy' means work which exists in significant numbers either in the region where such individual lives or in several regions of the country.

"(C) For purposes of this paragraph, a physical or mental impairment is an impairment that results from anatomical, physiological, or psychological abnormalities which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques.

"(D) The Secretary shall by regulations prescribe the criteria for determining when services performed or earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity. Notwithstanding the provisions of subparagraph (B), an individual whose services or earnings meet such criteria, except for purposes of paragraph (4), shall be found not to be disabled.

"(4)(A) For purposes of this title, any services rendered during a period of trial work (as defined in subparagraph (B)) by an individual who is an aged, blind, or disabled individual solely by reason of disability (as determined

under paragraph (3) of this subsection) shall be deemed not to have been rendered by such individual in determining whether his disability has ceased in a month during such period. As used in this paragraph, the term 'services' means activity which is performed for remuneration or gain or is determined by the Secretary to be of a type normally performed for remuneration or gain.

"(B) The term 'period of trial work', with respect to an individual who is an aged, blind, or disabled individual solely by reason of disability (as determined under paragraph (3) of this subsection), means a period of months beginning and ending as provided in subparagraphs (C) and (D).

"(C) A period of trial work for any individual shall begin with the month in which he becomes eligible for benefits under this title on the basis of his disability; but no such period may begin for an individual who is eligible for benefits under this title on the basis of a disability if he has had a previous period of trial work while eligible for benefits on the basis of the same disability.

"(D) A period of trial work for any individual shall end with the close of whichever of the following months is the earlier:

"(i) the ninth month, beginning on or after the first day of such period, in which the individual renders

services (whether or not such nine months are consecutive); or

"(ii) the month in which his disability (as determined under paragraph (3) of this subsection) ceases (as determined after the application of subparagraph (A) of this paragraph).

"Eligible Spouse

"(b) For purposes of this title, the term 'eligible spouse' means an aged, blind, or disabled individual who is the husband or wife of another aged, blind, or disabled individual. If two aged, blind, or disabled individuals are husband and wife as described in the preceding sentence, only one of them may be an 'eligible individual' within the meaning of section 2011(a).

"Definition of Child

"(c) For purposes of this title, the term 'child' means an individual who is neither married nor (as determined by the Secretary) the head of a household, and who is (1) under the age of eighteen, or (2) under the age of twenty-two and (as determined by the Secretary) a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment.

"Determination of Marital Relationships

"(d) In determining whether two individuals are hus-

band and wife for purposes of this title, appropriate State law shall be applied; except that—

"(1) if a man and woman have been determined to be husband and wife under section 216(h)(1) for purposes of title II they shall be considered (from and after the date of such determination or the date of their application for benefits under this title, whichever is later) to be husband and wife for purposes of this title, or

"(2) if a man and woman are found to be holding themselves out to the community in which they reside as husband and wife, they shall be so considered for purposes of this title notwithstanding any other provision of this section.

"United States

"(e) For purposes of this title, the term 'United States', when used in a geographical sense, means the States and the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.

"Income and Resources of Individuals Other Than Eligible Individuals and Eligible Spouses

"(f)(1) For purposes of determining eligibility for and the amount of benefits for any individual who is married and whose spouse is living with him in the same household but is not an eligible spouse, such individual's income and resources shall be deemed to include any income and re-

sources of such spouse, whether or not available to such individual, except to the extent determined by the Secretary to be inequitable under the circumstances.

"(2) For purposes of determining eligibility for and the amount of benefits for any individual who is a child under age 21, such individual's income and resources shall be deemed to include any income and resources of a parent of such individual (or the spouse of such a parent) who is living in the same household as such individual, whether or not available to such individual, except to the extent determined by the Secretary to be inequitable under the circumstances.

"REHABILITATION SERVICES FOR BLIND AND DISABLED INDIVIDUALS

"SEC. 2015. (a) In the case of any blind or disabled individual who—

"(1) has not attained age 65, and

"(2) is receiving benefits (or with respect to whom benefits are paid) under this title,

the Secretary shall make provision for referral of such individual to the appropriate State agency administering the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act, and (except in such cases as he may determine) for a review not less often than quarterly of such individual's blindness or disability and

his need for and utilization of the rehabilitation services made available to him under such plan.

"(b) Every individual with respect to whom the Secretary is required to make provision for referral under subsection (a) shall accept such rehabilitation services as are made available to him under the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act; and the Secretary is authorized to pay to the State agency administering or supervising the administration of such State plan the costs incurred in the provision of such services to individuals so referred.

"(c) No individual shall be an eligible individual or eligible spouse for purposes of this title if he refuses without good cause to accept vocational rehabilitation services for which he is referred under subsection (a).

"OPTIONAL STATE SUPPLEMENTATION

"SEC. 2016. (a) Any cash payments which are made by a State (or political subdivision thereof) on a regular basis to individuals who are receiving benefits under this title or who would but for their income be eligible to receive benefits under this title, as assistance based on need in supplementation of such benefits (as determined by the Secretary), shall be excluded under section 2012(b)(4) in determining the income of such individuals for purposes of this title only if

(1) the Secretary and such State enter into an agreement which satisfies subsection (b) and which may at the option of the State provide that the Secretary will, on behalf of such State (or subdivision), make such supplementary payments to all such individuals, and (2) such supplementary payments are made to such individuals in accordance with such agreement.

"(b) Any agreement between the Secretary and a State entered into under subsection (a) shall provide—

"(1) that in determining the eligibility of any individual for supplementary payments on the basis of his income, all the provisions of section 2012(b) will apply, except that with respect to any quarter—

"(A) if benefits are paid to such individual for such quarter under this title, such benefits will not be excluded from income in applying paragraph (4) of such section, and

"(B) if no benefits are paid to such individual for such quarter under this title, the requirement of this paragraph shall not apply with respect to such individual; except that the supplementary payment shall not be reduced, on account of income in excess of the maximum amount which such individual could have and still receive such a benefit, by an amount greater than such excess,

and, if the agreement provides that the Secretary will, on behalf of the State (or political subdivision), make the supplementary payments to individuals receiving benefits under this title, shall also provide—

"(2) that such payments will be made (subject to subsection (c) (2)) to all individuals residing in such State (or subdivision) who are receiving benefits under this title, and

"(3) such other rules with respect to eligibility for or amount of the supplementary payments, and such procedural or other general administrative provisions, as the Secretary finds necessary (subject to subsection (c)) to achieve efficient and effective administration of both the program which he conducts under this title and the optional State supplementation.

"(c) (1) Any State (or political subdivision), in determining the eligibility of any individual for supplementary payments described in subsection (a), may disregard up to $7.50 of any income in addition to other amounts which it is required or permitted to disregard under this section in determining such eligibility, and may include a provision to that effect in the State's agreement with the Secretary under subsection (a).

"(2) Any State (or political subdivision) making supplementary payments described in subsection (a) may at its

option impose as a condition of eligibility for such payments, and include in the State's agreement with the Secretary under such subsection, a residence requirement which excludes individuals who have resided in the State (or political subdivision) for less than a minimum period prior to application for such payments.

"(d) Any State which has entered into an agreement with the Secretary under this section which provides that the Secretary will, on behalf of the State (or political subdivision), make the supplementary payments to individuals who are receiving benefits under this title (or who would but for their income be eligible to receive such benefits), shall, subject to section 503 of the Social Security Amendments of 1971, at such times and in such installments as may be agreed upon between the Secretary and such State, pay to the Secretary an amount equal to the expenditures made by the Secretary as such supplementary payments.

"PART B—PROCEDURAL AND GENERAL PROVISIONS

"PAYMENTS AND PROCEDURES

"Payment of Benefits

"SEC. 2031. (a)(1) Benefits under this title shall be paid at such time or times and in such installments as will best effectuate the purposes of this title, as determined under regulations (and may in any case be paid less frequently

than monthly where the amount of the monthly benefit would not exceed $10).

"(2) Payments of the benefit of any individual may be made to any such individual or to his eligible spouse (if any) or partly to each, or, if the Secretary deems it appropriate, to any other person (including an appropriate public or private agency) who is interested in or concerned with the welfare of such individual (or spouse).

"(3) The Secretary may by regulation establish ranges of incomes within which a single amount of benefits under this title shall apply.

"(4) The Secretary—

"(A) may make, to any individual initially applying for benefits under this title who is presumptively eligible for such benefits and who is faced with financial emergency, a cash advance against such benefits in an amount not exceeding $100; and

"(B) may pay benefits under this title to an individual applying for such benefits on the basis of disability for a period not exceeding 3 months prior to the determination of such individual's disability, if such individual is presumptively disabled and is determined to be otherwise eligible for such benefits, and any benefits so paid prior to such determination shall in no event

be considered overpayments for purposes of subsection (b).

"(5) Payment of the benefit of any individual who is an aged, blind, or disabled individual solely by reason of blindness (as determined under section 2014(a)(2)) or disability (as determined under section 2014(a)(3)), and who ceases to be blind or to be under such disability, shall continue (so long as such individual is otherwise eligible) through the second month following the month in which such blindness or disability ceases.

"Overpayments and Underpayments

"(b) Whenever the Secretary finds that more or less than the correct amount of benefits has been paid with respect to any individual, proper adjustment or recovery shall, subject to the succeeding provisions of this subsection, be made by appropriate adjustments in future payments to such individual or by recovery from or payment to such individual or his eligible spouse (or by recovery from the estate of either). The Secretary shall make such provision as he finds appropriate in the case of payment of more than the correct amount of benefits with respect to an individual with a view to avoiding penalizing such individual or his eligible spouse who was without fault in connection with the overpayment, if adjustment or recovery on account of such overpayment in such case would defeat the purposes of this title,

or be against equity or good conscience, or (because of the small amount involved) impede efficient or effective administration of this title.

"Hearings and Review

"(c)(1) The Secretary shall provide reasonable notice and opportunity for a hearing to any individual who is or claims to be an eligible individual or eligible spouse and is in disagreement with any determination under this title with respect to eligibility of such individual for benefits, or the amount of such individual's benefits, if such individual requests a hearing on the matter in disagreement within thirty days after notice of such determination is received.

"(2) Determination on the basis of such hearing, except to the extent that the matter in disagreement involves the existence of a disability (within the meaning of section 2014 (a)(3)), shall be made within ninety days after the individual requests the hearing as provided in paragraph (1).

"(3) The final determination of the Secretary after a hearing under paragraph (1) shall be subject to judicial review as provided in section 205(g) to the same extent as the Secretary's final determinations under section 205; except that the determination of the Secretary after such hearing as to any fact shall be final and conclusive and not subject to review by any court.

"Procedures; Prohibition of Assignments; Representation of Claimants

"(d) (1) The provisions of section 207 and subsections (a), (d), (e), and (f) of section 205 shall apply with respect to this part to the same extent as they apply in the case of title II.

"(2) To the extent the Secretary finds it will promote the achievement of the objectives of this title, qualified persons may be appointed to serve as hearing examiners in hearings under subsection (c) without meeting the specific standards prescribed for hearing examiners by or under subchapter II of chapter 5 of title 5, United States Code.

"(3) The Secretary may prescribe rules and regulations governing the recognition of agents or other persons, other than attorneys, as hereinafter provided, representing claimants before the Secretary under this title, and may require of such agents or other persons, before being recognized as representatives of claimants, that they shall show that they are of good character and in good repute, possessed of the necessary qualifications to enable them to render such claimants valuable service, and otherwise competent to advise and assist such claimants in the presentation of their cases. An attorney in good standing who is admitted to practice before the highest court of the State, Territory, District, or insular possession of his residence or before the Supreme

Court of the United States or the inferior Federal courts, shall be entitled to represent claimants before the Secretary. The Secretary may, after due notice and opportunity for hearing, suspend or prohibit from further practice before him any such person, agent, or attorney who refuses to comply with the Secretary's rules and regulations or who violates any provision of this paragraph for which a penalty is prescribed. The Secretary may, by rule and regulation, prescribe the maximum fees which may be charged for services performed in connection with any claim before the Secretary under this title, and any agreement in violation of such rules and regulations shall be void. Any person who shall, with intent to defraud, in any manner willfully and knowingly deceive, mislead, or threaten any claimant or prospective claimant or beneficiary under this title by word, circular, letter, or advertisement, or who shall knowingly charge or collect directly or indirectly any fee in excess of the maximum fee, or make any agreement directly or indirectly to charge or collect any fee in excess of the maximum fee, prescribed by the Secretary, shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall for each offense be punished by a fine not exceeding $500 or by imprisonment not exceeding one year, or both.

"Applications and Furnishing of Information

"(c)(1) The Secretary shall prescribe such require-

ments with respect to the filing of applications, the suspension or termination of assistance, the furnishing of other data and material, and the reporting of events and changes in circumstances, as may be necessary for the effective and efficient administration of this title.

"(2) In case of the failure by any individual to submit a report of events and changes in circumstances relevant to eligibility for or amount of benefits under this title as required by the Secretary under paragraph (1), or delay by any individual in submitting a report as so required, the Secretary (in addition to taking any other action he may consider appropriate under paragraph (1)) shall reduce any benefits which may subsequently become payable to such individual under this title by—

"(A) $25 in the case of the first such failure or delay,

"(B) $50 in the case of the second such failure or delay, and

"(C) $100 in the case of the third or a subsequent such failure or delay,

except where the individual was without fault or good cause for such failure or delay existed.

"Furnishing of Information by Other Agencies

"(f) The head of any Federal agency shall provide such information as the Secretary needs for purposes of

determining eligibility for or amount of benefits, or verifying other information with respect thereto.

"PENALTIES FOR FRAUD

"SEC. 2032. Whoever—

"(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in any application for any benefit under this title,

"(2) at any time knowingly and willfully makes or causes to be made any false statement or representation of a material fact for use in determining rights to any such benefit,

"(3) having knowledge of the occurrence of any event affecting (A) his initial or continued right to any such benefit, or (B) the initial or continued right to any such benefit of any other individual in whose behalf he has applied for or is receiving such benefit, conceals or fails to disclose such event with an intent fraudulently to secure such benefit either in a greater amount or quantity than is due or when no such benefit is authorized, or

"(4) having made application to receive any such benefit for the use and benefit of another and having received it, knowingly and willfully converts such benefit or any part thereof to a use other than for the use and benefit of such other person,

shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

"ADMINISTRATION

"SEC. 2033. The Secretary may make such administrative and other arrangements (including arrangements for the determination of blindness and disability under section 2014 (a) (2) and (3) in the same manner and subject to the same conditions as provided with respect to disability determinations under section 221) as may be necessary or appropriate to carry out his functions under this title.

"EVALUATION AND RESEARCH; REPORTS

"SEC. 2034. (a) (1) The Secretary shall provide for the continuing evaluation of the program conducted under this title, including its effectiveness in achieving its goals and its impact on other related programs. The Secretary may conduct research regarding, and demonstrations of, ways to improve the effectiveness of the program conducted under this title, and in so doing may waive any requirement or limitation imposed by or pursuant to this title to the extent he deems appropriate. The Secretary may, for these purposes, contract for evaluations of and research regarding such program.

"(2) Of the sums authorized by section 2001 to be

appropriated for any fiscal year, not more than $5,000,000 shall be appropriated for purposes of paragraph (1).

"(b) The Secretary shall, in conducting the activities provided for in subsection (a)(1), utilize the data collection, processing, and retrieval system established for use in the operation and administration of the program under this title.

"(c) The Secretary shall make an annual report to the President and the Congress on the operation and administration of the program under this title, including an evaluation thereof in carrying out the purposes of this title and recommendations with respect thereto."

CONFORMING AMENDMENTS RELATING TO AID TO THE AGED, BLIND, OR DISABLED

SEC. 302. (a) The heading of title XVI of the Social Security Act is amended to read as follows:

"TITLE XVI GRANTS TO STATES FOR SERVICES TO THE AGED, BLIND, OR DISABLED".

(b)(1) The first sentence of section 1601 of such Act is amended to read as follows: "For the purpose of encouraging each State, as far as practicable under the conditions in such State, to furnish rehabilitation and other services to help needy individuals who are 65 years of age or over, are blind, or are disabled to attain or retain capability for self-

support or self care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title."

(2) The second sentence of section 1601 of such Act is amended by striking out "State plans" and all that follows and inserting in lieu thereof "State plans for services to the aged, blind, or disabled."

(c) The heading of section 1602 of such Act is amended to read as follows:

"STATE PLANS FOR SERVICES TO THE AGED, BLIND, OR DISABLED".

(d)(1) Section 1602(a) of such Act is amended—

(A) by striking out "for aid to the aged, blind, or disabled, or for aid to the aged, blind, or disabled and medical assistance for the aged" in the matter preceding paragraph (1) and inserting in lieu thereof "for services to the aged, blind, or disabled";

(B) by striking out "with respect to services" in paragraph (1) (as amended by section 522(c) of this Act);

(C) by striking out paragraph (4);

(D)(i) by striking out "recipients and other persons" in paragraph (5)(B) and inserting in lieu thereof "persons", and

(ii) by striking out "providing services to appli-

cants and recipients" in such paragraph and inserting in lieu thereof "providing services under the plan";

(E) by striking out "applicants and recipients" in paragraph (7) and inserting in lieu thereof "persons seeking or receiving services under the plan";

(F) by striking out paragraph (8);

(G) by striking out "aid or assistance to or on behalf of individuals" in paragraph (9) and inserting in lieu thereof "services to individuals";

(H)(i) by striking out "(if any)" in paragraph (10), and

(ii) by striking out "to applicants for or recipients of aid or assistance under the plan to help them attain self-support or self-care" in such paragraph and inserting in lieu thereof "under the plan";

(I) by striking out paragraph (11);

(J) by striking out "aid or assistance" in paragraph (13) and inserting in lieu thereof "services";

(K) by striking out paragraphs (14) and (15);

(L)(i) by striking out "aid or assistance to or on behalf of" in the matter preceding subparagraph (A) of paragraph (16) and inserting in lieu thereof "services to",

(ii) by adding "and" after the semicolon at the end of subparagraph (B) of such paragraph,

(iii) by striking out "recipent 65 years of age or older" in subparagraph (C) of such paragraph and inserting in lieu thereof "persons receiving services under the State plan who are 65 years of age or older and",

(iv) by striking out ", including appropriate medical treatment and other aid or assistance" in such subparagraph (C),

(v) by striking out "section 1603(a)(4)(A) (i) and (ii)" in such subparagraph (C) and inserting in lieu thereof "section 1603(a)(1)(A) (i) and (ii)",

(vi) by striking out "such recipient" each place it appears in such subparagraph (C) and inserting in lieu thereof "such persons receiving services",

(vii) by striking out "and" at the end of such subparagraph (C), and

(viii) by striking out subparagraph (D) of such paragraph;

(M)(i) by striking out "aid or assistance to or on behalf of" in paragraph (17) and inserting in lieu thereof "services to", and

(ii) by striking out the period at the end of such paragraph and inserting in lieu thereof "; and";

(N) by inserting after paragraph (17) the following new paragraph:

"(18) provide that, to the extent services under the plan are furnished by the staff of the State or local agency administering the plan in any political subdivision of the State, such staff will be located in organizational units (up to such organizational levels as the Secretary may prescribe) which are separate and distinct from the units within such agencies responsible for determining eligibility for any form of cash assistance paid on a regularly recurring basis or for performing any functions directly related thereto, subject to any exceptions which, in accordance with standards prescribed in regulations, the Secretary may permit when he deems it necessary in order to ensure the effective administration of the plan."; and

(C) by striking out "the State plan for aid to the aged, blind, or disabled (or for aid to the aged, blind, or disabled and medical assistance for the aged)" in the last sentence and inserting in lieu thereof "the State plan for services to the aged, blind, or disabled".

(2) Paragraphs (5), (6), (7), (9), (10), (12), (13), (16), (17), and (18) of section 1602(a) of such Act, as amended by paragraph (1) of this subsection, are redesignated as paragraphs (4) through (13), respectively.

(c) Section 1602(b) of such Act is amended—

(1) by striking out "aid or assistance" in the matter preceding paragraph (1) and inserting in lieu thereof "services";

(2) by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) any residence requirement which excludes any individual who resides in the State; or"; and

(3) by striking out the last sentence.

(f) Section 1602(c) of such Act is repealed.

(g) Section 1603(a) of such Act is amended—

(1) by striking out paragraphs (1), (2), and (3);

(2) by redesignating paragraph (4) as paragraph (1), and—

(A) by striking out "applicants for or recipients of aid or assistance" in clause (i) of subparagraph (A) of such paragraph and inserting in lieu thereof "individuals (including applicants for and recipients of assistance under title XX)",

(B) by striking out "applicants or recipients" in clause (ii) of subparagraph (A) of such paragraph and inserting in lieu thereof "individuals",

(C) by striking out "aid or assistance under the plan" in clause (iii) of subparagraph (A) of such paragraph and inserting in lieu thereof "assistance under title XX",

(D) by striking out "to applicants for or re-

cipients of aid or assistance under the plan" in subparagraph (B) of such paragraph and inserting in lieu thereof "to individuals under the plan", and

(E) by striking out "such aid or assistance" in subparagraph (B) of such paragraph and inserting in lieu thereof "assistance under title XX".

(3) by redesignating paragraph (5) as paragraph (2), and by striking out "paragraph (4)" in such paragraph and inserting in lieu thereof "paragraph (1)".

(h) Section 1603(b) of such Act is amended—

(1) by striking out paragraph (3); and

(2) by redesignating paragraph (4) as paragraph (3).

(i) Section 1603(c) of such Act is amended—

(1) by striking out "paragraph (4) of subsection (a)" each place it appears and inserting in lieu thereof "paragraph (1) of subsection (a)";

(2) by striking out "applicants for or recipients of aid to the aged, blind, or disabled" and inserting in lieu thereof "individuals"; and

(3) by striking out "paragraph (5) of such subsection" and inserting in lieu thereof "paragraph (2) of such subsection".

(j) Section 1604(1) of such Act is amended by striking out "has been so changed that it".

(k) Section 1605 of such Act is amended to read as follows:

"DEFINITION

"SEC. 1605. For purposes of this title, the term 'services to the aged, blind, or disabled' means services (including but not limited to the services referred to in section 1603 (a)(1) (A) and (B)) provided for or on behalf of needy individuals who are 65 years of age or older, are blind, or are disabled."

(l) References in any law, regulation, State plan, or other document to any provision of title XVI of the Social Security Act which is redesignated by this section shall to the extent appropriate (from and after the effective date of the amendments made by this section) be considered to be references to such provision as so redesignated.

REPEAL OF TITLES I, X, AND XIV OF THE SOCIAL SECURITY ACT

SEC. 303. Titles I, X, and XIV of the Social Security Act are repealed.

PROVISION FOR DISREGARDING OF CERTAIN INCOME IN DETERMINING NEED FOR AID TO THE AGED, BLIND, OR DISABLED FOR ASSISTANCE

SEC. 304. (a) Effective upon the enactment of this Act, section 1007 of the Social Security Amendments of 1969 is amended by striking out "and before January 1972" and inserting in lieu thereof "and before July 1972".

(b) Effective July 1, 1972, such section 1007 (as amended by subsection (a) of this section) is amended—

(1) by striking out "the requirements imposed by law as a condition of approval of a State plan to provide aid to individuals under title I, X, XIV, or XVI of the Social Security Act" and inserting in lieu thereof "the requirements which a State must meet in order to have supplementary payments made pursuant to an agreement under section 2016 of the Social Security Act excluded from income for purposes of title XX of such Act";

(2) by striking out "(and the plan shall be deemed to require)";

(3) by striking out "for aid for any month after March 1970 and before July 1972" and inserting in lieu thereof "for such a supplementary payment for any month";

(4) by striking out "the aid received by him" in paragraphs (1) and (2) and inserting in lieu thereof "the supplementary payment";

(5) by striking out "the State plan" in paragraph (1) and inserting in lieu thereof "the State plan approved under title I, X, XIV, or XVI of the Social Security Act".

(6) by adding at the end thereof (after and below paragraph (2)) the following new sentence:

"Notwithstanding the preceding provisions of this section, State supplementary payments under an agreement under section 2016 of the Social Security Act which do not otherwise meet the specific requirements of such provisions shall nevertheless be deemed to meet such requirements for any month if in computing the supplementary payment of any individual receiving monthly insurance benefits under title II of such Act, or an annuity or pension under the Railroad Retirement Act of 1937, not less than $1 of such benefit, annuity, or pension is disregarded or excluded from income in addition to any amount which would otherwise be so disregarded or excluded."

ADVANCES FROM OASI TRUST FUND FOR ADMINISTRATIVE EXPENSES

SEC. 305. (a) Section 201(g)(1)(A) of the Social Service Act is amended—

(1) by striking out "this title and title XVIII" wherever it appears and inserting in lieu thereof "this title, title XVIII, and title XX";

(2) by striking out "costs which should be borne by each of the Trust Funds" and inserting in lieu thereof "costs which should be borne by each of the Trust Funds and (with respect to title XX) by the general revenues of the United States"; and

(3) by striking out "in order to assure that each

of the Trust Funds bears" and inserting in lieu thereof "in order to assure that (after appropriations made pursuant to section 2001, and repayment to the Trust Funds from amounts so appropriated) each of the Trust Funds and the general revenues of the United States bears".

(b)(1) Sums appropriated pursuant to section 2001 of the Social Security Act shall be utilized from time to time, in amounts certified under the second sentence of section 201 (g)(1)(A) of such Act, to repay the Trust Funds for expenditures made from such Funds in any fiscal year under section 201(g)(1)(A) of such Act (as amended by subsection (a) of this section) on account of the costs of administration of title XX of such Act (as added by section 301 of this Act).

(2) If the Trust Funds have not theretofore been repaid for expenditures made in any fiscal year (as described in paragraph (1)) to the extent necessary on account of—

(A) expenditures made from such Funds prior to the end of such fiscal year to the extent that the amount of such expenditures exceeded the amount of the expenditures which would have been made from such Funds if subsection (a) had not been enacted,

(B) the additional administrative expenses, if any, resulting from the excess expenditures described in subparagraph (A), and

~~(C) any loss in interest to such Funds resulting from such excess expenditures and such administrative expenses,~~

~~in order to place each such Fund in the same position (at the end of such fiscal year) as it would have been in if such excess expenditures had not been made, the amendments made by subsection (a) shall cease to be effective at the close of the fiscal year following such fiscal year.~~

~~(3) As used in this subsection, the term "Trust Funds" has the meaning given it in section 201(g)(1)(A) of the Social Security Act.~~

TITLE III—SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED

ESTABLISHMENT OF PROGRAM

SEC. 301. Effective January 1, 1974, title XVI of the Social Security Act is amended to read as follows:

"TITLE XVI—SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED

"PURPOSE; APPROPRIATIONS

"SEC. 1601. For the purpose of establishing a national program to provide supplemental security income to individuals who have attained age 65 or are blind or disabled, there are authorized to be appropriated sums sufficient to carry out this title.

"BASIC ELIGIBILITY FOR BENEFITS

"SEC. 1602. Every aged, blind, or disabled individual who is determined under part A to be eligible on the basis of his income and resources shall, in accordance with and subject to the provisions of this title, be paid benefits by the Secretary of Health, Education, and Welfare.

"PART A—DETERMINATION OF BENEFITS

"ELIGIBILITY FOR AND AMOUNT OF BENEFITS

"Definition of Eligible Individual

"SEC. 1611. (a)(1) Each aged, blind, or disabled individual who does not have an eligible spouse and—

"(A) whose income, other than income excluded pursuant to section 1612(b), is at a rate of not more than $1,560 for the calendar year 1974 or any calendar year thereafter, and

"(B) whose resources, other than resources excluded pursuant to section 1613(a), are not more than $2,500,

shall be an eligible individual for purposes of this title.

"(2) Each aged, blind, or disabled individual who has an eligible spouse and—

"(A) whose income (together with the income of such spouse), other than income excluded pursuant to section 1612(b), is at a rate of not more than $2,340

for the calendar year 1974, or any calendar year thereafter, and

"(B) whose resources (together with the resources of such spouse), other than resources excluded pursuant to section 1613(a), are not more than $2,500,

shall be an eligible individual for purposes of this title.

"Amounts of Benefits

"(b)(1) The benefit under this title for an individual who does not have an eligible spouse shall be payable at the rate of $1,560 for the calendar year 1974 and any calendar year thereafter, reduced by the amount of income, not excluded pursuant to section 1612(b), of such individual.

"(2) The benefit under this title for an individual who has an eligible spouse shall be payable at the rate of $2,340 for the calendar year 1974 and any calendar year thereafter, reduced by the amount of income, not excluded pursuant to section 1612(b), of such individual and spouse.

"Period for Determination of Benefits

"(c)(1) An individual's eligibility for benefits under this title and the amount of such benefits shall be determined for each quarter of a calendar year except that, if the initial application for benefits is filed in the second or third month of a calendar quarter, such determinations shall be made for each month in such quarter. Eligibility for and the amount

of such benefits for any quarter shall be redetermined at such time or times as may be provided by the Secretary.

"(2) For purposes of this subsection an application shall be considered to be effective as of the first day of the month in which it was actually filed.

"Special Limits on Gross Income

"(d) The Secretary may prescribe the circumstances under which, consistently with the purposes of this title, the gross income from a trade or business (including farming) will be considered sufficiently large to make an individual ineligible for benefits under this title. For purposes of this subsection, the term 'gross income' has the same meaning as when used in chapter 1 of the Internal Revenue Code of 1954.

"Limitation on Eligibility of Certain Individuals

"(e)(1)(A) Except as provided in subparagraph (B), no person shall be an eligible individual or eligible spouse for purposes of this title with respect to any month if throughout such month he is an inmate of a public institution.

"(B) In any case where an eligible individual or his eligible spouse (if any) is, throughout any month, in a hospital, extended care facility, nursing home, or intermediate care facility receiving payments (with respect to such individual or spouse) under a State plan approved under title

XIX, the benefit under this title for such individual for such month shall be payable—

"(i) at a rate not in excess of $300 per year (reduced by the amount of any income not excluded pursuant to section 1612(b)) in the case of an individual who does not have an eligible spouse;

"(ii) at a rate not in excess of the sum of the applicable rate specified in subsection (b)(1) and the rate of $300 per year (reduced by the amount of any income not excluded pursuant to section 1612(b)) in the case of an individual who has an eligible spouse, if only one of them is in such a hospital, home, or facility throughout such month; and

"(iii) at a rate not in excess of $600 per year (reduced by the amount of any income not excluded pursuant to section 1612(b)) in the case of an individual who has an eligible spouse, if both of them are in such a hospital, home, or facility throughout such month.

"(2) No person shall be an eligible individual or eligible spouse for purposes of this title if, after notice to such person by the Secretary that it is likely that such person is eligible for any payments of the type enumerated in section 1612(a)(2)(B), such person fails within 30 days to take all appropriate steps to apply for and (if eligible) obtain any such payments.

"(3)(A) No person who is under the age of 65, is not blind, and is medically determined to be a drug addict or an alcoholic shall be an eligible individual or eligible spouse for purposes of this title.

"(B) The Secretary shall refer to the State or appropriate local agency administering the plan of such State approved under this XV any individual described in subparagraph (A) who—

"(i) is applying for or receiving benefits under this title, and

"(ii) would be eligible for such benefits but for the provisions of such subparagraph (A).

"(4) No person shall be an eligible individual or an eligible spouse for purposes of this title if, within one year immediately preceding his application for benefits under this title, he disposed of property (of any type) to a relative for less than fair market value, if the retention by him of such property would have caused him to be found ineligible for benefits under this title.

"Suspension of Payments to Individuals Who Are Outside the United States

"(f) Notwithstanding any other provision of this title, no individual shall be considered an eligible individual for purposes of this title for any month during all of which such individual is outside the United States (and no person shall

be considered the eligible spouse of an individual for purposes of this title with respect to any month during all of which such person is outside the United States). For purposes of the preceding sentence, after an individual has been outside the United States for any period of 30 consecutive days, he shall be treated as remaining outside the United States until he has been in the United States for a period of 30 consecutive days.

"INCOME

"Meaning of Income

"SEC. 1612. (a) For purposes of this title, income means both earned income and unearned income; and—

"(1) earned income means only—

"(A) wages as determined under section 203 (f)(5)(C); and

"(B) net earnings from self-employment, as defined in section 211 (without the application of the second and third sentences following subsection (a)(10), and the last paragraph of subsection (a)), including earnings for services described in paragraphs (4), (5), and (6) of subsection (c); and

"(2) unearned income means all other income, including—

"(A) support and maintenance furnished in

cash or kind; except that in the case of any individual (and his eligible spouse, if any) living in another person's household and receiving support and maintenance in kind from such person, the dollar amounts otherwise applicable to such individual (and spouse) as specified in subsections (a) and (b) of section 1611 shall be reduced by 33⅓ percent in lieu of including such support and maintenance in the unearned income of such individual (and spouse) as otherwise required by this subparagraph;

"(B) any payments received as an annuity, pension, retirement, or disability benefit, including veterans' compensation and pensions, workmen's compensation payments, old-age, survivors, and disability insurance benefits, railroad retirement annuities and pensions, and unemployment insurance benefits;

"(C) prizes and awards;

"(D) the proceeds of any life insurance policy to the extent that they exceed the amount expended by the beneficiary for purposes of the insured individual's last illness and burial or $1,500, whichever is less;

"(E) gifts (cash or otherwise), support and alimony payments, and inheritances; and

"(F) rents, dividends, interest, and royalties.

"Exclusions From Income

"(b) In determining the income of an individual (and his eligible spouse) there shall be excluded—

"(1) subject to limitations (as to amount or otherwise) prescribed by the Secretary, if such individual is a child who is, as determined by the Secretary, a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment, the earned income of such individual;

"(2) the first $600 per year (or proportionately smaller amounts for shorter periods) of income (whether earned or unearned) other than income which is paid on the basis of the need of the eligible individual;

"(3)(A) the total unearned income of such individual (and such spouse, if any) in a calendar quarter which, as determined in accordance with criteria prescribed by the Secretary, is received too infrequently or irregularly to be included, if such income so received does not exceed $60 in such quarter, and (B) the total earned income of such individual (and such spouse, if any) in a calendar quarter which, as determined in accordance with such criteria, is received too infrequently or irregularly

to be included, if such income so received does not exceed $30 in such quarter;

"(4)(A) if such individual (or such spouse) is blind (and has not attained age 65, or received benefits under this title (or aid under a State plan approved under section 1002 or 1602) for the month before the month in which he attained age 65), (i) the first $1,020 per year (or proportionately smaller amounts for shorter periods) of earned income not excluded by the preceding paragraphs of this subsection, plus one-half of the remainder thereof, (ii) an amount equal to any expenses reasonably attributable to the earning of any income, and (iii) such additional amounts of other income, where such individual has a plan for achieving self-support approved by the Secretary, as may be necessary for the fulfillment of such plan,

"(B) if such individual (or such spouse) is disabled but not blind (and has not attained age 65, or received benefits under this title (or aid under a State plan approved under section 1402 or 1602) for the month before the month in which he attained age 65), (i) the first $1,020 per year (or proportionately smaller amounts for shorter periods) of earned income not excluded by the preceding paragraphs of this subsection,

plus one-half of the remainder thereof, and (ii) such additional amounts of other income, where such individual has a plan for achieving self-support approved by the Secretary, as may be necessary for the fulfillment of such plan, or

"(C) if such individual (or such spouse) has attained age 65 and is not included under subparagraph (A) or (B), the first $1,020 per year (or proportionately smaller amounts for shorter periods) of earned income not excluded by the preceding paragraphs of this subsection, plus one-half of the remainder thereof;

"(5) any amount received from any public agency as a return or refund of taxes paid on real property or on food purchased by such individual (or such spouse);

"(6) assistance described in section 1616(a) which is based on need and furnished by any State or political subdivision of a State;

"(7) any portion of any grant, scholarship, or fellowship received for use in paying the cost of tuition and fees at any educational (including technical or vocational education) institution;

"(8) home produce of such individual (or spouse) utilized by the household for its own consumption;

"(9) if such individual is a child one-third of any

payment for his support received from an absent parent; and

"(10) any amounts received for the foster care of a child who is not an eligible individual but who is living in the same home as such individual and was placed in such home by a public or nonprofit private child-placement or child-care agency.

"RESOURCES

"Exclusions From Resources

"SEC. 1613. (a) In determining the resources of an individual (and his eligible spouse, if any) there shall be excluded—

"(1) the home (including the land that appertains thereto), to the extent that its value does not exceed such amount as the Secretary determines to be reasonable;

"(2) household goods, personal effects, and an automobile, to the extent that their total value does not exceed such amount as the Secretary determines to be reasonable;

"(3) other property which, as determined in accordance with and subject to limitations prescribed by the Secretary, is so essential to the means of self-support of such individual (and such spouse) as to warrant its exclusion; and

"(4) such resources of an individual who is blind or disabled and who has a plan for achieving self-support approved by the Secretary, as may be necessary for the fulfillment of such plan.

In determining the resources of an individual (or eligible spouse) an insurance policy shall be taken into account only to the extent of its cash surrender value; except that if the total face value of all life insurance policies on any person is $1,500 or less, no part of the value of any such policy shall be taken into account.

"Disposition of Resources

"(b) The Secretary shall prescribe the period or periods of time within which, and the manner in which, various kinds of property must be disposed of in order not to be included in determining an individual's eligibility for benefits. Any portion of the individual's benefits paid for any such period shall be conditioned upon such disposal; and any benefits so paid shall (at the time of the disposal) be considered overpayments to the extent they would not have been paid had the disposal occurred at the beginning of the period for which such benefits were paid.

"MEANING OF TERMS

"Aged, Blind, or Disabled Individual

"SEC. 1614. (a)(1) For purposes of this title, the term 'aged, blind, or disabled individual' means an individual who—

"(A) is 65 years of age or older, is blind (as determined under paragraph (2)), or is disabled (as determined under paragraph (3)), and

"(B) is a resident of the United States, and is either (i) a citizen or (ii) an alien lawfully admitted for permanent residence.

"(2) An individual shall be considered to be blind for purposes of this title if he has central visual acuity of 20/200 or less in the better eye with the use of a correcting lens. An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered for purposes of the first sentence of this subsection as having a central visual acuity of 20/200 or less. An individual shall also be considered to be blind for purposes of this title if he is blind as defined under a State plan approved under title X or XVI as in effect for October 1972 and received aid under such plan (on the basis of blindness) for December 1973, so long as he is continuously blind as so defined.

"(3)(A) An individual shall be considered to be disabled for purposes of this title if he is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be

expected to last for a continuous period of not less than twelve months. An individual shall also be considered to be disabled for purposes of this title if he is permanently and totally disabled as defined under a State plan approved under title XIV or XVI as in effect for October 1972 and received aid under such plan (on the basis of disability) for December 1973, so long as he is continuously disabled as so defined.

"(B) For purposes of subparagraph (A), an individual shall be determined to be under a disability only if his physical or mental impairment or impairments are of such severity that he is not only unable to do his previous work but cannot, considering his age, education, and work experience, engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the immediate area in which he lives, or whether a specific job vacancy exists for him, or whether he would be hired if he applied for work. For purposes of the preceding sentence (with respect to any individual), 'work which exists in the national economy' means work which exists in significant numbers either in the region where such individual lives or in several regions of the country.

"(C) For purposes of this paragraph, a physical or mental impairment is an impairment that results from anatomical, physiological, or psychological abnormalities which

are demonstrable by medically acceptable clinical and laboratory diagnostic techniques.

"(D) The Secretary shall by regulations prescribe the criteria for determining when services performed or earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity. Notwithstanding the provisions of subparagraph (B), an individual whose services or earnings meet such criteria, except for purposes of paragraph (4), shall be found not to be disabled.

"(4)(A) For purposes of this title, any services rendered during a period of trial work (as defined in subparagraph (B)) by an individual who is an aged, blind, or disabled individual solely by reason of disability (as determined under paragraph (3) of this subsection) shall be deemed not to have been rendered by such individual in determining whether his disability has ceased in a month during such period. As used in this paragraph, the term 'services' means activity which is performed for remuneration or gain or is determined by the Secretary to be of a type normally performed for remuneration or gain.

"(B) The term 'period of trial work', with respect to an individual who is an aged, blind, or disabled individual solely by reason of disability (as determined under paragraph (3) of this subsection), means a period of months

beginning and ending as provided in subparagraphs (C) and (D).

"(C) A period of trial work for any individual shall begin with the month in which he becomes eligible for benefits under this title on the basis of his disability; but no such period may begin for an individual who is eligible for benefits under this title on the basis of a disability if he has had a previous period of trial work while eligible for benefits on the basis of the same disability.

"(D) A period of trial work for any individual shall end with the close of whichever of the following months is the earlier:

"(i) the ninth month, beginning on or after the first day of such period, in which the individual renders services (whether or not such nine months are consecutive); or

"(ii) the month in which his disability (as determined under paragraph (3) of this subsection) ceases (as determined after the application of subparagraph (A) of this paragraph).

"Eligible Spouse

"(b) For purposes of this title, the term 'eligible spouse' means an aged, blind, or disabled individual who is the husband or wife of another aged, blind, or disabled individual and who has not been living apart from such other aged,

blind, or disabled individual for more than six months. If two aged, blind, or disabled individuals are husband and wife as described in the preceding sentence, only one of them may be an 'eligible individual' within the meaning of section 1611(a).

"Definition of Child

"(c) For purposes of this title, the term 'child' means an individual who is neither married nor (as determined by the Secretary) the head of a household, and who is (1) under the age of eighteen, or (2) under the age of twenty-one and (as determined by the Secretary) a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment.

"Determination of Marital Relationships

"(d) In determining whether two individuals are husband and wife for purposes of this title, appropriate State law shall be applied; except that—

"(1) if a man and woman have been determined to be husband and wife under section 216(h)(1) for purposes of title II they shall be considered (from and after the date of such determination or the date of their application for benefits under this title, whichever is later) to be husband and wife for purposes of this title, or

"(2) if a man and woman are found to be holding

themselves out to the community in which they reside as husband and wife, they shall be so considered for purposes of this title notwithstanding any other provision of this section.

"United States

"(e) For purposes of this title, the term 'United States', when used in a geographical sense, means the 50 States and the District of Columbia.

"Income and Resources of Individuals Other Than Eligible Individuals and Eligible Spouses

"(f)(1) For purposes of determining eligibility for and the amount of benefits for any individual who is married and whose spouse is living with him in the same household but is not an eligible spouse, such individual's income and resources shall be deemed to include any income and resources of such spouse, whether or not available to such individual, except to the extent determined by the Secretary to be inequitable under the circumstances.

"(2) For purposes of determining eligibility for and the amount of benefits for any individual who is a child under age 21, such individual's income and resources shall be deemed to include any income and resources of a parent of such individual (or the spouse of such a parent) who is living in the same household as such individual, whether or not

available to such individual, except to the extent determined by the Secretary to be inequitable under the circumstances.

"REHABILITATION SERVICES FOR BLIND AND DISABLED INDIVIDUALS

"SEC. 1615. (a) In the case of any blind or disabled individual who—

"(1) has not attained age 65, and

"(2) is receiving benefits (or with respect to whom benefits are paid) under this title,

the Secretary shall make provision for referral of such individual to the appropriate State agency administering the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act, and (except in such cases as he may determine) for a review not less often than quarterly of such individual's blindness or disability and his need for and utilization of the rehabilitation services made available to him under such plan.

"(b) Every individual with respect to whom the Secretary is required to make provision for referral under subsection (a) shall accept such rehabilitation services as are made available to him under the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act; and the Secretary is authorized to pay to the State agency administering or supervising the administration of

such State plan the costs incurred in the provision of such services to individuals so referred.

"(c) No individual shall be an eligible individual or eligible spouse for purposes of this title if he refuses without good cause to accept vocational rehabilitation services for which he is referred under subsection (a).

"OPTIONAL STATE SUPPLEMENTATION

"SEC. 1616. (a) Any cash payments which are made by a State (or political subdivision thereof) on a regular basis to individuals who are receiving benefits under this title or who would but for their income be eligible to receive benefits under this title, as assistance based on need in supplementation of such benefits (as determined by the Secretary), shall be excluded under section 1612(b)(6) in determining the income of such individuals for purposes of this title and the Secretary and such State may enter into an agreement which satisfies subsection (b) under which the Secretary will, on behalf of such State (or subdivision), make such supplementary payments to all such individuals,

"(b) Any agreement between the Secretary and a State entered into under subsection (a) shall provide—

"(1) that such payments will be made (subject to subsection (c)) to all individuals residing in such State (or subdivision) who are receiving benefits under this title, and

"(2) such other rules with respect to eligibility for or amount of the supplementary payments, and such procedural or other general administrative provisions, as the Secretary finds necessary (subject to subsection (c)) to achieve efficient and effective administration of both the program which he conducts under this title and the optional State supplementation.

"(c) Any State (or political subdivision) making supplementary payments described in subsection (a) may at its option impose as a condition of eligibility for such payments, and include in the State's agreement with the Secretary under such subsection, a residence requirement which excludes individuals who have resided in the State (or political subdivision) for less than a minimum period prior to application for such payments.

"(d) Any State which has entered into an agreement with the Secretary under this section which provides that the Secretary will, on behalf of the State (or political subdivision), make the supplementary payments to individuals who are receiving benefits under this title (or who would but for their income be eligible to receive such benefits), shall, at such times and in such installments as may be agreed upon between the Secretary and such State, pay to the Secretary an amount equal to the expenditures made by the Secretary as such supplementary payments.

"PART B—PROCEDURAL AND GENERAL PROVISIONS

"PAYMENTS AND PROCEDURES

"Payment of Benefits

"SEC. 1631. (a)(1) Benefits under this title shall be paid at such time or times and in such installments as will best effectuate the purposes of this title, as determined under regulations (and may in any case be paid less frequently than monthly where the amount of the monthly benefit would not exceed $10).

"(2) Payments of the benefit of any individual may be made to any such individual or to his eligible spouse (if any) or partly to each, or, if the Secretary deems it appropriate to any other person (including an appropriate public or private agency) who is interested in or concerned with the welfare of such individual (or spouse).

"(3) The Secretary may by regulation establish ranges of incomes within which a single amount of benefits under this title shall apply.

"(4) The Secretary—

"(A) may make to any individual initially applying for benefits under this title who is presumptively eligible for such benefits and who is faced with financial emergency a cash advance against such benefits in an amount not exceeding $100; and

"(B) may pay benefits under this title to an in-

dividual applying for such benefits on the basis of disability for a period not exceeding 3 months prior to the determination of such individual's disability, if such individual is presumptively disabled and is determined to be otherwise eligible for such benefits, and any benefits so paid prior to such determination shall in no event be considered overpayments for purposes of subsection (b).

"(5) Payment of the benefit of any individual who is an aged, blind, or disabled individual solely by reason of blindness (as determined under section 1614(a)(2)) or disability (as determined under section 1614(a)(3)), and who ceases to be blind or to be under such disability, shall continue (so long as such individual is otherwise eligible) through the second month following the month in which such blindness or disability ceases.

"Overpayments and Underpayments

"(b) Whenever the Secretary finds that more or less than the correct amount of benefits has been paid with respect to any individual, proper adjustment or recovery shall, subject to the succeeding provisions of this subsection, be made by appropriate adjustments in future payments to such individual or by recovery from or payment to such individual or his eligible spouse (or by recovery from the estate of either). The Secretary shall make such provision as he finds appropriate

in the case of payment of more than the correct amount of benefits with respect to an individual with a view to avoiding penalizing such individual or his eligible spouse who was without fault in connection with the overpayment, if adjustment or recovery on account of such overpayment in such case would defeat the purposes of this title, or be against equity or good conscience, or (because of the small amount involved) impede efficient or effective administration of this title.

"Hearings and Review

"(c)(1) The Secretary shall provide reasonable notice and opportunity for a hearing to any individual who is or claims to be an eligible individual or eligible spouse and is in disagreement with any determination under this title with respect to eligibility of such individual for benefits, or the amount of such individual's benefits, if such individual requests a hearing on the matter in disagreement within thirty days after notice of such determination is received.

"(2) Determination on the basis of such hearing, except to the extent that the matter in disagreement involves the existence of a disability (within the meaning of section 1614 (a)(3)), shall be made within ninety days after the individual requests the hearing as provided in paragraph (1).

"(3) The final determination of the Secretary after a hearing under paragraph (1) shall be subject to judicial review as provided in section 205(g) to the same extent

as the Secretary's final determinations under section 205; except that the determination of the Secretary after such hearing as to any fact shall be final and conclusive and not subject to review by any court.

"Procedures; Prohibitions of Assignments; Representation of Claimants

"(d)(1) The provisions of section 207 and subsections (a), (d), (e), and (f) of section 205 shall apply with respect to this part to the same extent as they apply in the case of title II.

"(2) To the extent the Secretary finds it will promote the achievement of the objectives of this title, qualified persons may be appointed to serve as hearing examiners in hearings under subsection (c) without meeting the specific standards prescribed for hearing examiners by or under subchapter II of chapter 5 of title 5, United States Code.

"(3) The Secretary may prescribe rules and regulations governing the recognition of agents or other persons, other than attorneys, as hereinafter provided, representing claimants before the Secretary under this title, and may require of such agents or other persons, before being recognized as representatives of claimants, that they shall show that they are of good character and in good repute, possessed of the necessary qualifications to enable them to render such claim-

ants valuable service, and otherwise competent to advise and assist such claimants in the presentation of their cases. An attorney in good standing who is admitted to practice before the highest court of the State, Territory, District, or insular possession of his residence or before the Supreme Court of the United States or the inferior Federal courts, shall be entitled to represent claimants before the Secretary. The Secretary may, after due notice and opportunity for hearing, suspend or prohibit from further practice before him any such person, agent, or attorney who refuses to comply with the Secretary's rules and regulations or who violates any provision of this paragraph for which a penalty is prescribed. The Secretary may, by rule and regulation, prescribe the maximum fees which may be charged for services performed in connection with any claim before the Secretary under this title, and any agreement in violation of such rules and regulations shall be void. Any person who shall, with intent to defraud, in any manner willfully and knowingly deceive, mislead, or threaten any claimant or prospective claimant or beneficiary under this title by word, circular, letter, or advertisement, or who shall knowingly charge or collect directly or indirectly any fee in excess of the maximum fee, or make any agreement directly or indirectly to charge or collect any fee in excess of the maximum fee, prescribed by the Secretary, shall be deemed guilty of a misdemeanor and,

upon conviction thereof, shall for each offense be punished by a fine not exceeding $500 or by imprisonment not exceeding one year, or both.

"Applications and Furnishing of Information

"(e) (1) (A) The Secretary shall, subject to subparagraph (B), prescribe such requirements with respect to the filing of applications, the suspension or termination of assistance, the furnishing of other data and material, and the reporting of events and changes in circumstances, as may be necessary for the effective and efficient administration of this title.

"(B) The requirements prescribed by the Secretary pursuant to subparagraph (A) shall require that eligibility for benefits under this title will not be determined solely on the basis of declarations by the applicant concerning eligibility factors or other relevant facts, and that relevant information will be verified to the maximum extent feasible from independent or collateral sources and additional information obtained as necessary in order to assure that such benefits are only provided to eligible individuals (or eligible spouses) and that the amounts of such benefits are correct.

"(2) In case of the failure by any individual to submit a report of events and changes in circumstances relevant to eligibility for or amount of benefits under this title as required by the Secretary under paragraph (1), or delay by any

individual in submitting a report as so required, the Secretary (in addition to taking any other action he may consider appropriate under paragraph (1)) shall reduce any benefits which may subsequently become payable to such individual under this title by—

"(A) $25 in the case of the first such failure or delay,

"(B) $50 in the case of the second such failure or delay, and

"(C) $100 in the case of the third or a subsequent such failure or delay,

except where the individual was without fault or good cause for such failure or delay existed.

"Furnishing of Information by Other Agencies

"(f) The head of any Federal agency shall provide such information as the Secretary needs for purposes of determining eligibility for or amount of benefits, or verifying other information with respect thereto.

"PENALTIES FOR FRAUD

"SEC. 1632. *Whoever—*

"(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in any application for any benefit under this title,

"(2) at any time knowingly and willfully makes or causes to be made any false statement or representation

of a material fact for use in determining rights to any such benefit,

"(3) having knowledge of the occurrence of any event affecting (A) his initial or continued right to any such benefit, or (B) the initial or continued right to any such benefit of any other individual in whose behalf he has applied for or is receiving such benefit, conceals or fails to disclose such event with an intent fraudulently to secure such benefit either in a greater amount or quantity than is due or when no such benefit is authorized, or

"(4) having made application to receive any such benefit for the use and benefit of another and having received it, knowingly and willfully converts such benefit or any part thereof to a use other than for the use and benefit of such other person,

shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

"ADMINISTRATION

"SEC. 1633. The Secretary may make such administrative and other arrangements (including arrangements for the determination of blindness and disability under section 1614 (a) (2) and (3) in the same manner and subject to the

same conditions as provided with respect to disability determinations under section 221) as may be necessary or appropriate to carry out his functions under this title.

"*DETERMINATIONS OF MEDICAID ELIGIBILITY*

"*SEC. 1634. The Secretary may enter into an agreement with any State which wishes to do so under which he will determine eligibility for medical assistance in the case of aged, blind, or disabled individuals under such State's plan approved under title XIX. Any such agreement shall provide for payments by the State, for use by the Secretary in carrying out the agreement, of an amount equal to one-half of the cost of carrying out the agreement, but in computing such cost with respect to individuals eligible for benefits under this title, the Secretary shall include only those costs which are additional to the costs incurred in carrying out this title.*"

SEC. 302. The Social Security Act is amended, effective January 1, 1974, by adding after title V the following new title:

"*TITLE VI—GRANTS TO STATES FOR SERVICES TO THE AGED, BLIND, OR DISABLED*

"*APPROPRIATION*

"*SEC. 601. For the purpose of encouraging each State, as far as practicable under the conditions in such State, to furnish rehabilitation and other services to help needy indi-*

viduals who are 65 years of age or over, are blind, or are disabled to attain or retain capability for self-support or self-care, there is hereby authorized to be appropriated for each fiscal year, subject to section 1130, a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary of Health, Education, and Welfare, State plans for services to the aged, blind, or disabled.

"STATE PLANS FOR SERVICES TO THE AGED, BLIND, OR DISABLED

"SEC. 602. (a) A State plan for services to the aged, blind, or disabled, must—

"(1) except to the extent permitted by the Secretary, provide that it shall be in effect in all political subdivisions of the State, and if administered by them, be mandatory upon them;

"(2) provide for financial participation by the State;

"(3) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan;

"(4) provide (A) such methods of administration (including methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary shall exercise no authority with

respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Secretary to be necessary for the proper and efficient operation of the plan, and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services under the plan and in assisting any advisory committees established by the State agency;

"(5) provide that the State agency will make such reports, in such form and containing such information, as the Secretary may from time to time require, and comply with such provisions as the Secretary may from time to time find necessary to assure the correctness and verification of such reports;

"(6) provide safeguards which permit the use or disclosure of information concerning applicants or recipients only (A) to public officials who require such information in connection with their official duties, or (B) to other persons for purposes directly connected with the administration of the State plan;

"(7) provide, if the plan includes services to individuals in private or public institutions, for the es-

tablishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such institutions;

"(8) provide a description of the services which the State agency makes available under the plan including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services;

"(9) provide that, in determining whether an individual is blind, there shall be an examination by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select;

"(10) include reasonable standards, consistent with the objectives of this title, for determining eligibility for and the extent of services under the plan;

"(11) if the State plan includes services to individuals 65 years of age or older who are patients in institutions for mental diseases—

"(A) provide for having in effect such agreements or other arrangements with State authorities concerned with mental diseases, and where appropriate, with such institutions, as may be necessary for carrying out the State plan, including arrangements for joint planning and for development of alternate methods of care, arrangements providing assurance of immediate readmittance to institutions

where needed for individuals under alternate plans of care, and arrangements providing for access to patients and facilities, for furnishing information, and for making reports;

"(B) provide for an individual plan for each such patient to assure that the institutional care provided to him is in his best interests, including, to that end, assurances that there will be initial and periodic review of his medical and other needs, that he will be given appropriate medical treatment within the institution, and that there will be a periodic determination of his need for continued treatment in the institution; and

"(C) provide for the development of alternate plans of care, making maximum utilization of available resources, for persons receiving services under the State plan who are 65 years of age or older and who would otherwise need care in such institutions; for services referred to in section 603(a)(1)(A)(i) and (ii) which are appropriate for such persons receiving services and for such patients; and for methods of administration necessary to assure that the responsibilities of the State agency under the State plan with respect to such persons receiving services and such patients will be effectively carried out;

"(12) if the State plan includes services to individuals 65 years of age or older who are patients in public institutions for mental diseases, show that the State is making satisfactory progress toward developing and implementing a comprehensive mental health program, including provision for utilization of community mental health centers, nursing homes, and other alternatives to care in public institutions for mental diseases.

Notwithstanding paragraph (3), if on October 1, 1972, the State agency which administered or supervised the administration of the plan of such State approved under title X (or so much of the plan of such State approved under title XVI as applies to the blind) was different from the State agency which administered or supervised the administration of the plan of such State approved under title I and the State agency which administered or supervised the administration of the plan of such State approved under title XIV (or so much of the plan of such State approved under title XVI as applies to the aged and disabled), the State agency which administered or supervised the administration of such plan approved under title X (or so much of the plan of such State approved under title XVI as applies to the blind) may be designated to administer or supervise the administration of the portion of the State plan for services to the aged, blind, or disabled which relates to blind individuals and a separate State agency may be established or designated to administer or

supervise the administration of the rest of such plan; and in such case the part of the plan which each such agency administers, or the administration of which each such agency supervises, shall be regarded as a separate plan for purposes of this title.

"(b) The Secretary shall approve any plan which fulfills the conditions specified in subsection (a), except that he shall not approve any plan which imposes, as a condition of eligibility for services under the plan—

"(1) an age requirement of more than sixty-five years; or

"(2) any residence requirement which excludes any individual who resides in the State; or

"(3) any citizenship requirement which excludes any citizen of the United States.

"PAYMENTS TO STATES

"SEC. 603. (a) From the sums appropriated therefor, the Secretary shall, subject to section 1130, pay to each State which has a plan approved under this title, for each quarter—

"(1) in the case of any State whose State plan approved under section 602 meets the requirements of subsection (c)(1), an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan—

"(A) 75 per centum of so much of such expenditures as are for—

"(i) services which are prescribed pursuant to subsection (c)(1) and are provided (in accordance with the next sentence) to applicants for or recipients of supplementary security income benefits under title XVI to help them attain or retain capability for self-support or self-care, or

"(ii) other services, specified by the Secretary as likely to prevent or reduce dependency, so provided to such applicants or recipients, or

"(iii) any of the services prescribed pursuant to subsection (c)(1), and of the services specified as provided in clause (ii), which the Secretary may specify as appropriate for individuals who, within such period or periods as the Secretary may prescribe, have been or are likely to become applicants for or recipients of supplementary security income benefits under title XVI, if such services are requested by such individuals and are provided to such individuals in accordance with the next sentence, or

"(iv) the training of personnel employed

or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision; plus

"(B) one-half of so much of such expenditures (not included under subparagraph (A)) as are for services provided (in accordance with the next sentence) to applicants for or recipients of supplementary security income benefits under title XVI, and to individuals requesting such services who (within such period or periods as the Secretary may prescribe) have been or are likely to become applicants for or recipients of such benefits; plus

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

The services referred to in subparagraph (A) and (B) shall, except to the extent specified by the Secretary, include only—

"(D) services provided by the staff of the State agency, or of the local agency administering the State plan in the political subdivision: Provided, That no funds authorized under this title shall be available for services defined as vocational rehabilitation services under the Vocational Rehabilitation Act (i) which are available to individuals in need of them under programs for their rehabilitation carried

on under a State plan approved under such Act, or (ii) which the State agency or agencies administering or supervising the administration of the State plan approved under such Act are able and willing to provide if reimbursed for the cost thereof pursuant to agreement under subparagraph (E), if provided by such staff, and

"(E) under conditions which shall be prescribed by the Secretary, services which in the judgment of the State agency cannot be as economically or as effectively provided by the staff of of such State or local agency and are not otherwise reasonably available to individuals in need of them, and which are provided, pursuant to agreement with the State agency, by the State health authority or the State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act or by any other State agency which the Secretary may determine to be appropriate (whether provided by its staff or by contract with public (local) or nonprofit private agencies);

except that services described in clause (ii) of subparagraph (D) hereof may be provided only pursuant to agreement with such State agency or agencies adminis-

tering or supervising the administration of the State plan for vocational rehabilitation services so approved. The portion of the amount expended for administration of the State plan to which subparagraph (A) applies and the portion thereof to which subparagraphs (B) and (C) apply shall be determined in accordance with such methods and procedures as may be permitted by the Secretary; and

"(2) in the case of any State whose State plan approved under section 602 does not meet the requirements of subsection (c)(1), an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in paragraph (1) and provided in accordance with the provisions of such paragraph.

"(b)(1) Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a State will be entitled under subsection (a) for such quarter, such estimates to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's pro-

portionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, and (B) such other investigation as the Secretary may find necessary.

"(2) The Secretary shall then pay, in such installments as he may determine, to the State the amount so estimated, reduced or increased to the extent of any overpayment or underpayment which the Secretary determines was made under this section to such State for any prior quarter and with respect to which adjustment has not already been made under this subsection.

"(3) Upon the making of any estimate by the Secretary under this subsection, any appropriations available for payments under this section shall be deemed obligated.

"(c)(1) In order for a State to qualify for payments under paragraph (1) of subsection (a), its State plan approved under section 602 must provide that the State agency shall make available to applicants for and recepients of supplementary security income benefits under title XVI at least those services to help them attain or retain capability for self-support or self-care which are prescribed by the Secretary.

"(2) In the case of any State whose State plan included a provision meeting the requirements of paragraph (1), but

with respect to which the Secretary finds, after reasonable notice and opportunity for hearing to the State agency, administering or supervising the administration of such plan, that—

"(A) the provision has been so changed that it no longer complies with the requirements of paragraph (1), or

"(B) in the administration of the plan there is a failure to comply substantially with such provision,

the Secretary shall notify such State agency that further payments will not be made to the State under paragraph (1) of subsection (a) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied further payments with respect to the administration of such State plan shall not be made under paragraph (1) of subsection (a) but shall instead be made, subject to the other provisions of this title, under paragraph (2) of such subsection.

"(d) Notwithstanding the preceding provisions of this section, the amount determined under such provisions for any State for any quarter which is attributable to expenditures with respect to individuals 65 years of age or older who are patients in institutions for mental diseases shall be paid only to the extent that the State makes a showing satisfactory to the Secretary that total expenditures in the State from Federal, State, and local sources for mental health

services (including payments to or in behalf of individuals with mental health problems) under State and local public health and public welfare programs for such quarter exceed the average of the total expenditures in the State from such sources for such services under such programs for each quarter of the fiscal year ending June 30, 1965. For purposes of this subsection, expenditures for such services for each quarter in the fiscal year ending June 30, 1965, in the case of any State shall be determined on the basis of the latest data, satisfactory to the Secretary, available to him at the time of the first determination by him under this subsection for such State; and expenditures for such services for any quarter beginning after December 31, 1965, in the case of any State shall be determined on the basis of the latest data, satisfactory to the Secretary, available to him at the time of the determination under this subsection for such State for such quarter; and determinations so made shall be conclusive for purposes of this subsection.

"OPERATION OF STATE PLANS

"SEC. 604. If the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan approved under this title, finds—

"(1) that the plan no longer complies with the provisions of section 602; or

"(2) that in the administration of the plan there is

a failure to comply substantially with any such provision; the Secretary shall notify such State agency that further payments will not be made to the State (or, in his discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure), until the Secretary is satisfied that there will no longer be any such failure to comply. Until he is so satisfied he shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).

"DEFINITION

"SEC. 605. For purposes of this title, the term 'services to the aged, blind, or disabled' means services (including but not limited to the services referred to in section 603(a)(1)(A) and (B)) provided for or on behalf of needy individuals who are 65 years of age or older or are blind, or are disabled."

REPEAL OF TITLES I, X, AND XIV OF THE SOCIAL SECURITY ACT

SEC. 303. (a) Effective January 1, 1974, titles I, X, and XIV of the Social Security Act are repealed.

(b) The amendments made by sections 301 and 302 and the repeals made by subsection (a) shall not be applicable in the case of Puerto Rico, Guam, and the Virgin Islands.

(c) Section 9 of the Act of April 19, 1950 is repealed effective January 1, 1974.

PROVISION FOR DISREGARDING OF CERTAIN INCOME IN DETERMINING NEED FOR AID TO THE AGED, BLIND, OR DISABLED FOR ASSISTANCE

SEC. 304. Effective upon the enactment of this Act, section 1007 of the Social Security Amendments of 1969 is amended by striking out "and before January 1973" and inserting in lieu thereof "and before January 1974".

ADVANCES FROM OASI TRUST FUND FOR ADMINISTRATIVE EXPENSES

SEC. 305. (a) Effective January 1, 1974, section 201 (g)(1)(A) of the Social Security Act is amended—

(1) by striking out "this title and title XVIII" wherever it appears and inserting in lieu thereof "this title, title XVI, and title XVIII";

(2) by striking out "costs which should be borne by each of the Trust Funds" and inserting in lieu thereof "costs which should be borne by each of the Trust Funds and (with respect to title XVI) by the general revenues of the United States"; and

(3) by striking out "in order to assure that each of the Trust Funds bears" and inserting in lieu thereof "in order to assure that (after appropriations made pursuant to section 1601, and repayment to the Trust Funds from amounts so appropriated) each of the Trust Funds and the general revenues of the United States bears".

(b)(1) Sums appropriated pursuant to section 1601 of the Social Security Act shall be utilized from time to time, in amounts certified under the second sentence of section 201 (g)(1)(A) of such Act, to repay the Trust Funds for expenditures made from such Funds in any fiscal year under section 201(g)(1)(A) of such Act (as amended by subsection (a) of this section) on account of the costs of administration of title XVI of such Act (as added by section 301 of this Act).

(2) If the Trust Funds have not theretofore been repaid for expenditures made in any fiscal year (as described in paragraph (1)) to the extent necessary on account of—

(A) expenditures made from such Funds prior to the end of such fiscal year to the extent that the amount of such expenditures exceeded the amount of the expenditures which would have been made from such Funds if subsection (a) had not been enacted,

(B) the additional administrative expenses, if any, resulting from the excess expenditures described in subparagraph (A), and

(C) any loss in interest to such Funds resulting from such excess expenditures and such administrative expenses,

in order to place each such Fund in the same position (at the end of such fiscal year) as it would have been in if such excess expenditures had not been made, the amendments

made by subsection (a) shall cease to be effective at the close of the fiscal year following such fiscal year.

(3) As used in this subsection, the term "Trust Funds" has the meaning given it in section 201(g)(1)(A) of the Social Security Act.

~~TITLE IV—FAMILY PROGRAMS~~

~~ESTABLISHMENT OF OPPORTUNITIES FOR FAMILIES PROGRAM AND FAMILY ASSISTANCE PLAN~~

~~SEC. 401. The Social Security Act is amended by adding at the end thereof (after the new title added by section 301 of this Act) the following new title:~~

~~"TITLE XXI—OPPORTUNITIES FOR FAMILIES PROGRAM AND FAMILY ASSISTANCE PLAN~~

~~"PURPOSE; APPROPRIATIONS~~

~~"SEC. 2101. For the purpose of—~~

~~"(1) providing for members of needy families with children the manpower services, training, employment, child care, family planning, and related services which are necessary to train them, prepare them for employment, and otherwise assist them in securing and retaining regular employment and having the opportunity for advancement in employment, to the end that such families will be restored to self-supporting, independent, and useful roles in their communities, and~~

~~"(2) providing a basic level of financial assistance throughout the Nation to needy families with children in~~

a manner which will encourage work, training, and self-support, improve family life, and enhance personal dignity,

there are authorized to be appropriated, for each of the five fiscal years in the period beginning July 1, 1972, and ending June 30, 1977, sums sufficient to carry out this title.

"BASIC ELIGIBILITY FOR BENEFITS

"SEC. 2102. Every family which is determined under part C to be eligible on the basis of its income and resources shall, upon registration for manpower services, training, and employment by any of its members who are available for employment (as determined under section 2111) and in accordance with and subject to the other provisions of this title, be paid benefits by the Secretary of Labor under part A, or, if such family has no members who are registered for such services, training, and employment, shall be paid benefits by the Secretary of Health, Education, and Welfare under part B.

"PART A—OPPORTUNITIES FOR FAMILIES PROGRAM

"REGISTRATION OF FAMILY MEMBERS FOR MANPOWER SERVICES, TRAINING, AND EMPLOYMENT

"SEC. 2111. (a) Every individual who is determined by the Secretary of Health, Education, and Welfare to be a member of an eligible family and to be available for employment shall register with the Secretary of Labor for manpower services, training, and employment.

"(b) Any individual shall be considered to be available for employment for purposes of this title unless he is determined by the Secretary of Health, Education, and Welfare to be—

"(1) unable to engage in work or training by reason of illness, incapacity, or advanced age;

"(2) a mother or other relative of a child under the age of three (or, until July 1, 1974, under the age of six) who is caring for such child;

"(3) the mother or other female caretaker of a child, if the father or another adult male relative is in the home and not excluded by paragraph (1), (2), (4), or (5) of this subsection (unless he has failed to register as required by subsection (a), or to accept services or employment or participate in training as required by subsection (c));

"(4) a child who is under the age of sixteen or meets the requirements of section 2155(b)(2); or

"(5) one whose presence in the home on a substantially continuous basis is required because of the illness or incapacity of another member of the household.

An individual described in paragraph (2), (3), (4), or (5) who would, but for the preceding sentence, be required to register pursuant to subsection (a), may, if he wishes, register as provided in such subsection, and upon so register-

ing he shall be considered as available for employment for purposes of this title.

"(c) (1) Every individual who is registered as required by subsection (a) shall participate in manpower services or training, and accept and continue to participate in employment in which he is able to engage, except where good cause exists for failure to participate in such services or training or to accept and continue to participate in such employment, as provided by the Secretary of Labor.

"(2) No individual shall be required by paragraph (1) to accept employment if—

"(A) the position offered is vacant due directly to a strike, lockout, or other labor dispute;

"(B) the wages, hours, or other terms or conditions of the work offered are contrary to or less than those prescribed by applicable Federal, State, or local law or are less favorable to the individual than those prevailing for similar work in the locality, or the wages for the work offered are at an hourly rate of less than three-fourths of the minimum wage specified in section 6 (a) (1) of the Fair Labor Standards Act of 1938;

"(C) as a condition of being employed the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization; or

"(D) the individual has the demonstrated capacity, through other available training or employment opportunities, of securing work available to him that would better enable him to achieve self-sufficiency.

"CHILD CARE AND OTHER SUPPORTIVE SERVICES

"SEC. 2112. (a)(1) The Secretary of Labor shall make provision for the furnishing of child care services in such cases and for so long as he deems appropriate (subject to section 2179) for individuals who are currently registered pursuant to section 2111(a) or referred pursuant to section 2117(a) (or who have been so registered or referred within such period or periods of time as the Secretary of Labor may prescribe) and who need child care services in order to accept or continue to participate in manpower services, training, or employment, or vocational rehabilitation services.

"(2) In making provision for the furnishing of child care services under this subsection, the Secretary of Labor shall, in accordance with standards established pursuant to section 2134(a), arrange for or purchase, from whatever sources may be available, all such necessary child care services, including necessary transportation. Where available, services provided through facilities developed by the Secretary of Health, Education, and Welfare shall be utilized on a priority basis.

"(3) In cases where child care services cannot as a

practical matter be made available in facilities developed by the Secretary of Health, Education, and Welfare, the Secretary of Labor may provide such services (A) by grants to public or nonprofit private agencies or contracts with public or private agencies or other persons, through such public or private facilities as may be available and appropriate (except that no such funds may be used for the construction of facilities (as defined in section 2134(b)(2)), and (B) through the assurance of such services from other appropriate sources. In addition to other grants or contracts made under clause (A) of the preceding sentence, grants or contracts under such clause may be made to or with any agency which is designated by the appropriate elected or appointed official or officials in such area and which demonstrates a capacity to work effectively with the manpower agency in such area (including provision for the stationing of personnel with the manpower team in appropriate cases). To the extent appropriate, such care for children attending school which is provided on a group or institutional basis shall be provided through arrangements with the appropriate local educational agency.

"(4) The Secretary of Labor may require individuals receiving child care services made available under paragraph (2) or provided under paragraph (3) to pay (in accordance with the schedule or schedules prescribed under section

~~2134(a))~~ ~~for part or all of the cost thereof, and may require (as a condition of benefits under this part) that individuals receiving child care services otherwise furnished pursuant to provision made by him under paragraph (1) shall pay for the cost of such services if such cost will be excludable under section 2153(b)(3).~~

~~"(5) In order to promote, in a manner consistent with the purposes of this title, the effective provision of child care services, the Secretary of Labor shall assure the close cooperation of the manpower agency with the providers of child care services and shall, through the utilization of training programs and in cooperation with the Secretary of Health, Education, and Welfare, prepare persons registered pursuant to section 2111 for employment in child care facilities.~~

~~"(6) The Secretary of Labor shall regularly report to the Secretary of Health, Education, and Welfare concerning the amount and location of the child care services which he has had to provide (and expects to have to provide) under paragraph (3) because such services were not (or will not be) available under paragraph (2).~~

~~"(7) Of the amount appropriated to enable the Secretary of Labor to carry out his responsibilities under this subsection for any fiscal year, not less than 50 percent shall be expended by the Secretary of Labor in accordance with a formula under which the expenditures made in any State~~

shall bear the same ratio to the total of such expenditures in all the States as the number of mothers registered under section 2111 in such State bears to the total number of mothers so registered in all the States.

"(b)(1) The Secretary of Labor shall make provision for the furnishing of the health, vocational, rehabilitation, counseling, social, and other supportive services (including physical examinations and minor medical services) which he determines under regulations to be necessary to permit an individual who has registered pursuant to section 2111(a) to undertake or continue manpower training or employment under this part.

"(2) In addition, the Secretary of Labor shall make provision for the offering, to all appropriate members of families which include one or more individuals registered pursuant to section 2111(a), of family planning services, the acceptance of which by any such member shall be voluntary on the part of such member and shall not be a prerequisite to eligibility for or receipt of benefits under this part or otherwise affect the amount of such benefits.

"(3) Services furnished under this subsection shall be provided in close cooperation with manpower training and employment services provided under this part. In providing services under this subsection the Secretary of Labor, to the maximum extent feasible, shall assure that such services are

provided in such manner, through such means, and using such authority available under any other Act (subject to all duties and responsibilities thereunder) as will make maximum use of existing facilities, programs, and agencies.

"(4) Of the sums authorized by section 2101 to be appropriated for the fiscal year ending June 30, 1973, not more than $100,000,000 shall be appropriated to the Secretary of Labor to enable him to carry out his responsibilities under paragraph (1) of this subsection.

"PAYMENT OF BENEFITS

"SEC. 2113. Every eligible family (other than a family meeting the conditions for payment of benefits under section 2131) shall, in accordance with and subject to the other provisions of this title, be paid benefits by the Secretary of Labor as provided in Part C.

"OPERATION OF MANPOWER SERVICES, TRAINING, AND EMPLOYMENT PROGRAMS

"SEC. 2114. (a) The Secretary of Labor shall develop, for each individual registered pursuant to section 2111(a), an employability plan describing the manpower services, training, and employment which the individual needs in order to enable him to become self-supporting and secure and retain employment and opportunities for advancement. Employability plans under this subsection shall be developed in accordance with priorities prescribed by the Secretary of Labor,

which shall give first priority to mothers and pregnant women registered pursuant to section 2111(a) who are under nineteen years of age.

"(b) The Secretary of Labor shall establish manpower services, training, and employment programs for individuals registered pursuant to section 2111(a), and shall, through such programs, provide or assure the provision of manpower services, training, and employment necessary to prepare such individuals for and place them in regular employment, including—

"(1) any of such services, training, and employment which the Secretary of Labor is authorized to provide under any other Act;

"(2) counseling, testing, coaching, program orientation, institutional and on the job training, work experience, upgrading, job development, job placement, and followup services required to assist in securing and retaining employment and opportunities for advancement;

"(3) relocation assistance, including grants, loans and the furnishing of such services as will aid an involuntarily unemployed individual who desires to relocate to do so in an area where there is assurance of regular employment; and

"(4) public service employment programs.

"(c)(1) For the purpose of subsection (b)(4),

'public service employment program' is a program designed to provide employment as described in paragraph (2) for individuals who (during the period of such employment) are not otherwise able to obtain employment or to be effectively placed in training programs. Such a program shall provide employment relating to such fields as health, social service, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, and public safety or any other field which would benefit the community, the State, or the United States as a whole, by improving physical, social, or economic conditions.

"(2) The Secretary of Labor shall provide for the development of public service employment programs through grants to or contracts with any public or nonprofit private agency or organization. Such programs shall be designed with a view toward—

"(A) providing for development of employability through actual work experience; and

"(B) enabling individuals employed under public service employment programs to move into regular public or private employment.

"(3) Before making any grant or entering into any contract for a public service employment program under this

subsection, the Secretary of Labor must receive assurances that—

"(A) appropriate standards for health, safety, and other conditions applicable to the performance of work and training have been established and will be maintained;

"(B) available employment opportunities will be increased and the program will not result in a reduction in the employment and labor costs of any employer or in the displacement of persons currently employed, including partial displacement resulting from a reduction in hours of work or wages, or employment benefits;

"(C) the conditions of work, training, education, and employment are reasonable in the light of such factors as the type of work, the geographic region, and the proficiency of the participants;

"(D) appropriate workmen's compensation protection is provided to all participants; and

"(E) the employability of participants will be increased.

"(4) Wages paid to an individual participating in a public service employment program shall be equal to the highest of—

"(A) the prevailing rate of wages in the same labor

market area for persons employed in similar public occupations;

"(B) the applicable minimum wage rate prescribed by Federal, State, or local law; or

"(C) the minimum wage specified in section 6(a)(1) of the Fair Labor Standards Act of 1938.

"(5) The Secretary of Labor shall periodically (but not less frequently than once every six months) review the employment record of each individual participating in a public service employment program. On the basis of that record and any other information he may require, the Secretary of Labor shall determine the feasibility of placing such individual in regular employment or in on-the-job, institutional, or other training.

"(6) The Secretary of Labor shall make payments for not more than the first three years of an individual's employment in any public service employment program. Payments during the first year of such individual's employment shall not exceed 100 percent of the cost of providing such employment to such individual during such first year, payments during the second year of such individual's employment shall not exceed 75 percent of the cost of providing such employment to such individual during such second year, and payments during the third year of such individual's employment

shall not exceed 50 percent of the cost of providing such employment to such individual during such third year.

"(d) In order to assure an adequate supply of information concerning opportunities for employment by States and their political subdivisions, any State or political subdivision receiving Federal assistance, through a grant-in-aid or contract under this title or any other provision of law, shall provide the Secretary of Labor with complete, up-to-date listings of all employment vacancies that the State or political subdivision may have in positions or programs wholly or partially supported through such Federal assistance. The fulfillment of this requirement shall be a condition for receiving such assistance.

"(e) The Secretary of Labor shall enter into agreements with the heads of other Federal agencies administering grant-in-aid programs to establish annual and multiyear goals for the employment of members of families receiving benefits under this title in employment wholly or partially supported through such Federal assistance. For the purposes of carrying out these agreements Federal agencies may provide, notwithstanding any other provision of law, that the establishment of such goals shall be a condition for receiving such assistance.

"(f) Of the sums authorized by section 2101 to be appropriated for the fiscal year ending June 30, 1973—

"(1) not more than $540,000,000 shall be appropriated to the Secretary of Labor to enable him to carry out his responsibilities under subsections (a) and (b) (except subsection (b)(4)) of this section, and under section 2115, and

"(2) not more than $800,000,000 shall be appropriated to the Secretary of Labor for the public service employment program under subsection (b)(4) of this section.

"ALLOWANCES FOR INDIVIDUALS PARTICIPATING IN TRAINING

"SEC. 2115. (a)(1) The Secretary of Labor shall pay to each individual who is a member of an eligible family and who is participating in manpower training under this part an incentive allowance of $30 per month. If one or more members of a family are receiving training for which training allowances are payable under section 203 of the Manpower Development and Training Act and meet the other requirements under such section (except subsection (l)(1) thereof) for the receipt of allowances which would be in excess of the sum of such family's benefit under this part and any supplementary payment to such family under section 2156, the total of the incentive allowances per month under this section for such members shall be equal to the greater of (A) the amount of such excess or, if lower, the

amount of the excess of the training allowances which would be payable under such section 203 as in effect on January 1, 1971, over the sum of such family's benefit under this part and any such supplementary payment, and (B) $30 for each such member.

"(2) The Secretary of Labor shall also pay, to any member of an eligible family participating in manpower training under this part, allowances for transportation and other costs to such member which are reasonably necessary to and directly related to such member's participation in training.

"(b) Allowances under this section shall be in lieu of allowances provided for participants in manpower training programs under any other Act.

"(c) Subsection (a) shall not apply to any member of an eligible family who is receiving wages under a program of the Secretary of Labor or who is participating in manpower training which has the purpose of obtaining for him an undergraduate or graduate degree at a college or university.

"UTILIZATION OF OTHER PROGRAMS

"SEC. 2116. In providing the manpower training and employment services and opportunities required by this part the Secretary of Labor, to the maximum extent feasible,

shall assure that such services and opportunities are provided in such manner, through such means, and using all of such authority available to him under any other Act (and subject to all duties and responsibilities thereunder) as will further the establishment of an integrated and comprehensive manpower training program involving all sectors of the economy and all levels of government.

"REHABILITATION SERVICES FOR INCAPACITATED FAMILY MEMBERS

"SEC. 2117. (a) In the case of any individual who is a member of a family receiving benefits under this part and who is not required to register pursuant to section 2111(a) solely because of his incapacity under section 2111(b)(1), the Secretary of Labor shall make provision for referral of such individual to the appropriate State agency administering the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act, and (except in such cases as he may determine) for a review not less often than quarterly of such individual's incapacity and his need for and utilization of the rehabilitation services made available to him under such plan.

"(b) Every individual with respect to whom the Secretary of Labor is required to make provision for referral under subsection (a) shall accept such rehabilitation services as are

made available to him under the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act, except where good cause exists for failure to accept such services; and the Secretary of Labor is authorized to pay to the State agency administering or supervising the administration of such State plan the costs incurred in the provision of such services to such individuals.

"(c)(1) The Secretary of Labor shall pay to each family member with respect to whom the Secretary of Labor is required to make provision for referral under subsection (a) and who is receiving vocational rehabilitation services pursuant to such provision an incentive allowance of $30 per month.

"(2) The Secretary of Labor shall also pay, to any member of an eligible family with respect to whom the Secretary of Labor is required to make provision for referral under subsection (a) and who is receiving vocational rehabilitation services pursuant to such provision, allowances for transportation and other costs to such member which are necessary to and directly related to such member's participation in training.

"(3) Allowances under this subsection shall be in lieu of allowances provided for participants in vocational rehabilitation services under any other Act.

"EVALUATION AND RESEARCH; REPORTS

"SEC. 2118. (a)(1) The Secretary of Labor shall provide for the continuing evaluation of the program conducted under this part and of activities conducted under parts C and D insofar as they involve or are related to such program, including the effectiveness of such program in achieving its goals and its impact on other related programs. The Secretary of Labor may conduct research regarding, and demonstrations of, ways to improve the effectiveness of the program conducted under this part, and in so doing may waive any requirement or limitation imposed by or pursuant to this title to the extent he deems appropriate. The Secretary of Labor may, for these purposes, contract for evaluations of and research regarding such program.

"(2) Of the sums authorized by section 2101 to be appropriated for any fiscal year, not more than $10,000,000 shall be appropriated for purposes of paragraph (1).

"(b) The Secretary shall, in conducting the activities provided for in subsection (a)(1), utilize the data collection, processing, and retrieval system established for use in the operation and administration of the program under this part.

"(c) The Secretary of Labor shall make an annual report to the President and the Congress on the operation and administration of the program under this part, including an

evaluation thereof in carrying out the purposes of this title and recommendations with respect thereto.

"PART B—FAMILY ASSISTANCE PLAN

"PAYMENT OF BENEFITS

"SEC. 2131. Every eligible family in which there is no member available for employment who has registered pursuant to section 2111 shall, in accordance with and subject to the other provisions of this title, be paid benefits by the Secretary of Health, Education, and Welfare as provided in part C.

"REHABILITATION SERVICES FOR INCAPACITATED FAMILY MEMBERS

"SEC. 2132. (a) In the case of any individual who is a member of a family receiving benefits under this part and who is not required to register pursuant to section 2111(a) solely because of his incapacity under section 2111(b)(1), the Secretary of Health, Education, and Welfare shall make provision for referral of such individual to the appropriate State agency administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act, and (except in such cases involving permanent incapacity as he may determine) for a review not less often than quarterly of such individual's incapacity and his need for and utilization of the rehabilitation services made available to him under such plan.

"(b) Every individual with respect to whom the Secretary of Health, Education, and Welfare is required to make provision for referral under subsection (a) shall accept such rehabilitation services as are made available to him under the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act, except where good cause exists for failure to accept such services; and the Secretary of Health, Education, and Welfare is authorized to pay to the State agency administering or supervising the administration of such State plan the costs incurred in the provision of such services to such individuals.

"(c) (1) The Secretary of Health, Education, and Welfare shall pay to each family member with respect to whom the Secretary of Health, Education, and Welfare is required to make provision for referral under subsection (a) and who is receiving vocational rehabilitation services pursuant to such provision an incentive allowance of $30 per month.

"(2) The Secretary of Health, Education, and Welfare shall also pay, to any member of an eligible family with respect to whom the Secretary of Health, Education, and Welfare is required to make provision for referral under subsection (a) and who is receiving vocational rehabilitation services pursuant to such provision, allowances for transportation and other costs to such member which are reasonably

necessary to and directly related to such member's participation in such services.

"(3) Allowances under this subsection shall be in lieu of allowances provided for participants in vocational rehabilitation services under any other Act.

"CHILD CARE AND OTHER SUPPORTIVE SERVICES

"SEC. 2133. (a)(1) The Secretary of Health, Education, and Welfare shall make provision for the furnishing of child care services in such cases and for so long as he deems appropriate (subject to section 2179) for individuals who are currently referred pursuant to section 2132(a) for vocational rehabilitation (or who have been so referred within such period or periods of time as the Secretary of Health, Education, and Welfare may prescribe) and who need child care services in order to be able to participate in the vocational rehabilitation program.

"(2) In making provision for the furnishing of child care services under this subsection, the Secretary of Health, Education, and Welfare shall arrange for and purchase, from whatever sources may be available, all such necessary child care services, including necessary transportation, placing priority on the use of facilities developed pursuant to section 2134.

"(3) Where child care services cannot as a practical matter be made available in facilities developed pursuant to

section 2134, the Secretary of Health, Education, and Welfare may provide such services, by grants to public or nonprofit private agencies or contracts with public or private agencies or other persons, through such public or private facilities as may be available and appropriate (except that no such funds may be used for the construction of facilities (as defined in section 2134(b)(2))). In addition to other grants and contracts made under the preceding sentence, grants or contracts under such sentence may be made to or with any agency which is designated by the appropriate elected or appointed official or officials in such area and which demonstrates a capacity to work effectively with the manpower agency in such area (including provision for the stationing of personnel with the manpower team in appropriate cases). To the extent appropriate, such care for children attending school which is provided on a group or institutional basis shall be provided through arrangements with the appropriate local educational agency.

"(4) The Secretary of Health, Education, and Welfare may require individuals receiving child care services made available under paragraph (2) or provided under paragraph (3) to pay (in accordance with the schedule or schedules prescribed under section 2134(a)) for part or all of the cost thereof, and may require (as a condition of benefits under this part) that individuals receiving child

care services otherwise furnished pursuant to provision made by him under paragraph (1) shall pay for the cost of such services if such cost will be excludable under section 2153 (b) (3).

"(b) In addition, the Secretary of Health, Education, and Welfare shall make provision for the offering, to all appropriate members of families receiving benefits under this part, of family planning services, the acceptance of which by any such member shall be voluntary on the part of such member and shall not be a prerequisite to eligibility for or receipt of benefits under this part or otherwise affect the amount of such benefits.

"STANDARDS FOR CHILD CARE; DEVELOPMENT OF FACILITIES

"SEC. 2134. (a) In order to promote the effective provision of child care services, the Secretary of Health, Education, and Welfare shall (1) establish, with the concurrence of the Secretary of Labor, standards assuring the quality of child care services provided under this title, (2) prescribe such schedule or schedules as may be appropriate for determining the extent to which families are to be required (in the light of their ability) to pay the costs of child care for which provision is made under section 2112 (a) (1) or section 2133 (a) (1), and (3) coordinate the provision of child care services under this title with other child care and social service programs which are available.

"(b) (1) The Secretary of Health, Education, and Welfare, taking into account the requirement of section 2112(a)(7), is authorized to provide for (and pay part or all of the cost of) the construction of facilities, through grants to or contracts made with public or private nonprofit agencies or organizations, in or through which child care services are to be provided under this title.

"(2) For purposes of this subsection, the term 'construction' means acquisition, alteration, remodeling, or renovation of facilities, and includes, where the Secretary finds it is not feasible to use or adapt existing facilities for use for the provision of child care, construction (including acquisition of land therefor) of facilities for such care.

"(3) If within twenty years of the completion of any construction for which Federal funds have been paid under this subsection—

"(A) the owner of the facility shall cease to be a public or nonprofit private agency or organization, or

"(B) the facility shall cease to be used for the purposes for which it was constructed, unless the Secretary determines in accordance with regulations that there is good cause for releasing the owner of the facility from the obligation to do so.

the United States shall be entitled to recover from the owner of the facility an amount which bears to the then value of

the facility (or so much thereof as constituted an approved project or projects) the same ratio as the amount of such Federal funds bore to the cost of construction of the facility financed with the aid of such funds. Such value shall be determined by agreement of the parties or by action brought in the United States district court for the district in which the facility is situated.

"(4) All laborers and mechanics employed by contractors or subcontractors on all construction projects assisted under this subsection shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276(a)-276(a)-5). The Secretary of Labor shall have with respect to the labor standards specified in this subsection the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276(c)).

"(5) Of the sums authorized by section 2101 to be appropriated for any fiscal year, not more than $50,000,000 shall be appropriated for purposes of the provisions of this subsection.

"(c) The Secretary of Health, Education, and Welfare is authorized to make grants to any public or nonprofit private agency or organization, and contracts with any public

or private agency or organization, for part or all of the cost of planning; establishment of new child care facilities or improvement of existing child care facilities, and operating costs (for periods not in excess of 24 months or for such longer periods as the Secretary finds necessary to insure continued operation) of such new or improved facilities; evaluation; training of personnel, especially the training of individuals receiving benefits pursuant to part A and registered pursuant to section 2111; technical assistance; and research or demonstration projects to determine more effective methods of providing any such care.

"EVALUATION AND RESEARCH; REPORTS

"SEC. 2135. (a) (1) The Secretary of Health, Education, and Welfare shall provide for the continuing evaluation of the program conducted under this part and of activities conducted under parts C and D insofar as they involve or are related to such program, including the effectiveness of such program in achieving its goals and its impact on other related programs. The Secretary of Health, Education, and Welfare may conduct research regarding, and demonstrations of, ways to improve the effectiveness of the program conducted under this part, and in so doing may waive any requirement or limitation imposed by or pursuant to this title to the extent he deems appropriate. The Secretary of Health, Education, and Welfare may, for these pur-

poses, contract for evaluations of and research regarding such program.

"(2) Of the sums authorized by section 2101 to be appropriated for any fiscal year, not more than $10,000,000 shall be appropriated for purposes of paragraph (1).

"(b) The Secretary shall, in conducting the activities provided for in subsection (a)(1), utilize the data collection, processing, and retrieval system established for use in the operation and administration of the program under this part.

"(c) The Secretary of Health, Education, and Welfare shall make an annual report to the President and the Congress on the operation and administration of the program under this part, including an evaluation thereof in carrying out the purposes of this title and recommendations with respect thereto.

"PART C—DETERMINATION OF BENEFITS

"DETERMINATIONS; REGULATIONS

"SEC. 2151. Except as otherwise specifically provided in this title, determinations under this part and part D shall be made—

"(1) by the Secretary of Labor with respect to benefits payable under part A and families claiming or receiving such benefits (and the term 'Secretary' means the Secretary of Labor when used in this part and part I with respect to such benefits and families), and

"(2) by the Secretary of Health, Education, and Welfare with repect to benefits payable under part B and families claiming or receiving such benefits (and the term 'Secretary' means the Secretary of Health, Education, and Welfare when used in this part and part D with respect to such benefits and families);

but in either case such determinations shall be made under and in accordance with regulations which shall be prescribed by the Secretary of Health, Education, and Welfare with the concurrence of the Secretary of Labor and which shall be designed to assure that such determinations will be made uniformly by the two Secretaries, so that to the maximum extent feasible any such determination made by either such Secretary (including any interpretation of law or application of fact made by either such Secretary as a basis for such a determination) will be the same as the determination which would be made by the other such Secretary on the same facts and under the same circumstances.

"ELIGIBILITY FOR AND AMOUNT OF BENEFITS

"Definition of Eligible Family

"SEC. 2152. (a) Each family (as defined in section 2155)—

"(1) whose income, other than income excluded pursuant to section 2153(b), is at a rate of not more than—

"(A) $800 per year for each of the first two members of the family, plus

"(B) $400 per year for each of the next three members, plus

"(C) $300 per year for each of the next two members, plus

"(D) $200 for the next member, and

"(2) whose resources, other than resources excluded pursuant to section 2154, are not more than $1,500, shall be an eligible family for purposes of this title.

"Amount of Benefits

"(b) The benefit for a family under part A or part B shall be payable at the rate of—

"(1) $800 per year for each of the first two members of the family, plus

"(2) $400 per year for each of the next three members, plus

"(3) $300 per year for each of the next two members, plus

"(4) $200 for the next member,

reduced by the amount of income, not excluded pursuant to section 2153(b), of the members of the family; except that no such benefit shall be payable to any family if the rate of payment (as otherwise determined under this part) would be less than $10 a month.

"Exclusion of Certain Family Members

"(c) The amount of benefits which is payable to a family as determined in accordance with subsection (b) shall, with respect to each family member (whether or not taken into account under subsection (b) in determining such amount) who is available for employment and fails to register as required by section 2111(a), or fails to accept manpower services or accept or continue in employment or participate in training as required by section 2111(c), or refuses to accept or continue to participate in rehabilitation services as required by section 2117(b) or 2132(b), be reduced by—

"(1) $800 per year in the case of each of the first two such members,

"(2) $400 per year in the case of each of the next three such members,

"(3) $300 per year in the case of the next two such members, and

"(4) $200 per year in the case of the next such member,

or by proportionately smaller amounts for shorter periods.

"Payment of Benefits; Period for Determination of Benefits

"(d)(1) Payment of benefits (prior to determination under paragraph (2) of the amount of the benefits payable) shall be made during any quarter of a calendar year

on the basis of the Secretary's estimate of the family's income for such quarter, after taking into account income from preceding quarters and any modifications which are likely to occur on the basis of changes in circumstances or conditions. Eligibility for benefits or the amount of payments shall be redetermined at any time within the quarter that the Secretary receives notice or otherwise has reason to believe that a material change in circumstances has occurred.

"(2) The amount of the benefits payable to any family for any quarter of a calendar year shall be determined in the quarter immediately following such quarter; and, to the extent that the amount actually paid to such family for such quarter as provided in paragraph (1) was more or less than the amount so determined, proper adjustment or recovery shall be made as provided in section 2171(b). The benefits payable to a family for the quarter for which such determination is made shall be reduced by any income received in such quarter and in any one or more of the three quarters immediately preceding such quarter by any individual who was a member of the family both at the time such income was received and in the quarter for which such determination is made, if and to the extent that such amount was not counted as income of the family for the purpose of reducing the amounts described in subsection (b) or excluded pursuant to section 2153(b) or (if the family was not an eligible family

for purposes of this title in any one or more of such preceding quarters) to the extent that such amount would not have been so counted for such purpose even if the family had then been an eligible family for purposes of this title.

"(3) For purposes of paragraph (2), income not excluded under section 2153(b) with respect to the quarter for which a determination is made shall be considered first, to reduce the amounts described in subsection (b); if benefits are payable thereafter, they shall be reduced by applying income not so excluded with respect to the first preceding quarter, then with respect to the second such quarter, and then with respect to the third such quarter, in that order. In the case of a family which did not receive benefits in each of the preceding three quarters the Secretary may estimate (in the absence of satisfactory evidence) any amount which is needed for the determination of benefits under paragraph (2).

"(4) The Secretary shall by regulation prescribe the cases in which and extent to which the amount of a family assistance benefits for any quarter shall be reduced by reason of the time elapsing since the beginning of such quarter and before the date of filing of the application for the benefit.

"(5) For purposes of this subsection an application shall be considered to have been filed on the first day of the month in which it was actually filed.

"Biennial Reapplication

"(e) After a family has made application for benefits under this title and has been paid benefits (pursuant to such application) for 24 consecutive months, no further benefits shall be paid to such family under part A or part B except on the basis of a new application which shall be filed and processed as though it were such family's initial application for benefits under this title.

"Special Limits on Gross Income

"(f) The Secretary may prescribe the circumstances under which, consistently with the purposes of this title, the gross income from a trade or business (including farming) will be considered sufficiently large to make such family ineligible for such benefits. For purposes of this subsection, the term 'gross income' has the same meaning as when used in chapter 1 of the Internal Revenue Code of 1954.

"Certain Individuals Ineligible

"(g)(1) Notwithstanding subsection (a), no family shall be an eligible family for purposes of this title if, after notice by the Secretary that it is likely that any member of such family is eligible for any payments of the type enumerated in section 2153(a)(2)(A), such member fails within 30 days to take all appropriate steps (excluding acceptance of any employment offered under any of the conditions

specified in subparagraphs (A) through (D) of section 2111 (c)(2)) to apply for and (if eligible) obtain any such payments.

"(2)(A) No individual shall be considered a member of a family for purposes of determining the amount of such family's benefits if such individual is exempt under section 2111(b)(1) from the requirement of registration pursuant to section 2111(a) solely because of an incapacity which is determined by the Secretary to be the result in whole or in part of drug abuse or alcohol abuse unless such individual is undergoing any treatment that may be appropriate for such abuse at an institution or facility approved for purposes of this section by the Secretary (so long as such treatment is available) and demonstrates that he is complying with the terms, conditions, and requirements of such treatment and with requirements imposed by the Secretary under subparagraph (B).

"(B) The Secretary shall provide for the monitoring and testing of all individuals who are members of families for purposes of this title and who as a condition of being considered as such are required to be undergoing treatment and complying with the terms, conditions, and requirements thereof as described in subparagraph (A), in order to assure such compliance and to determine the extent to which the imposition of such requirement is contributing to the achieve-

ment of the purposes of this title. The Secretary shall annually submit to the Congress a full and complete report on his activities under this subsection.

"(C) As used in subparagraph (A), the term 'drug abuse' means abuse of a controlled substance within the meaning of section 102 of the Controlled Substances Act; and the term 'alcohol abuse' means alcohol abuse or alcoholism within the meaning of section 247 of the Community Mental Health Centers Act.

"Puerto Rico, the Virgin Islands, and Guam

"(h) For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 1108(c).

"INCOME

"Meaning of Income

"SEC. 2153. (a) For purposes of this part, income means both earned income and unearned income; and—

"(1) earned income means only—

"(A) wages as determined under section 203(f)(5)(C);

"(B) net earnings from self-employment, as defined in section 211 (without the application of the second and third sentences following clause (C) of subsection (a)(9), and the last paragraph of subsection (a)), including earnings for services de-

scribed in paragraphs (4), (5), and (6) of subsection (c); and

"(2) unearned income means all other income, including support and maintenance furnished in cash or otherwise, and including—

"(A) any payments received as an annuity, pension, retirement, or disability benefit, including veterans' compensation and pensions, workmen's compensation payments, old-age, survivors, and disability insurance benefits, railroad retirement annuities and pensions, and unemployment insurance benefits;

"(B) prizes and awards;

"(C) the proceeds of any life insurance policy to the extent that they exceed the amount expended by family members for expenses of the insured individual's last illness and burial or $1,500, whichever is less;

"(D) gifts (cash or otherwise), support and alimony payments, and inheritances; and

"(E) rents, dividends, interest, and royalties.

"Exclusions From Income

"(b) In determining the income of a family there shall be excluded—

"(1) subject to limitations (as to amount or otherwise) prescribed by the Secretary, the earned income of each child in the family who is, as determined by the Secretary under regulations, a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment;

"(2)(A) the total unearned income of all members of a family in a calendar quarter which, as determined in accordance with criteria prescribed by the Secretary, is received too infrequently or irregularly to be included, if such income so received does not exceed $60 in such quarter, and (B) the total earned income of all members of a family in a calendar quarter which, as determined in accordance with such criteria, is received too infrequently or irregularly to be included, if such income so received does not exceed $30 in such quarter;

"(3) an amount of earned income of a member of the family equal to all, or such part (and according to such schedule) as the Secretary may prescribe, of the cost incurred by such member for child care which the Secretary deems necessary to securing or continuing in manpower training, vocational rehabilitation, employment, or self-employment;

"(4) the first $720 per year (or proportionately

smaller amounts for shorter periods) of the total of earned income (not excluded by the preceding paragraphs of this subsection) of all members of the family plus one-third of the remainder thereof;

"(5) subject to section 2156, any assistance (except veterans' pensions) which is based on need and furnished by any State or political subdivision of a State or any Federal agency (including relocation assistance under section 2114(b)(3)), or by any private agency or organization exempt from taxation under section 501(a) of the Internal Revenue Code of 1954 as an organization described in section 501(c) (3) or (4) of such Code;

"(6)(A) allowances under section 2115(a), 2117(c), or 2132(c);

"(B) allowances of the types described in such sections which are paid by a State or political subdivision thereof to a member of a family receiving benefits under this title, to the extent that such allowances do not exceed $30 per month;

"(7) any portion of any grant, scholarship, or fellowship received for use in paying the cost of tuition and fees at any educational (including technical or vocational education) institution;

"(8) home produce of a member of the family utilized by the household for its own consumption;

"(9) one-third of any payments received for the support of children who are family members, or as alimony paid to family members; and

"(10) any amounts received for the foster care of a child who is not a member of the family but who is living in the same home as the family and was placed in such home by a public or nonprofit private child-placement or child-care agency.

Notwithstanding any other provision of this part, the total amount which may be excluded under paragraphs (1), (2), and (3) in determining the income of any family for any year shall not exceed the lesser of—

"(i) $2,000 plus $200 for each member of the family in excess of four, or

"(ii) $3,000,

or a proportionately smaller amount for a shorter period.

"RESOURCES

"Exclusions From Resources

"SEC. 2154. (a) In determining the resources of a family there shall be excluded—

"(1) the home, to the extent that its value does not exceed such amount as the Secretary determines to be reasonable;

"(2) household goods and personal effects, to the extent that their total value does not exceed such amount as the Secretary determines to be reasonable; and

"(3) other property which, as determined in accordance with and subject to limitations prescribed by the Secretary, is so essential to the family's means of self-support as to warrant its exclusion.

In determining the resources of a family an insurance policy shall be taken into account only to the extent of its cash surrender value; except that if the total face value of all life insurance policies on any person is $1,500 or less, no part of the value of any such policy shall be taken into account.

"Disposition of Resources

"(b) The Secretary shall prescribe the period or periods of time within which, and the manner in which, various kinds of property must be disposed of in order not to be included in determining a family's eligibility for benefits. Any portion of the family's benefits paid for any such period shall be conditioned upon such disposal; and any benefits so paid shall (at the time of the disposal) be considered overpayments to the extent they would not have been paid had the disposal occurred at the beginning of the period for which such benefits were paid.

"MEANING OF FAMILY AND CHILD

"Meaning of Family

"SEC. 2155. (a) Two or more individuals—

"(1) who are related by blood, marriage, or adoption,

"(2) who are living in a place of residence maintained by one or more of them as his or their own home,

"(3) all of whom are residents of the United States, and at least one of whom is either (A) a citizen or (B) an alien lawfully admitted for permanent residence, and

"(4) at least one of whom is a child who is in the care of or dependent upon another of such individuals,

shall be regarded as a family for purposes of this title and part A of title IV. A parent (of a child living in a place of residence referred to in paragraph (2)), or a spouse of such a parent, who is determined by the Secretary to be temporarily absent from such place of residence for the purpose of engaging in or seeking employment or self-employment (including military service) shall nevertheless be considered (for purposes of paragraph (2)) to be living in such place of residence. Notwithstanding any other provision of this title—

"(A) no two or more individuals in any household shall be considered a family for purposes of this title if the individual who is the head of such household is a full-time undergraduate or graduate student at a college or university; and

"(B) no individual shall (except as provided in the preceding sentence) be considered a member of a family for any of the purposes of this title with respect

to any month during all of which such individual is outside the United States; and for purposes of this clause after an individual has been outside the United States for any period of 30 consecutive days, he shall be treated as remaining outside the United States until he has been in the United States for a period of 30 consecutive days.

"Meaning of Child

"(b) For purposes of this title, the term 'child' means an individual who is neither married nor (as determined by the Secretary) the head of a household, and who is (1) under the age of eighteen, or (2) under the age of twenty-two and (as determined by the Secretary) a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment.

"Determination of Family Relationships

"(c) In determining whether an individual is related to another individual by blood, marriage, or adoption, appropriate State law shall be applied.

"Income and Resources of Noncontributing Individual

"(d) For purposes of determining eligibility for and the amount of benefits for any family there shall be excluded the income and resources of any individual, other than a parent of a child, or a spouse of a parent, who is a family member, which, as determined in accordance with criteria prescribed

by the Secretary, is not available to other members of the family; and for such purposes such individual—

"(1) in the case of a child, shall be regarded as a member of the family for purposes of determining the family's eligibility for such benefits but not for purposes of determining the amount of such benefits, and

"(2) in any other case, shall not be considered a member of the family for any purpose.

"United States

"(c) For purposes of this title, the term 'United States', when used in a geographical sense, means the States and the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.

"Recipients of Assistance for the Aged, Blind, and Disabled Ineligible

"(f) If an individual is receiving benefits under title XX, then, for the period for which such benefits are received, such individual shall not be regarded as a member of a family for purposes of determining the amount of the benefits of the family under this title and his income and resources shall not be counted as income and resources of a family under this title.

"OPTIONAL STATE SUPPLEMENTATION

"SEC. 2156. (a) Any cash payments which are made by a State (or political subdivision thereof) on a regular basis

to individuals who are receiving benefits under this title or who would but for their income be eligible to receive benefits under this title, as assistance based on need in supplementation of such benefits (as determined by the Secretary), shall be excluded under section 2153(b)(5) in determining the income of such individuals for purposes of this title only if (1) the Secretary and such State enter into an agreement which satisfies subsection (b) and which may at the option of the State provide that the Secretary will, on behalf of such State (or subdivision), make such supplementary payments to all such individuals, and (2) such supplementary payments are made to such individuals in accordance with such agreement.

"(b) Any agreement between the Secretary and a State entered into under subsection (a) shall provide—

"(1) that in determining the eligibility of any family for supplementary payments on the basis of the income of the family, all the provisions of section 2153(b) will apply, except that with respect to any quarter—

"(A) if benefits are paid to such family for such quarter under part A or part B, such benefits will not be excluded from income in applying paragraph (5) of such section, and

"(B) if no benefits are paid to such family

for such quarter under part A or part B, the requirement of this paragraph shall not apply with respect to such family; except that the supplementary payment shall not be reduced, on account of income in excess of the maximum amount which such family could have and still receive such a benefit, by an amount greater than such excess,

and, if the agreement provides that the Secretary will, on behalf of the State (or political subdivision), make the supplementary payments to individuals receiving benefits under this title, shall also provide—

"(2) that such payments will be made (subject to subsection (c)) to all families residing in such State (or subdivision) who are receiving benefits under this title except that the State may, at its option, exclude—

"(A) families in which both parents of the child or children are present, neither parent is incapacitated, and the male parent is not unemployed, or

"(B) families described in subparagraph (A) and families in which both parents of the child or children are present, neither parent is incapacitated, and the male parent is unemployed, and

"(3) such other rules with respect to eligibility for or amount of the supplementary payments, and such pro-

cedural or other general administrative provisions, as the Secretary finds necessary (subject to subsection (c)) to achieve efficient and effective administration of both the program which he conducts under this title and the optional State supplementation.

"(c) Any State (or political subdivision) making supplementary payments described in subsection (a) may at its option impose as a condition of eligibility for such payments, and include in the State's agreement with the Secretary under such subsection, a residence requirement which excludes individuals who have resided in the State (or political subdivision) for less than a minimum period prior to application for such payments.

"(d) Any State which has entered into an agreement with the Secretary under this section which provides that the Secretary will, on behalf of the State (or political subdivision), make the supplementary payments to individuals who are receiving benefits under this title (or who would but for their income be eligible to receive such benefits), shall, subject to section 503 of the Social Security Amendments of 1971, at such times and in such installments as may be agreed upon between the Secretary and such State, pay to the Secretary an amount equal to the expenditures made by the Secretary as such supplementary payments.

"PART D—PROCEDURAL AND GENERAL PROVISIONS

"PAYMENTS AND PROCEDURES

"Payment of Benefits

"SEC. 2171. (a)(1) Benefits under this title shall be paid at such time or times and in such installments as will best effectuate the purposes of this title.

"(2)(A) Payment of the benefit of any family may be made to any one or more members of the family, or, if the Secretary finds, after reasonable notice and opportunity for hearing (which shall be held in the same manner and subject to the same conditions as a hearing under subsections (c)(1) and (2)) to the family member or members to whom the benefits are (or, but for this provision, would be) paid, that such member or members have such inability to manage funds that making payment to such member or members would be contrary to the welfare of the child or children in such family, he may make payment to any person other than a member of such family (including an appropriate public or private agency) who is interested in or concerned with the welfare of the family. The Secretary shall investigate each case in which he has reason to believe that a family receiving payments under this title is unable to manage such payments in accordance with its best interests.

"(B) If the Secretary makes payment under subparagraph (A) to a person who is not a member of the family,

he shall review his finding under the preceding sentence periodically to determine whether the conditions justifying such finding still exist, and, if they do not, he shall discontinue making payments to any person who is not a member of the family. If it appears to the Secretary that such conditions are likely to continue beyond a period specified by him, he shall attempt to secure the appointment of a guardian or other legal representative for the family member with respect to whom such finding is made, and take any other steps he may find appropriate to protect the welfare of the child or children in the family.

"(C) No part of the benefits of any family may be paid to any member of such family who has failed to register as required by section 2111(a), or who fails to accept services or employment or participate in training as required by section 2111(c), or who refuses to accept rehabilitation services as required by section 2117(b) or section 2132(b); and the Secretary may, if he deems it appropriate, provide for the payment of such benefits during the period of such failure to any person other than a member of such family (including an appropriate public or private agency) who is interested in or concerned with the welfare of the family, without making the finding required by subparagraph (A) and without regard to subparagraph (B).

"(3) The Secretary may establish ranges of incomes

within which a single amount of benefits under this title shall apply.

"(4) The Secretary may make, to any family initially applying for benefits under this title which is presumptively eligible for such benefits and which is faced with financial emergency, a cash advance against such benefits in an amount not exceeding $100.

"Overpayments and Underpayments

"(b) Whenever the Secretary finds that more or less than the correct amount of benefits has been paid with respect to any family, proper adjustment or recovery shall, subject to the succeeding provisions of this subsection, be made by appropriate adjustments in future payments to the family under part A or part B or by recovery from or payment to any one or more of the individuals who are or were members thereof. The Secretary shall make such provision as he finds appropriate in the case of payment of more than the correct amount of benefits with respect to a family with a view to avoiding penalizing members of the family who were without fault in connection with the overpayment, if adjustment or recovery on account of such overpayment in such case would defeat the purposes of this title, or be against equity or good conscience, or (because of the small amount involved) impede efficient or effective administration of this title.

"Hearings and Review

"(c) (1) The Secretary shall provide reasonable notice and opportunity for a hearing to any individual who is or claims to be a member of a family and is in disagreement with any determination under this title with respect to—

"(A) eligibility of the family for benefits, the number of members of the family, or the amount of the family's benefits, or

"(B) the refusal of such individual to register for or participate or continue to participate in manpower services, training, or employment, or to accept employment or rehabilitation services,

if such individual requests a hearing on the matter in disagreement within thirty days after notice of such determination is received.

"(2) Determination on the basis of such hearing shall be made within ninety days after the individual requests the hearing as provided in paragraph (1).

"(3) The final determination of the Secretary after a hearing under paragraph (1) shall be subject to judicial review as provided in section 205(g) to the same extent as the Secretary's final determination under section 205; except that the determination of the Secretary after such hearing as to any fact shall be final and conclusive and not subject to review by any court.

"Procedures; Prohibition of Assignments; Representation of Claimants—

"(d) (1) The provisions of section 207 and subsections (a), (d), (e), and (f) of section 205 shall apply with respect to this part to the same extent as they apply in the case of title II.

"(2) To the extent the Secretary finds it will promote the achievement of the objectives of this part, qualified persons may be appointed to serve as hearing examiners in hearings under subsection (e) without meeting the specific standards prescribed for hearing examiners by or under subchapter II of chapter 5 of title 5, United States Code.

"(3) The Secretary may prescribe rules and regulations governing the recognition of agents or other persons, other than attorneys as hereinafter provided, representing claimants before the Secretary under this part, and may require of such agents or other persons, before being recognized as representatives of claimants, that they shall show that they are of good character and in good repute, possessed of the necessary qualifications to enable them to render such claimants valuable service, and otherwise competent to advise and assist such claimants in the presentation of their cases. An attorney in good standing who is admitted to practice before the highest court of the State, Territory, District, or insular possession of his residence or before the Supreme Court

of the United States or the inferior Federal courts, shall be entitled to represent claimants before the Secretary. The Secretary may, after due notice and opportunity for hearing, suspend or prohibit from further practice before him any such person, agent, or attorney who refuses to comply with the Secretary's rules and regulations or who violates any provision of this paragraph for which a penalty is prescribed. The Secretary may, by rule and regulation, prescribe the maximum fees which may be charged for services performed in connection with any claim before the Secretary under this part, and any agreement in violation of such rules and regulations shall be void. Any person who shall, with intent to defraud, in any manner willfully and knowingly deceive, mislead, or threaten any claimant or prospective claimant or beneficiary under this part by word, circular, letter, or advertisement, or who shall knowingly charge or collect directly or indirectly any fee in excess of the maximum fee, or make any agreement directly or indirectly to charge or collect any fee in excess of the maximum fee, prescribed by the Secretary, shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall for each offense be punished by a fine not exceeding $500 or by imprisonment not exceeding one year, or both.

"Applications and Furnishing of Information by Families

"(c)(1) The Secretary shall prescribe such require-

ments in the case of families or members thereof for the filing of applications, the suspension or termination of benefits, the furnishing of other data and material, and the reporting of events and changes in circumstances, as may be necessary to determine eligibility for and amount of family assistance benefits.

"(2) Each family who received benefits under part A or part B in a quarter shall be required, not later than 30 days after the close of such quarter, to submit a report to the Secretary containing such information and in such form as he may prescribe in order to enable him to determine eligibility for and the amount of the benefits payable to such family with respect to such quarter as provided in section 2152(d). In case of failure by any family to submit the report within such 30 days, no payment of benefits under part A or part B shall be made to such family so long as such failure continues.

"(3) In case of the failure by any family to submit any other data, material, or report required under paragraph (1), or delay by any individual in submitting such data, material, or report as so required, the Secretary shall reduce any benefits which may subsequently become payable to such family under this title by—

"(A) $25 in the case of the first such failure or delay,

"(B) $50 in the case of the second such failure or delay, and

"(C) $100 in the case of the third or a subsequent such failure or delay,

except where the family was without fault or good cause for such failure or delay existed.

"Furnishing of Information by Other Agencies

"(f) The head of any Federal agency shall provide such information as the Secretary needs for purposes of determining eligibility for or amount of benefits, or verifying other information with respect thereto.

"PENALTIES FOR FRAUD

"SEC. 2172. Whoever—

"(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in any application for any benefit under this title,

"(2) at any time knowingly and willfully makes or causes to be made any false statement or representation of a material fact for use in determining rights to any such benefit,

"(3) having knowledge of the occurrence of any event affecting (A) his initial or continued right to any such benefit, or (B) the initial or continued right to any such benefit of any other individual in whose behalf he has applied for or is receiving such benefit,

conceals or fails to disclose such event with an intent fraudulently to secure such benefit either in a greater amount or quantity than is due or when no such benefit is authorized, or

"(4) having made application to receive any such benefit for the use and benefit of another and having received it, knowingly and willfully converts such benefit or any part thereof to a use other than for the use and benefit of such other person;

shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

"ADMINISTRATION

"SEC. 2173. The Secretary of Health, Education, and Welfare and the Secretary of Labor may each perform any of his functions under this title (or section 1124) directly, through arrangements with each other or with other Federal agencies, or by contract with public or private agencies providing for payment in advance or by way of reimbursement, and in such installments, as he may deem necessary.

"ADVANCE FUNDING

"SEC. 2174. (a) For the purpose of affording adequate notice of funding available under this title, appropriations for grants, contracts, or other payments under part A or part B (other than benefits under section 2113 or 2131)

are authorized to be included in an appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

"(b) In order to effect a transition to the advance funding method of timing appropriation action, subsection (a) shall apply notwithstanding that its initial application will result in enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.

"OBLIGATION OF DESERTING PARENTS

"SEC. 2175. In any case where an individual has deserted or abandoned his spouse or his child or children and such spouse or any such child (during the period of such desertion or abandonment) is a member of a family receiving benefits under this title, such individual shall be obligated to the United States in an amount equal to—

"(1) the total amount of the benefits paid to such family during such period with respect to such spouse and child or children, reduced by

"(2) any amount actually paid by such individual to or for the support and maintenance of such spouse or child or children during such period, if and to the extent that such amount is excluded in determining the amount of such benefits;

except that in any case where an order for the support and maintenance of such spouse or any such child has been issued by a court of competent jurisdiction, the obligation of such individual under this subsection (with respect to such spouse or child) for any period shall not exceed the amount specified in such order less any amount actually paid by such individual (to or for the support and maintenance of such spouse or child) during such period. The amount due the United States under such obligation shall be collected (to the extent that the claim of the United States therefor is not paid by such individual or otherwise satisfied), in such manner as may be specified by the Secretary from any amounts otherwise due him or becoming due him at any time from any officer or agency of the United States or under any Federal program. Amounts collected under the preceeding sentence shall be deposited in the Treasury as miscellaneous receipts.

"PENALTY FOR INTERSTATE FLIGHT TO AVOID PARENTAL RESPONSIBILITIES

"SEC. 2176. Whoever, being the parent of a child receiving benefits under this title as a member of a family, moves or travels in interstate commerce for the purpose of avoiding responsibility for the support of such child or any other responsibility imposed upon him by or under any law pertaining to the obligations of a parent to his child,

shall be guilty of a misdemenor and upon conviction thereof shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

"REPORTS OF IMPROPER CARE OR CUSTODY OF CHILDREN

"SEC. 2177. Whenever the Secretary, in the performance of his functions under this title, obtains or comes into possession of information which indicates or gives him reason to believe that any child is being or has been subjected to neglect, abuse, exploitation, or other improper care or custody, he shall so advise the appropriate State or local child welfare agency and the head of the Federal department or agency (if such department or agency is not the Department of which the Secretary is head) which is most directly concerned with or exercises primary Federal jurisdiction over factual situations of the type involved.

"ESTABLISHMENT OF LOCAL COMMITTEES TO EVALUATE EFFECTIVENESS OF MANPOWER AND TRAINING PROGRAMS

"SEC. 2178. (a) The Secretary of Health, Education, and Welfare and the Secretary of Labor (in this section referred to as the 'Secretaries') shall jointly establish or designate such local advisory committees throughout the United States as may be necessary or appropriate to assist them in evaluating the effectiveness of the training and em-

ployment programs under this title, together with related child care, family planning, and other services, in helping needy families to become self-supporting and in otherwise achieving the objectives of this title. Each such local committee shall perform its functions within an area specified by the Secretaries at the time of its establishment or designation; but at least one such committee shall be established or designated in every State.

"(b) Each local advisory committee established or designated under subsection (a) shall, as specified by the Secretaries, consist of persons representative of labor, business, the general public, and units of local government not directly involved in administering employment and training programs under this title, and shall have a chairman elected by the committee from among its members. Members of each local committee shall be selected in such manner, and serve for such terms, as may be specified by the Secretaries.

"(c) Each local advisory committee established or designated under subsection (a) shall submit to the Secretaries at regular intervals a report on the effectiveness of the programs and services referred to in subsection (a) in the area within which it performs its functions, together with its recommendations for improving such effectiveness and such additional information as the Secretaries may request in connection with such programs and services.

"(d) The Secretaries shall provide each local advisory committee established or designated under subsection (a) with the funds necessary for the reasonable expenses of its members in the performance of its functions. There are authorized to be appropriated such sums as may be necessary to carry out this subsection.

"INITIAL AUTHORIZATION FOR APPROPRIATIONS FOR CHILD CARE SERVICES

"SEC. 2179. Of the sums authorized by section 2101 to be appropriated for the fiscal year ending June 30, 1973, not more than $700,000,000 in the aggregate shall be appropriated to the Secretary of Labor to enable him to carry out his responsibilities under section 2112(a) and to the Secretary of Health, Education, and Welfare to enable him to carry out his responsibilities under sections 2133(a) and 2134(c)."

CONFORMING AMENDMENTS RELATING TO ASSISTANCE FOR NEEDY FAMILIES WITH CHILDREN

SEC. 402. (a) The heading of title IV of the Social Security Act is amended to read as follows:

"TITLE IV—GRANTS TO STATES FOR FAMILY AND CHILD WELFARE SERVICES".

(b) The heading of part A of title IV of such Act is amended to read as follows:

"PART A—SERVICES TO NEEDY FAMILIES WITH CHILDREN".

(c) Section 401 of such Act is amended—

(1) by striking out "financial assistance and", and "dependent" each place it appears, in the first sentence; and

(2) by striking out "aid and" in the second sentence.

(d)(1) Section 402(a) of such is amended—

(A) by striking out "AID AND" in the heading;

(B) by striking out "aid and" in the matter preceding clause (1);

(C) by striking out "with respect to services" in clause (1) (as amended by section 522(b) of this Act);

(D) by striking out clause (4);

(E)(i) by striking out "recipients and other persons" in clause (5)(B) and inserting in lieu thereof "persons", and

(ii) by striking out "providing services to applicants and recipients" in such clause and inserting in lieu thereof "providing services under the plan";

(F) by striking out clauses (7) and (8);

(G)(i) by striking out "applicants or recipients"

in clause (9) and inserting in lieu thereof "persons seeking or receiving services under the plan", and

(ii) by striking out "aid to families with dependent children" in such clause and inserting in lieu thereof "the plan";

(H) by striking out clauses (10), (11), and (12);

(I) (i) by striking out "section 406(d)" in clause (14) and inserting in lieu thereof "section 405(d)",

(ii) by striking out "for children and relatives receiving aid to families with dependent children and appropriate individuals (living in the same home) whose needs are taken into account in making the determination under clause (7)" in such clause (as amended by section 524 (a) of this Act) and inserting in lieu thereof "for members of a family receiving assistance to needy families with children and individuals who would have been eligible to receive aid to families with dependent children under the State plan (approved under this part) as in effect prior to the enactment of title XXI", and

(iii) by striking out "such children, relatives, and individuals" each place it appears in such clause (as so amended) and inserting in lieu thereof "such members and individuals";

(J) by striking out clause (15) and inserting in lieu

thereof the following: "(15) provide (A) for the development of a program, for appropriate members of such families and such other individuals, for preventing or reducing the incidence of births out of wedlock and otherwise strengthening family life, and for implementing such program by assuring that in all appropriate cases family planning services are offered to them, but acceptance of family planning services provided under the plan shall be voluntary on the part of such members and individuals and shall not be a prerequisite to eligibility for or the receipt of any other service under the plan; and (B) to the extent that services provided under this clause or clause (8) are furnished by the staff of the State agency or the local agency administering the State plan in each of the political subdivisions of the State, for the establishment of a single organizational unit in such State or local agency, as the case may be, responsible for the furnishing of such services;"

(K) by striking out "aid" in clause (16) and inserting in lieu thereof "assistance to needy families with children";

(L) (i) by striking out "aid to families with dependent children" in clause (17) (A) (i) and inserting in lieu thereof "assistance to needy families with children",

(ii) by striking out "aid" in clause (17)(A)(ii) and inserting in lieu thereof "assistance", and

(iii) by striking out "aid" in clause (17)(A)(iii) (as added by section 525(a) of this Act) and inserting in lieu thereof "assistance";

(M) by striking out "clause (17)(A)" in clause (18) and inserting in lieu thereof "clause (11)(A)";

(N) by striking out clause (19);

(O) by striking out "aid to families with dependent children in the form of foster care in accordance with section 408" in clause (20) and inserting in lieu thereof "payments for foster care in accordance with section 406";

(P) (i) by striking out "aid is being provided under the State plan" in clause (21)(A) (as amended by section 525(b) of this Act) and inserting in lieu thereof "assistance to needy families with children or foster care under the State plan is being provided", and

(ii) by striking out "section 410" in clause (21)(C) and inserting in lieu thereof "section 407";

(Q) by striking out "aid is being provided under the plan of such other State" in each place it appears in clause (22) (as amended by section 525(c) of this Act) and inserting in lieu thereof "assistance to needy

families with children or foster care payments are being provided in such other State"; and

(R) by striking out "and (23)" and all that follows and inserting in lieu thereof "and (23) provide that, to the extent services under the plan are furnished by the staff of the State or local agency administering the plan in any political subdivision of the State, such staff will be located in organizational units (up to such organizational levels as the Secretary may prescribe) which are separate and distinct from the units within such agencies responsible for determining eligibility for any form of cash assistance paid on a regularly recurring basis or for performing any functions directly related thereto, subject to any exceptions which, in accordance with standards prescribed in regulations, the Secretary may permit when he deems it necessary in order to ensure the effective administration of the plan."

(2) Clauses (5), (6), (9), (13), (14), (15), (16), (17), (18), (20), (21), (22), and (23) of section 402 (a) of such Act, as amended by paragraph (1) of this subsection, are redesignated as clauses (4) through (16), respectively.

(c) Section 402(b) of such Act is amended to read as follows:

"(b) The Secretary shall approve any plan which fulfills

the conditions specified in subsection (a), except that he shall not approve any plan which imposes, as a condition of eligibility for services or foster care payments under it, any residence requirement which denies services or foster care payments with respect to any individual residing in the State."

(f) Section 402 of such Act is further amended by striking out subsection (c), and by striking out subsection (d) (as added by section 523(b) of this Act).

(g)(1) Section 403(a) of such Act is amended—

(A) by striking out "aid and" in the matter preceding paragraph (1);

(B) by striking out paragraph (1) and inserting in lieu thereof the following:

"(1) an amount equal to the sum of the following proportions of the total amounts expended during such quarter as payments for foster care in accordance with section 406—

"(A) five sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $18 multiplied by the total number of children receiving such foster care for such month; plus

"(B) the Federal percentage of the amount by which such expenditures exceed the maximum which

may be counted under subparagraph (A), not counting so much of any expenditure with respect to any month as exceeds the product $100 multiplied by the total number of children receiving such foster care for such month;";

(C) by striking out paragraph (2);

(D) (i) by striking out "in the case of any State," in the matter preceding subparagraph (A) in paragraph (3),

(ii) by striking out "or relative who is receiving aid under the plan, or to any other individual (living in the same home as such relative and child) whose needs are taken into account in making the determination under clause (7) of such section" in clause (i) of subparagraph (A) of such paragraph and inserting in lieu thereof "receiving foster care under the State plan or any member of a family receiving assistance to needy families with children",

(iii) by striking out "child or relative who is applying for aid to families with dependent children or" in clause (ii) of subparagraph (A) of such paragraph and inserting in lieu thereof "member of a family",

(iv) by striking out "likely to become an applicant for or recipient of such aid" in clause (ii) of subparagraph (A) of such paragraph and inserting in lieu

thereof "likely to become eligible to receive such assistance",

(v) by striking out "(17), (18), (21), and (22)" in clause (iv) of subparagraph (A) of such paragraph (as added by section 527(a) of this Act) and inserting in lieu thereof "(11), (12) (14), and (15)", and

(vi) by striking out "(14) and (15)" each place it appears in subparagraph (A) of such paragraph and inserting in lieu thereof "(8) and (9)";

(E) by striking out all that follows "permitted" in the last sentence of such paragraph and inserting in lieu thereof "by the Secretary; and";

(F) by striking out "in the case of any State," in the matter preceding subparagraph (A) in paragraph (5);

(G) by striking out "section 406(c)" each place it appears in paragraph (5) and inserting in lieu thereof "section 405(c)"; and

(H) by striking out the sentences following paragraph (5).

(2) Paragraphs (3) and (5) of section 403(a) of such Act, as amended by paragraph (1) of this subsection, are redesignated as paragraphs (2) and (3), respectively.

(h) Section 403(h) of such Act is amended—

(1) by striking out "(B) records showing the number of dependent children in the State, and (C)" in paragraph (1) and inserting in lieu thereof "and (B)"; and

(2) by striking out "(A)" in paragraph (2), and by striking out ", and (B)" and all that follows in such paragraph down through "under the State plan".

(i) Section 404 of such Act is amended—

(1) by striking out "(a) In the case of any State plan for aid and services" and inserting in lieu thereof "In the case of any State plan for services";

(2) by striking out clause (1) and inserting in lieu thereof the following:

"(1) that the plan no longer complies with the provisions of section 402; or"; and

(3) by striking out subsection (b).

(j) Section 405 of such Act is repealed.

(k) Section 406 of such Act is redesignated as section 405, and as so redesignated is amended—

(1) by striking out subsections (a), (b), and (c) and inserting in lieu thereof the following:

"(a) The term 'child' means a child as defined in section 2155(b).

"(b) The term 'needy families with children' means families who are eligible for benefits under part A or part B of title XXI, other than families in which both parents of

the child or children are present, neither parent is incapacitated, and the male parent is not unemployed.

"(c) The term 'assistance to needy families with children' means benefits under part A or part B of title XXI, paid to needy families with children as defined in subsection (b).";

and

(2) (A) by striking out "living with any of the relatives specified in subsection (a) (1) in a place of residence maintained by one or more of such relatives as his or their own home" in paragraph (1) of subsection (c) and inserting in lieu thereof "a member of a family (as defined in section 2155(a))",

(B) by striking out "because such child or relative refused" in such paragraph and inserting in lieu thereof "because such child or another member of such family refused", and

(C) by striking out "the household in which he is living" in subparagraph (A) of such paragraph and inserting in lieu thereof "such family".

(l) Section 407 of such Act is repealed.

(m) Section 408 of such Act is redesignated as section 406, and as so redesignated is amended—

(1) by striking out everything (including the heading) which precedes paragraph (b) (1) and inserting in lieu thereof the following:

"FOSTER CARE

"SEC. 406. For purposes of this part—

"(a) the term 'foster care' shall include only foster care which is provided in behalf of a child (1) who would, except for his removal from the home of a family as a result of a judicial determination to the effect that continuation therein would be contrary to his welfare, be a member of such family receiving assistance to needy families with children (or supplementary payments under section 2156), (2) whose placement and care are the responsibility of (A) the State or local agency administering the State plan approved under section 402, or (B) any other public agency with whom the State agency administering or supervising the administration of such State plan has made an agreement which is still in effect and which includes provision for assuring development of a plan, satisfactory to such State agency, for such child as provided in paragraph (c)(1) and such other provisions as may be necessary to assure accomplishment of the objectives of the State plan approved under section 402, (3) who has been placed in a foster family home or child-care institution as a result of such determination, and (4) who (A) received assistance to needy families with children (or aid to families with dependent children under the State plan approved under section 402 as in effect prior to the effective date of title XXI) in or for

the month in which court proceedings leading to such determination were initiated, or (B) would have received such assistance to needy families with children (or such aid) in or for such month if application had been made therefor, or (C) in the case of a child who had been a member of a family (as defined in section 2155(a)) within six months prior to the month in which such proceedings were initiated, would have received such assistance (or such aid) in or for such month if in such month he had been a member of (and removed from the home of) such a family and application had been made therefor;

"(b) the term 'foster care' shall, however, include the care described in paragraph (a) only if it is provided ";

(2)(A) by striking out "'aid to families with dependent children'" in paragraph (b)2 and inserting in lieu thereof "foster care",

(B) by striking out "such foster care" in such paragraph and inserting in lieu thereof "foster care", and

(C) by striking out the period at the end of such paragraph and inserting in lieu thereof "; and";

(3) by striking out paragraph (c) and redesignating paragraphs (d), (e), and (f) as paragraphs (c), (d), and (e), respectively;

(4) by striking out "paragraph (f)(2)" and "sec-

tion 403(a)(3)" in paragraph (c) (as so redesignated) and inserting in lieu thereof "paragraph (c)(2)" and "section 403(a)(2)" respectively;

(5) by striking out "aid" in paragraph (d) (as so redesignated) and inserting in lieu thereof "foster care";

(6) by striking out "relative specified in section 406(a)" in paragraph (c)(1) (as so redesignated) and inserting in lieu thereof "family (as defined in section 2155(a))"; and

(7) by striking out "522(a)" and "part 3 of title V" in paragraph (c)(2) (as so redesignated) and inserting in lieu thereof "422(a)" and "part B of this title", respectively.

(n) Section 409 of such Act is repealed.

(o) Section 410 of such Act is redesignated as section 407; and subsection (a) of such section (as so redesignated) is amended by striking out "section 402(a)(21)" and inserting in lieu thereof "section 402(a)(14)".

(p)(1) Section 422(a)(1)(A) of such Act is amended by striking out "section 402(a)(15)" and inserting in lieu thereof "section 402(a)(9)".

(2) Section 422(a)(1)(B) of such Act is amended—

(A) by striking out "provided for dependent children" and inserting in lieu thereof "provided with respect to needy families with children", and

~~(B) by striking out "such children and their families" and inserting in lieu thereof "such families and children".~~

~~(q) Part C of title IV of such Act is repealed.~~

~~(r) References in any law, regulation, State plan, or other document to any provision of part A of title IV of the Social Security Act which is redesignated by this section shall to the extent appropriate (from and after the effective date of the amendments made by this section) be considered to be references to such provision as so redesignated.~~

TITLE IV—FAMILY PROGRAMS

PART A—AID TO FAMILIES WITH DEPENDENT CHILDREN

AMENDMENTS TO PART A OF TITLE IV EFFECTIVE JANUARY 1, 1973

SEC. 401. (a) Part A of title IV of the Social Security Act, including the heading of such part, is amended to read as follows:

"PART A—AID TO FAMILIES WITH DEPENDENT CHILDREN

"APPROPRIATION

"SEC. 401. For the purposes of (1) encouraging the care of dependent childen in their own homes or in the homes of relatives by enabling each State, to the extent it deems appropriate under State law, to furnish financial as-

sistance and rehabilitation and other services, as far as practicable under the conditions in such State, to needy dependent children and the parents or relatives with whom they are living to help maintain and strengthen family life and to help such parents or relatives to attain or retain capability for the maximum self-support and personal independence consistent with the maintenance of continuing parental care and protection, (2) aiding in obtaining support payments for such children from absent parents, and (3) aiding in the determination of the paternity of such children who are born out of wedlock, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this part. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary of Health, Education, and Welfare, State plans for aid to families with dependent children.

"SUBPART 1—STATE PLANS FOR AID TO FAMILIES WITH DEPENDENT CHILDREN

"GENERAL ADMINISTRATIVE PROVISIONS

"SEC. 402. A State plan for aid to families with dependent children must—

(a) provide that, except to the extent permitted by the Secretary with respect to services under section 407, it shall be in effect in all political subdivisions of the

State, and, if administered by them, be mandatory upon them;

"(b) provide for financial participation by the State;

"(c) provide for the establishment or designation of a single State agency either to administer the plan or to supervise the administration of the plan;

"(d) set forth the methods of administration to be followed in carrying out the State plan which—

"(1) include methods relating to the establishment and maintenance of personnel standards on a merit basis, and

"(2) provide for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of recipients of public assistance and other persons of low income, as community services aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants and recipients;

"(e) provide that the State agency will make such reports, in such form and containing such information, as the Secretary may from time to time require, and comply with such provisions as the Secretary may from

time to time find necessary to assure the correctness and verification of such reports;

"(f) provide for prompt notice (including the transmittal of all relevant information) to the Attorney General of the United States (or the appropriate State official or agency (if any) designated by him pursuant to part D) of the furnishing of aid to families with dependent children with respect to a child who has been deserted or abandoned by a parent (including a child born out of wedlock without regard to whether the paternity of such child has been established);

"(g) provide (1) that, as a condition of eligibility under the plan, each applicant for or recipient of aid shall furnish to the State agency his social security account number (or numbers, if he has more than one such number), and (2) that such State agency shall utilize such account numbers, in addition to any other means of identification it may determine to employ, in the administration of such plan;

"(h)(1) provide that, as a condition of eligibility for aid, each applicant or recipient will be required to assign to the United States any rights to support from any other person he may have—

"(i) in his own behalf or in behalf of any other

family members for whom he is applying for or receiving aid, and

"(ii) which have accrued at the time such assignment is executed, and which will have accrued during the period ending with the third month following the last month in which he (or such other family members) will have received aid under the plan or with such later month as may be determined under section 455(b); and

"(2) contain such provisions pertaining to determining paternity and securing support and locating absent parents as are prescribed by the Attorney General of the United States in order to comply with the requirements of part D;

"(i) provide—

"(1) that aid to families with dependent children shall not be furnished to any individual unless such individual (A) is a resident of the State, and (B) has resided in the State continuously for ninety consecutive days immediately preceding the application for such aid;

"(2) that such aid shall be furnished under the State plan for a period of ninety consecutive days to any individual who (A) has moved out of such

State regardless of whether he has terminated his residence in such State, (B) was receiving aid under such State plan in the month before the month in which he moved out of such State, (C) continues to meet the eligibility requirements of such State plan except for residency, and (D) is not receiving aid to families with dependent children under a plan of the State in which he is present solely because he does not meet the duration of residency requirements imposed under subclause (1);

"(3) that for the purpose of furnishing aid under the State plan to any individual described in subclause (2), appropriate agreements (including provisions for reimbursement) will be made with the State agency administering or supervising the administration of the plan approved under this part of the other State so that the agency of such other State will determine the continuing eligibility of and make payments to such individual; and

"(4) that the State agency will enter into agreements with the State agency administering or supervising the administration of the plan under this part of other States to carry out for them the functions described in subclause (3); and

"(j) provide that, if the State plan contains provi-

sions limiting to a specified period of time eligibility of individuals for aid under the plan based on any approved application for such aid, such period of time shall not be less than two years; and provide that the right of any individual, whose eligibility for such aid is affected by such provisions, to reapply for such aid shall not be adversely affected by reason of such provisions. At the option of the State, the State plan for aid to families with dependent children may provide that manuals and other policy issuances will be furnished to persons without charge for the reasonable cost of such materials, but such provision shall not be required by the Secretary as a condition for the approval of such plan under this part.

"ELIGIBILITY FOR AID TO FAMILIES WITH DEPENDENT CHILDREN

"SEC. 403. A State plan for aid to families with dependent children must provide that such aid will be furnished to all individuals who apply and are determined to be eligible therefor under such plan.

"DETERMINING ELIGIBILITY AND AMOUNT OF AID

"SEC. 404. A State plan for aid to families with dependent children—

"(a) must provide that aid furnished for any month under the plan shall not be less than—

"(1) $66.67, in the case of a family with one member,

"(2) $133.33, in the case of a family with two members,

"(3) $166.67, in the case of a family with three members, and

"(4) $200.00, in the case of a family with four or more members,

(or, if less, the amount which a family of such size with no other income would have received for June 1972 under the State plan approved under this part) reduced by all income not required to be disregarded by clause (d);

"(b) must provide that eligibility for aid to families with dependent children will not be determined solely on the basis of declarations concerning eligibility factors and other relevant facts by an applicant for or recipient of such aid, and that relevant information will be verified to the maximum extent feasible from independent or collateral sources and additional information obtained as necessary in order to insure that such aid is only provided to eligible persons and that the amounts of such aid are correct;

"(c) except as otherwise provided in clause (d), must provide that the State agency shall, in determining

need, take into consideration any other income or resources of any child or relative claiming aid to families with dependent children or of any other individual whose needs the State determines should be considered in determining the need of the child or relative claiming such aid, but in no event will the needs of any other individual be considered for purposes of making the determination under this clause (c) unless such individual is—

"(1) living in the same home as such child and relative, and

"(2) one of the relatives of such child specified in section 411(a)(1)(A) (but not including a brother, sister, step-brother, or step-sister of such child who does not meet the requirements of section 411(a)(1)(A)(ii));

"(d) must provide that, in making the determination under clause (c), the State agency—

"(1) shall with respect to any month disregard—

"(A) all of the earned income of each dependent child receiving aid to families with dependent children who is a full-time student or part-time student who is not a full-time employee attending a school, college, or university,

or a course of vocational or technical training designed to fit him for gainful employment,

"(B) in the case of the earned income of a dependent child not included in subclause (1)(A), a relative receiving such aid, and any other individual (living in the same home as such relative and child) whose needs are taken into account in making such determination, the first $60 (or, if such individual is not working at least 40 hours per week, or at least 35 hours per week and earning per week an amount at least equal to 40 times the hourly minimum wages specified in section 6(a)(1) of the Fair Labor Standards Act of 1938, the first $30) of such earned income for such month, plus one-third of the next $300 of such income for such month, plus one-fifth of the remainder of such income for such month, except that (i) reasonable child care expenses (subject to such limitations as the Secretary may prescribe in regulations) will first be deducted before computing such individual's earned income and (ii) the provisions of this subclause (1)(B) shall not apply to earned income derived from participation on a project maintained under the program established by

section 408 or by clause (2) or (3) of section 432(b), and

"(C) $20 per month, with respect to the dependent child (or children), relative with whom the child (or children) are living, and other individual (living in the same home as such child (or children)) whose needs are taken into account in making such determination, of all income derived from support payments collected pursuant to part D; and

"(2)(A) may, subject to the limitations prescribed by the Secretary, permit all or any portion of the earned or other income to be set aside for future identifiable needs of a dependent child, and (B) may, before disregarding the amounts referred to in subclause (1) and subclause (2)(A), disregard not more than $5 per month of any income; except that, with respect to any month, the State agency shall not disregard any earned income (other than income referred to in subclause (2)) of—

"(3) any one of the persons specified in subclause (1)(B) if such person—

"(A) terminated his employment or reduced his earned income without good cause within such period (of not less than 30 days)

preceding such month as may be prescribed by the Secretary; or

"(B) refused without good cause, within such period preceding such month as may be prescribed by the Secretary, to accept employment in which he is able to engage which is offered through the public employment offices of the State, or is otherwise offered by an employer if the offer of such employer is determined by the State or local agency administering the State plan, after notification by him, to be a bona fide offer of employment; or

"(4) any of such persons specified in subclause (1)(B) if with respect to such month the income of the persons so specified (within the meaning of clause (c)) was in excess of their need as determined by the State agency pursuant to clause (c) (without regard to this clause (d)) unless, for any one of the four months preceding such month, the needs of such person were met by the furnishing of aid under the plan;

"(e) may provide for the State agency to make rent payments for any month directly to a public housing agency on behalf of an individual or family receiving aid under the plan or on behalf of groups of such individuals

or families, and that the State agency may make rent payments directly to any private person on behalf of an individual or family receiving aid under the plan, and that if the State plan provides for such payments to private persons, such payments will be made only if (1) such individual or family has failed without good cause under State law to make rent payments for which he was obligated, whether or not to his or their current landlord, for any two consecutive months within the twelve-month period immediately preceding the month for which the State agency commences to make such rent payments, (2) such rent payments with respect to such individual or family are for any month equal to the least of (A) the amount of aid under the plan for which such individual or family is eligible for such month, (B) the full rent owed by such individual or family for such month, or (C) the amount used by the State for such month to determine the need for rent of an individual or family (of the same size as such family) with no income other than aid under the State plan, and (3) such person agrees to accept the payment by the State agency of the amount described in subclause (2)(B) or (2)(C) as the full rent owed for such month; and

"(f) must provide that in any case in which more or

less than the correct amount of aid for any month was paid with respect to a family under the plan,

"(1) in the case of underpayments, proper adjustment shall be made in future payments with respect to such family which are made within such maximum period of time as the State agency may prescribe, and

"(2) in the case of overpayments—

"(A) proper adjustment or recovery shall be made by adjustment in future payments with respect to such family or by recovery from such family in accordance with procedures of the State for collection of overpayments, or

"(B) if such adjustment or recovery cannot be made, the State agency will so notify the Secretary so that he may make appropriate adjustments to or recovery from other amounts which may be owed to any member of such family by the United States pursuant to section 414.

"STATUTORY RIGHTS OF APPLICANTS FOR RECIPIENTS OF AID TO FAMILIES WITH DEPENDENT CHILDREN

"SEC. 405. A State plan for aid to families with dependent children must—

"(a) provide that all individuals wishing to make application for aid to families with dependent children

shall have opportunity to do so, and that such aid will only be furnished to or with respect to eligible persons (as defined in section 411(f)) and will, subject to subsections (g), (h), and (i) of section 402, subsections (b) and (f) of section 404, and subsections (a) and (e) of section 409, be furnished with reasonable promptness;

"(b) provide (1) for granting an opportunity for an evidentiary hearing before the State agency or, if the State plan is administered in each of the political subdivisions of the State by a local agency, before such local agency, to any individual whose claim for aid to families with dependent children is denied, or is not acted upon with reasonable promptness or to any individual who is receiving aid under the plan which aid such State or local agency determines should be terminated or the amount of which should be reduced, (2) that any hearing held at the request of any individual to determine the matter of whether the aid provided to such individual (or to members of his family) under the State plan should be terminated or the amount thereof reduced shall be completed and the agency before which such hearing is held shall make a decision on the basis of such evidentiary hearing with respect to such matter not later than thirty days after the date such individual is notified of the intention of such agency to terminate or reduce

the amount of such aid, (3) that the agency before which such hearing is held may put its decision into effect immediately upon its issuance, (4) that if the evidentiary hearing is held by a local agency administering the State plan in a political subdivision of such State, the individual will be provided an opportunity to appeal such decision to the State agency, and (5) if any individual (or family) is determined under a final decision of the State agency (or of the local agency if no appeal is taken therefrom) to have received, prior to such decision, aid under the plan in any amount to which he (or his family) was not entitled, appropriate adjustment or recovery of such amount will be made as required by section 404(f); except that no individual whose eligibility for aid under the State plan is terminated by reason of the provisions (referred to in section 402(j) and relating to limitation of duration of eligibility based on any approved application for aid) in a State plan shall be entitled to a hearing on account of termination of his eligibility arising from the application of such provisions; and

"(c) provide safeguards which permit the use or disclosure of information concerning applicants or recipients only (1) to public officials who require such information in connection with their official duties, or (2) to

other persons for purposes directly connected with the administration of aid to families with dependent children.

"PROTECTION OF CHILDREN

"SEC. 406. (a) A State plan for aid to families with dependent children must—

"(1) provide that where the State agency has reason to believe that the home in which a relative and child receiving aid reside is unsuitable for the child because of the neglect, abuse, or exploitation of such child, it shall bring such condition to the attention of the appropriate court or law enforcement agencies in the State, and shall provide such data with respect to the situation as it may have;

"(2) provide that, whenever the State agency has reason to believe that any payments of aid to families with dependent children made with respect to a child are not being or may not be used in the best interests of the child, the State agency shall provide for such counseling and guidance services with respect to the use of such payments and the management of other funds by the relative receiving such payments as it deems advisable in order to assure use of such payments in the best interests of such child, and shall provide for advising such relative that continued failure to so use such payments will

result in substitution therefor of protective payments as defined in subsection (b), or in seeking appointment of a guardian or legal representative as provided in section 1111, or in the imposition of criminal or civil penalties authorized under State law if it is determined by a court of competent jurisdiction that such relative is not using or has not used for the benefit of the child such payments made for that purpose; and the provision of such services or advice by the State agency (or the taking of the action specified in such advice) shall not serve as a basis for withholding funds from such State under section 413 and shall not prevent such payments with respect to such child from being considered aid to families with dependent children;

"(3) provide for aid to families with dependent children in the form of foster care, including provision for—

"(A) development of a plan for each such child (including periodic review of the necessity for the child's being in a foster family home or child-care institution) to assure that he receives proper care and that services are provided which are designed to improve the conditions in the home from which he was removed or to otherwise make possible his being placed in the home of a relative specified in section 411(a)(1), and

"(B) use by the State or local agency administering the State plan, to the maximum extent practicable, in placing such a child in a foster family home or child-care institution, of the services of employees of the State public-welfare agency referred to in section 421(a) (relating to allotments to States for child welfare services under part B) or of any local agency participating in the administration of the plan referred to in such section, who perform functions in the administration of such plan; and

"(4) provide that protective payments (as defined in subsection (b) but without regard to paragraphs (1) through (5) thereof) will be made to meet the needs of a dependent child in any case in which the relative with whom such child is living is not an eligible person by reason of—

"(A) his refusal to accept employment or to participate in any employment or training program if his acceptance or participation is otherwise required by this part,

"(B) her failure to cooperate with any official or agency of the State or of the United States in establishing the paternity of such child (where such relative is the mother of a dependent child born out

of wedlock), or in obtaining support payments for herself or such child,

"(C) a medical determination that such relative is a drug addict or alcoholic if and for so long as he is not receiving payment directly under title XV, or

"(D) his failure to agree to permit inspection of the home in which such relative lives, at reasonable times and with reasonable notice, by a duly authorized person employed by or on behalf of such State in the administration of the State plan approved under this part.

"(b) For purposes of this part, the term 'protective payments' means payments with respect to any dependent child (including payments to meet the needs of the relative, and the relative's spouse, with whom such child is living, and the needs of any other individual living in the same home if such needs are taken into account in making the determination under section 404(c)) which are made to another individual who (as determined in accordance with standards prescribed by the Secretary) is interested in or concerned with the welfare of such child, relative, or other individual, or are made on behalf of such child or relative directly to a person furnishing food, living accommodations, or other goods, services, or items to or for such child, relative, or other

individual, but only with respect to a State whose State plan approved under this part includes provision for—

"(1) determination by the State agency that the relative of the child with respect to whom such payments are made has such inability to manage funds that making payments to him would be contrary to the best interests of the child and, therefore, it is necessary to provide such aid with respect to such child and relative through payments described in this subsection (b);

"(2) undertaking and continuing special efforts to develop greater ability on the part of the relative to manage funds in such manner as to protect the welfare of the family;

"(3) periodic review by such State agency of the determination under clause (1) to ascertain whether conditions justifying such determination still exist, with provision for termination of such payments if they do not and for seeking judicial appointment of a guardian or other legal representative, as described in section 1111, if and when it appears that the need for such payments is continuing, or is likely to continue, beyond a period specified in regulations prescribed by the Secretary;

"(4) aid in the form of foster home care in behalf of children described in section 411(a)(3); and

"(5) opportunity for an evidentiary hearing before the State agency or, if the State plan is administered in each of the political subdivisions of the State by a local agency, before such local agency on the determination referred to in clause (1) for any individual with respect to whom it is made;

but such term does not include any amount to meet the needs of an individual who is not an eligible person.

"SOCIAL SERVICES

"SEC. 407. (a) A State plan for aid to families with dependent children must—

"(1) provide a description of the services to families with dependent children which the State agency (using whatever internal organizational arrangement it finds appropriate for this purpose) makes available to maintain and strengthen family life for children, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services;

"(2) provide, in such cases as the State agency finds appropriate, for the development and application of a program for such services to families with dependent children, as defined in subsection (b), for each child and relative who receives aid to families with dependent children, and each appropriate individual (living in the

same home as a relative and child receiving such aid whose needs are taken into account in making the determination under section 404(c)), as may be necessary in the light of the particular home conditions and other needs of such child, relative, and individual, in order to assist such child, relative, and individual to attain or retain capability for self-support and care and in order to maintain and strengthen family life and to foster child development;

"(3) provide for the development of a program for each appropriate relative and dependent child receiving aid under the plan, and each appropriate individual (living in the same home as a relative and child receiving such aid) whose needs are taken into account in making the determination under section 404(c), for preventing or reducing the incidence of births out of wedlock and otherwise strengthening family life, and for implementing such program by assuring that in all appropriate cases family planning services (including supplies) are offered them and are provided promptly to all individuals requesting such services, but acceptance by such child, relative, or individual of family planning services under the plan shall be voluntary on the part of such child, relative, or individual and shall not be a

prerequisite to eligibility for or the receipt of any other service or aid under the plan;

"(4) provide that to the extent that services provided under the State plan are furnished by the staff of the State agency or the local agency administering the State plan in each of the political subdivisions of the State, for the establishment of a single organizational unit in such State or local agency, as the case may be, responsible for the furnishing of such services; and

"(5) provide for the referral to the State or appropriate local agency administering the plan of such State approved under title XV of any individual applying for aid to families with dependent children who is medically determined to be a drug addict or alcoholic but who otherwise would be eligible for such aid under the State plan approved under this part.

"(b) The term 'services to families with dependent children' means services to a family or any member thereof for the purpose of preserving, rehabilitating, reuniting, or strengthening the family, and such other services as will assist members of a family to attain or retain capability for the maximum self-support and personal independence.

"COMMUNITY WORK AND TRAINING PROGRAMS

"SEC. 408. (a) For the purpose of assisting the States in encouraging, through community work and training pro-

grams of a constructive nature, the conservation of work skills and the development of new skills for relatives with whom a dependent child is living and other individuals whose needs are taken into account in making the determination under section 404(c) and who are receiving aid to families with dependent children, under conditions which are designed to assure protection of the health and welfare of such individuals and the dependent children involved, expenditures (other than for medical or any other type of remedial care) for any month with respect to a dependent child (including payments to meet the needs of any relative or relatives, specified in section 411(a)(1)(A), with whom he is living) under a State plan approved under this part shall not be excluded from aid to families with dependent children because such expenditures are made in the form of payments for work performed in such month by any one or more of the relatives specified in section 411(a)(1)(A) with whom such child is living if such work is performed for the State agency or any other public agency under a program (which need not be in effect in all political subdivisions of the State) administered by or under the supervision of such State agency, if there is State financial participation in such expenditures, and if such State plan includes—

"(1) provisions which, in the judgment of the Secretary, provide reasonable assurance that—

"(A) appropriate standards for health safety, and other conditions applicable to the performance of such work by such relatives are established and maintained;

"(B) payments for such work are at rates not less than the minimum rate (if any) provided by or under State law for the same type of work and not less than the rates prevailing on similar work in the community;

"(C) such work is performed on projects which serve a useful public purpose, do not result either in displacement of regular workers or in the performance by such relatives of work that would otherwise be performed by employees of public or private agencies, institutions, or organizations, and (except in cases of projects which involve emergencies or which are generally of a nonrecurring nature) are of a type which has not normally been undertaken in the past by the State or community, as the case may be;

"(D) in determining the needs of any such relative, any additional expenses reasonably attributable to such work will be considered;

"(E) any such relative shall have reasonable opportunities to seek regular employment and to secure any appropriate training or retraining which may be available; and

"(F) aid under the plan will not be denied with respect to any such relative (or the dependent child) for refusal by such relative to perform any such work if he has good cause for such refusal;

"(2) provision for entering into cooperative arrangements with the system of public employment offices in the State looking toward employment or occupational training of any such relatives performing work under such program, including appropriate provision for registration and periodic reregistration of such relatives and for maximum utilization of the job placement services and other services and facilities of such offices;

"(3) provision for entering into cooperative arrangements with the State agency or agencies responsible for administering or supervising the administration of vocational education and adult education in the State, looking toward maximum utilization of available public

vocational or adult education services and facilities in the State in order to encourage the training or retraining of any such relatives performing work under such program and otherwise assist them in preparing for regular employment;

"(4) provision for assuring appropriate arrangements for the care and protection of the child during the absence from the home of any such relative performing work under such program in order to assure that such absence and work will not be inimical to the welfare of the child;

"(5) provision that there will be no adjustment or recovery by the State or any political subdivision thereof on account of any payments which are correctly made for such work; and

"(6) such other provisions as the Secretary finds necessary to assure that the operation of such program will not interfere with achievement of the objectives set forth in section 401.

"(b) In the case of any State which makes expenditures in the form described in subsection (a) under its State plan approved under this part, the proper and efficient adminis-

tration of the State plan, for purposes of section 412(a)(3) may not include the cost of making or acquiring materials or equipment in connection with the work performed under a program referred to in subsection (a) or the cost of supervision of work under such program, and may include only such other costs attributable to such programs as are permitted by the Secretary.

"RELATIONSHIP WITH WORK INCENTIVE PROGRAM

"SEC. 409. A State plan for aid to families with dependent children must provide—

"(a) that every individual, as a condition of eligibility for aid under this part, shall register for manpower services, training, and employment as provided by regulations of the Secretary of Labor, unless such individual is—

"(1) a child who is under age 16 or attending school full time;

"(2) a person who is ill, incapacitated, or of advanced age;

"(3) a person so remote from a work incentive project that his effective participation is precluded;

"(4) a person whose presence in the home is required because of illness or incapacity of another member of the household;

"(5) a mother or other relative of a child under the age of six who is caring for the child; or

"(6) the mother or other female caretaker of a child, if the father or another adult male relative is in the home and not excluded by subclause (1), (2), (3), or (4) of this clause (unless he has failed to register as required by this clause, or has been found by the Secretary of Labor under section 433(g) to have refused without good cause to participate under a work incentive program or accept employment as described in clause (e) of this section);

and that any individual referred to in subclause (5) shall be advised of her option to register, if she so desires, pursuant to this paragraph, and shall be informed of the child care services (if any) which will be available to her in the event she should decide so to register;

"(b) that aid under the plan will not be denied by reason of such registration or the individual's certifica-

tion to the Secretary of Labor under clause (f) of this section, or by reason of an individual's participation on a project under the program established by section 432 (b) (2) or (3) so long as, in making the determination required under section 404(c), the State agency finds that such individual (and his family) remain eligible for such aid;

"(c) for arrangements to assure that there will be made a non-Federal contribution to the work incentive programs established by part C by appropriate agencies of the State or private organizations of 10 per centum of the cost of such programs, as specified in section 435(b);

"(d) that (1) training incentives authorized under section 434 shall be disregarded in determining the needs of an individual under section 404(c), and (2) in determining such individual's needs the additional expenses attributable to his participation in a program established by section 432(b) (2) or (3) shall be taken into account;

"(e) that if and for so long as any child, relative, or individual (certified to the Secretary of Labor pursuant to clause (f)) has been found by the Secretary

of Labor under section 433(g) to have refused without good cause to participate under a work incentive program established by part C with respect to which the Secretary of Labor has determined his participation is consistent with the purposes of such part C, or to have refused without good cause to accept employment in which he is able to engage which is offered through the public employment offices of the State, or is otherwise offered by an employer if the offer of such employer is determined, after notification by him, to be a bona fide offer of employment—

"(1) if the relative makes such refusal, such relative's needs shall not be taken into account in making the determination under section 404(c), and aid for any dependent child in the family in the form of protective payments as defined in section 406(b) (which in such a case shall be without regard to clauses (1) through (5) thereof) or section 406(a) (3) will be made;

"(2) aid with respect to a dependent child will be denied if a child who is the only child receiving aid in the family makes such refusal;

"(3) if there is more than one child receiving

aid in the family, aid for any such child will be denied (and his needs will not be taken into account in making the determination under section 404(c)) if that child makes such refusal; and

"(4) if such individual makes such refusal, such individual's needs will not be taken into account in making the determination under section 404(c);

except that the State agency shall for a period of sixty days, make payments of the type described in section 406(b) (without regard to clauses (1) through (5) thereof) on behalf of the relative specified in subclause (1), or continue aid in the case of a child specified in subclause (2) or (3), or take the individual's needs into account in the case of an individual specified in subclause (4), but only if during such period such child, relative, or individual accepts counseling or other services (which the State agency shall make available to such child, relative, or individual) aimed at persuading such child, relative, or individual, as the case may be, to participate in such program in accordance with the determination of the Secretary of Labor; and

"(f) that the State agency will have in effect a special program which (1) will be administered by a separate administrative unit and the employees of which will, to the maximum extent feasible, perform services only in connection with the administration of such program, (2) will provide (through arrangements with others or otherwise) for individuals who have been registered pursuant to clause (a), in accordance with the order of priority listed in section 433(a), such health, vocational rehabilitation, counseling, child care, and other social and supportive services as are necessary to enable such individuals to accept employment or receive manpower training provided under part C, and will, when arrangements have been made to provide necessary supportive services, including child care, certify to the Secretary of Labor those individuals who are ready for employment or training under part C, (3) will participate in the development of operational and employability plans under section 433(b), and (4) will provide for purposes of clause (2), that, when more than one kind of child care is available, the mother may choose the type, but she may not refuse to accept child care services if they are available.

"EMERGENCY ASSISTANCE

"SEC. 410. (a) A State plan for aid to families with dependent children—

"(1) may provide emergency assistance to needy families with children (as defined in subsection(b)), and

"(2) must provide emergency assistance to needy families with children (as so defined), on a statewide basis, to needy migrant workers with children in the State.

"(b) The term 'emergency assistance to needy families with children' means any of the following, furnished for a period not in excess of 30 days in any 12-month period, in the case of a needy child under age 21 who is (or, within such period as may be specified in regulations prescribed by the Secretary, has been) living with any of the relatives specified in section 411(a)(1)(A) in a place of residence maintained by one or more of such relatives as his or their own home, but only where such child is without available resources, the payments, care, or services involved are necessary to avoid destitution of such child or to provide living arrangements in a home for such child, and such destitution or need for living arrangements did not arise because such child or relative refused without good cause to accept employment or training for employment:

"(1) money payments, payments in kind, or such other payments as the State agency may specify with respect to, or medical care or any other type of remedial care recognized under State law on behalf of, such child

or any other member of the household in which he is living, and

"(2) such services as may be specified in regulations prescribed by the Secretary.

"SUBPART 2—DEFINITIONS

"SEC. 411. When used in this part—

"(a)(1)(A) The term 'dependent child' means a needy child who has been born and (i) who has been deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent, and who is living with his father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, aunt, first cousin, nephew, or niece, in a place of residence maintained by one or more of such relatives as his or their own home, and (ii) who is (I) under the age of eighteen or (II) under the age of twenty-one and (as determined by the State) a student regularly attending a school, college, or university, or (III) under the age of twenty-one and (as determined by the State) a student regularly attending a course of vocational or technical training designed to fit him for gainful employment.

"(B)(i) The term 'parent', when used with respect to any child, means such child's natural parent or his adoptive parent, and, at the option of the State, may also include (I) his stepparent, or (II) if such child's father or stepfather

is deceased or continuously absent from the home, any other adult individual (regardless of whether such other individual is living in the same home as such child and the relative with whom the child is living) if and for so long as there exists a continuing parent-child type relationship between such child and such individual if such individual is not the grandfather, grandmother, brother, sister, stepbrother, stepsister, uncle, aunt, first cousin, nephew, or niece of such child, but no child shall be found to be deprived of parental support or care by reason of the continued absence from the home of such individual.

"(ii) For purposes of determining whether a continuing parent-child type relationship exists between a child and such an adult individual, only the following factors may be taken into account: (I) the frequency with which such child and such individual appear together in public, (II) whether such individual is the parent of a half brother or half sister of such child, (III) whether such individual exercises parental control over such child, (IV) whether substantial gifts are made by such individual to such child or to members of the family of such child, (V) whether such individual claims such child as a dependent for income tax purposes, (VI) whether such individual cares for or arranges for the care of such child when the relative with whom such child is living is ill or absent from home, (VII) whether such individual assumes respon-

sibility for such child when a crisis occurs in such child's life, such as illness or detention of such child by public authorities, (VIII) whether such individual is listed as the parent or guardian of such child in school records which are designed to indicate the parents or guardians of children, (IX) whether such individual makes frequent visits to such household, (X) whether such individual gives or uses as his address the address of such household in dealing with his employer, his creditors, postal authorities, other public authorities, or others with whom he may have dealings, relationships, or obligations. Such a relationship may be determined to exist in any case only after an evaluation of the factors specified in the preceding sentence, as well as any evidence which may refute any inference supported by evidence related to such factors.

"(2)(A) At the option of the State, the term 'dependent child' may include a needy child who meets the requirements of section 411(a)(1)(A)(ii), who has been deprived of parental support or care by reason of the unemployment (as determined in accordance with standards prescribed by the Secretary) of his father, and who is living with any of the relatives specified in section 411(a)(1)(A) in a place of residence maintained by such relative (himself or together with any one or more of the other relatives so specified) as his (or their) own home; Provided, That for purposes of this

subparagraph, an individual who is the father of a dependent child shall not be considered to be unemployed for any week in which his unemployment is on account of a labor dispute at the establishment where he was previously employed, unless such individual (1) is not directly interested in and has not participated in such dispute, and (2) is not a member of any group of employees which is directly interested in, financing or participating in, such dispute.

"(B) The provisions of subparagraph (A) shall be applicable to a State if the State's plan approved under this part—

"(i) requires the payment of aid to families with dependent children with respect to a dependent child as defined in subparagraph (A) when—

"(I) such child's father has not been employed (as determined in accordance with standards prescribed by the Secretary) for at least 30 days prior to the receipt of such aid,

"(II) such father has not without good cause, within such period (of not less than 30 days) as may be prescribed by the Secretary, refused a bona fide offer of employment or training, and

"(III) (a) such father has six or more quarters of work (as defined in subparagraph (D)(i)) in

any 13-calendar-quarter period ending within one year prior to the application for such aid or (b) he received unemployment compensation under an unemployment compensation law of a State or of the United States, or he was qualified (within the meaning of subparagraph (D)(iii)) for unemployment compensation under the unemployment compensation law of the State, within 1 year prior to the application for such aid; and

"(ii) provides—

"(I) for such assurances as will satisfy the Secretary that fathers of dependent children as defined in subparagraph (A) will be certified to the Secretary of Labor as provided in section 409 within 30 days after the receipt of aid with respect to such children;

"(II) for entering into cooperative arrangements with the State agency responsible for administering or supervising the administration of vocational education in the State, designed to assure maximum utilization of available public vocational education services and facilities in the State in order to encourage the retraining of individuals capable of being retrained; and

"(III) for the denial of aid to families with

dependent children to any child or relative specified in subparagraph (A) if, and for as long as, such child's father—

"(a) is not currently registered with the public employment offices in the State, or

"(b) receives unemployment compensation under an unemployment compensation law of a State or of the United States.

"(C) For purposes of this section—

"(i) the term 'quarter of work' with respect to any individual means a calendar quarter in which such individual received earned income of not less than $50 (or which is a 'quarter of coverage' as defined in section 213(a)(2)), or in which such individual participated in a community work and training program under section 408 or any other work and training program subject to the limitations in section 408, or the work incentive program established under part C;

"(ii) the term 'calendar quarter' means a period of 3 consecutive calendar months ending on March 31, June 30, September 30, or December 31; and

"(iii) an individual shall be deemed qualified for unemployment compensation under the State's unemployment compensation law if—

"(I) he would have been eligible to receive such

unemployment compensation upon filing application, or

"(II) he performed work not covered under such law and such work, if it had been covered, would (together with any covered work he performed) have made him eligible to receive such unemployment compensation upon filing application.

"(3) The term 'dependent child' shall also include a child (A) who would meet the requirements of paragraph (1) or (2) except for his removal from the home of a relative (specified in such paragraph (1)) as a result of a judicial determination to the effect that continuation therein would be contrary to the welfare of such child, (B) whose placement and care are the responsibility of (i) the State or local agency administering the State plan approved under this part, or (ii) any other public agency with whom the State agency administering or supervising the administration of such State plan has made an agreement which is still in effect and which includes provision for assuring development of a plan, satisfactory to such State agency, for such child as provided in section 406(a)(3)(A) and such other provisions as may be necessary to assure accomplishment of the objectives of the State plan approved under this part, (C) who has been placed in a foster family home or child-care institution as a result of such determination, and

(D) who (i) received aid under such State plan in or for the month in which court proceedings leading to such determination were initiated, or (ii)(I) would have received such aid in or for such month if application had been made therefor, or (II) in the case of a child who had been living with a relative specified in paragraph (1)(A) within 6 months prior to the month in which such proceedings were initiated, would have received such aid in or for such month if in such month he had been living with (and removed from the home of) such a relative and application had been made therefor.

"(b) The term 'aid to families with dependent children'—

"(1) means money payments, rent payments meeting the requirements of section 404(e), and protective payments as defined in section 406(b), with respect to a dependent child or dependent children and includes any such payments to meet the needs of the relative with whom the child is living (and the spouse of such relative if living with him and if such relative is the child's parent and the child is a dependent child by reason of the physical or mental incapacity of a parent or is a dependent child under section 411(a)(2)); and

"(2) also includes foster care in behalf of a child described in paragraph (a)(3) of this section—

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

"(B) in a child-care institution (other than one which meets the definition contained in section 2118), whether the payment therefor is made to such institution or to a public or nonprofit private child-placement or child-care agency, but subject to limitations prescribed by the Secretary with a view to including as 'aid to families with dependent children' in the case of such foster care in such institutions only those items which are included in such term in the case of foster care in the foster family home of an individual.

"(c) The term 'relative with whom any dependent child is living' means the individual who is one of the relatives specified in subsection (a)(1) and with whom such child is living (within the meaning of such subsection) in a place of residence maintained by such individual (himself or together with any one or more of the other relatives so specified) as his (or their) own home.

"(d) The term 'foster family home' means a foster family home for children which is licensed by the State in which it is situated or has been approved, by the agency of such

State responsible for licensing homes of this type, as meeting the standards established for such licensing; and the term 'child-care institution' means a nonprofit private child-care institution which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing or approval of institutions of this type, as meeting the standards established for such licensing.

"(e) The term 'physical or mental incapacity' means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment.

"(f) The term 'eligible person', in the case of any State, means a dependent child, a relative with whom any dependent child is living, or any other individual (living in the same home as such a child and relative) whose needs such State determines should be considered in determining the need of the child or relative claiming aid under the plan of such State approved under this part, except such term does not include any such child, relative, or individual who for any month—

"(1) (other than a member of a migrant family, for purposes of emergency assistance under section 410) has resided in such State for a period of less than 90 consecutive days or, in the case of a child born within three months immediately preceding the application for such aid, is living with a parent or other relative who has

resided in such State for a period of less than 90 consecutive days;

"(2) is neither a citizen nor an alien lawfully admitted for permanent residence (or otherwise permanently residing in the United States under color of law);

"(3) is outside the United States during all of such month (and an individual who has been outside the United States for any period of 30 consecutive days shall be treated as remaining outside the United States until he has been in the United States for a period of 30 consecutive days);

"(4) is a mother of a child born out of wedlock with respect to whom such aid is claimed and who fails to cooperate with the State agency or with the United States in establishing the paternity of such child;

"(5) is the parent of a child with respect to whom such aid is claimed who fails to cooperate with any agency or official of the State or of the United States in obtaining support payments for herself or such child or in obtaining any other payments or property due herself or such child;

"(6) is medically determined to be a drug addict or alcoholic;

"(7) is, prior to January 1, 1974, receiving aid under title XVI, or after December 31, 1973, is receiving supplemental security income benefits under such title;

"(8) has refused without good cause to participate in the work incentive program under part C, or who refuses without good cause as determined by the Secretary of Labor to accept employment,

"(9) within 1 year immediately preceding his application for aid to families with dependent children transferred property (of any type) to a relative for less than fair market value, if the retention of such property would have caused him to be found to be ineligible for such aid,

and (but only if the State, at its option, so provides in its plan approved under this part) does not include any one or more of the following—

"(10) an individual who is absent from such State for a period in excess of 90 consecutive days (regardless of whether he maintains his residence in the State during such period) until he has been present in the State for 30 consecutive days in the case of such an individual who has maintained his residence in such State during such period or 90 consecutive days in the case of any other such individual;

"(11) an individual who will not agree, as a condition of initial or continuing eligibility for such aid, to permit inspection of his home, at reasonable times and with reasonable notice, by any duly authorized person

employed by or on behalf of such State in the administration of such plan; or

"(12) a child and the relative with whom the child is living if—

"(A) such relative is not the child's natural or adoptive parent or legal guardian and would not himself be an eligible person if such child were not living with him, and

"(B) the child's natural or adoptive parent is receiving aid pursuant to a State plan approved under this part.

"SUBPART 3—PAYMENT TO STATES

"SEC. 412. (a)(1) (A) From the sums appropriated therefor, the Secretary shall, for the calendar year beginning January 1, 1973, pay to each State which has an approved plan for aid to families with dependent children an amount equal to the greater of—

"(i) an amount equal to 110 per centum of the Federal share (as defined in subparagraph (B)(i)) for such State for quarters in calendar year 1972; or

"(ii) an amount equal to whichever of the following is the lesser:

"(I) the Federal share for such State for quarters in calendar year 1972, plus one-half of the

State's share (as defined in subparagraph (B)(ii)) for such quarters; or

"(II) an amount equal to the total expenditures as aid to families with dependent children (as defined in section 406(b), as such section was in effect during quarters in calendar year 1972) which would have been made in such quarters if, for each of such quarters, the State plan had provided (a) for the furnishing of such aid in the form of money payments to families with no other income, of $66.67 per month (in the case of a family with one member), $133.33 per month (in the case of a family with two members), $166.67 per month (in the case of a family with three members), and $200.00 per month (in the case of a family with four or more members), and (b) for a reduction in the amount of such aid payable to any such family for any month by an amount equal to any other income such family received for such month which would not have been disregarded under section 404(d),

but such payment shall be made only if the State does not require its political subdivisions to provide financial participation in expenditures for aid under the plan in excess of the difference between such payment and such expenditures. In the case of any State which did not have in effect a State

plan approved under title XIX for quarters in calendar year 1972, the amount described in clause (A) may, at the option of such State, be determined by application of the Federal medical assistance percentage (as defined in section 1905), instead of the percentages provided under paragraph (1) or (2) of section 403(a) (as such sections were in effect during calendar year 1972), to the expenditures under its State plan approved under part A of title IV (as such part was in effect during such calendar year) which would be included in determining the amount of the Federal payments to which such State is entitled under such section, but without regard to any maximum on the dollar amounts per recipient which may be counted under such section. Notwithstanding any other provisions of this section, the Federal payment under this paragraph shall be reduced by an amount equal to any expenditures made under the plan with respect to any dependent child as defined in section 411(a)(1)(A)(i), (I) for any part of the 30-day period referred to in subclause (I) of section 411(a)(2)(B)(i), or (II) for any period prior to the time when the father satisfies subclause (II) of such section, and (ii) if, and for as long as, no action is taken (after the 30-day period referred to in subclause (I) of subparagraph (B)(ii)), under the program therein specified, to certify such

father to the Secretary of Labor pursuant to section 409.

"(B) As used in this paragraph—

"(i) the term 'Federal share', with respect to any State, means the amount determined for such State under subsection (a) (1) or (2) of section 403, section 1118, and section 9 of the Act of April 19, 1950, with respect to total expenditures as aid to families with dependent children (as defined in section 406(b)) under the plan of such State approved under this part (as the above referred to sections were in effect during the quarters for which such amount was determined), and

"(ii) the term 'State share', with respect to any State, means such total expenditures reduced by the Federal share with respect to such State.

"(2)(A) From the amounts appropriated therefor, the Secretary shall pay to each State (in addition to the amounts paid to such State under any other provision of this section) for each quarter an amount equal to the total amount by which payments of aid to families with dependent children under the State plan with respect to any family (when increased by the other income of the family taken into account after application of section 404(d)) exceed the adjusted payment level (as defined in subparagraph (B)) of such State, but not counting so much of any such payment when so increased as exceeds the sum of such adjusted payment level

plus the bonus value of food stamps (as defined in subparagraph (C)).

"(B)(i) As used in this paragraph, the term 'adjusted payment level', in the case of any State, means the amount of the money payment which a family of a given size with no other income would have received under the State plan approved under this part for October 1972, increased by a payment level modification.

"(ii) As used in this subparagraph, the term 'payment level modification', in the case of any State, means that amount by which such State (which for October 1972 made money payments under its plan approved under this part to families with no other income which were less than 100 per centum of its standard of need) could have increased such money payments without increasing (if it reduced its standard of need under such plan so that such increased money payments equaled 100 per centum of such standard of need) the non-Federal share of expenditures for such money payments for October 1972 (as defined in subparagraph (D)).

"(C) As used in this paragraph, the term 'bonus value of food stamps' means—

"(i) the face value of the coupon allotment which would have been provided for October 1972 to a family of a given size under the Food Stamp Act of 1964, reduced by

"(ii) the charge which such family would have paid for such coupon allotment,

if the income of such family for such month had been equal to the adjusted payment level. The face value of food stamps and the charge therefor in October 1972 shall be determined in accordance with rules prescribed by the Secretary of Agriculture in effect for such month.

"(D) As used in this paragraph the term 'non-Federal share of expenditures for money payments for October 1972', in the case of any State, means—

"(i) total expenditures by such State for money payments for such month under its State plan approved under this part reduced by

"(ii) the amount determined for such State for such month under subsection (a) (1) or (2) of section 403, section 1118, and section 9 of the Act of April 19, 1950 (as such sections were in effect during such month).

"(3) In addition to the amounts paid pursuant to paragraphs (1) and (2) the Secretary shall, subject to section 1130, pay to each State an amount equal to the sum of the following proportions of the total amounts expended during each quarter, commencing with the quarter beginning January 1, 1973, as are found necessary by the Secretary for the proper and efficient administration of the plan (except that the Secretary shall exercise no authority with respect

to the selection, tenure of office, and compensation of any individual employed in accordance with the methods of administration included in the State plan pursuant to section 402(d)(1))—

"(A) 100 per centum of so much of such expenditures as are for family planning services;

"(B) 90 per centum of so much of such expenditures as are for services (other than family planning services) which are provided pursuant to section 409(f);

"(C) 75 per centum of so much of such expenditures as are for—

"(i) the training of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision, and

"(ii) emergency assistance provided pursuant to section 410(a)(2);

"(D) except as otherwise provided under the preceding subparagraphs, 75 per centum of so much of such expenditures as are for—

"(i) any services to families with dependent children which are provided pursuant to section 407 to any child or relative who is receiving aid under the plan, or to any other individual (living in the same home as such relative and child) whose needs

are taken into account in making the determination under section 404(c),

"(ii) any such services which are provided to any child or relative who is applying for aid to families with dependent children or who, within such period or periods as the Secretary may by regulation prescribe, has been or is likely to become a recipient of such aid, and

"(E) one-half the remainder of such expenditures, including—

"(i) expenditures for emergency assistance to families other than families of migrant workers,

"(ii) expenditures by the State agency, or the local agency administering the plan in the political subdivision, or a State or local law enforcement agency, in connection with the prosecution of cases involving fraud related to the program operated pursuant to the State plan approved under this part, and

"(iii) services provided pursuant to section 406 (a)(3)(B).

Payment by the Secretary with respect to expenditures described in subparagraph (E)(ii) by agencies other than the State agency shall be made only to the extent that the State agency reimburses such local agencies by the amount

of such payment. The services referred to in subparagraphs (A) and (D) shall include only—

"(F) services provided by the staff of the State agency, or of the local agency administering the State plan in the political subdivision: Provided, That no funds authorized under this part shall be available for services defined as vocational rehabilitation services under the Vocational Rehabilitation Act (i) which are available to individuals in need of them under programs for their rehabilitation carried on under a State plan approved under such Act, or (ii) which the State agency or agencies administering or supervising the administration of the State Plan approved under such Act are able and willing to provide if reimbursed for the cost thereof pursuant to agreement under subparagraph (G), if provided by such staff, and

"(G) subject to limitations prescribed by the Secretary, services which in the judgment of the State agency cannot be as economically or as effectively provided by the staff of such State or local agency and are not otherwise reasonably available to individuals in need of them, and which are provided, pursuant to agreement with the State agency, by the State health authority or the State agency or agencies administering or supervising the administration of the State plan for vocational

rehabilitation services approved under the Vocational Rehabilitation Act or by any other State agency which the Secretary may determine to be appropriate (whether provided by its staff or by contract with public (local) or nonprofit private agencies);

except that services described in subparagraph (F)(ii) hereof may be provided only pursuant to agreement with such State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services so approved; and except that, to the extent specified by the Secretary, services to families with dependent children may be provided from sources other than those referred to in each of subparagraphs (F) and (G). The portion of the amount expended for administration of the State plan to which each of subparagraphs (A) through (D) apply shall be determined in accordance with such methods and procedures as may be permitted by the Secretary.

"(b) The method of computing and paying such amounts shall be as follows:

"(1) The Secretary shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) one-quarter of the amount determined for such State (for the calendar year in which such quarter

occurs) under paragraph (1) of such subsection, (B) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the other provisions of such subsection and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarters, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (C) records showing the number of dependent children in the State, and (D) such other investigation as the Secretary may find necessary.

"(2) The Secretary shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary, (A) reduced or increased, as the case may be, by any sum by which the Secretary finds that his estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, and (B) adjusted by a sum equivalent to the pro rata share to which the United States or such State is equitably entitled, as determined by the Secretary of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to aid to families with dependent children furnished under the State plan or by the United States; except that such increases or reductions shall not be made to the extent that such

sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary for such prior quarter.

"(3) The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary, the amount so certified.

"(c) Notwithstanding any other provision of this Act, the Federal share of assistance payments under this part shall be reduced with respect to any State for each of the first two quarters of the fiscal year ending June 30, 1974, by one percentage point for each percentage by which the number of individuals certified, under the program of such State established pursuant to section 409(f), to the local employment office of the State as being ready for employment or training under part C, is less than 15 per centum of the average number of individuals in such State who, during such year, are required to be registered pursuant to section 409(a).

"(d) Of the sums authorized by section 401 to be appropriated for the fiscal year ending June 30, 1973, not more than $750,000,000 shall be appropriated to the Secretary for payments with respect to services to which subsection (a)(3)(B) applies.

"(e) Notwithstanding any other provision of this part, the payment which would otherwise be made to a State pursuant to subsection (a)(1)(A) shall be reduced by 1 percentage point for each percentage in excess of 10 per centum by which the average monthly number of individuals (for months in the year for which such payment would be made (with respect to whom protective payments, as defined in section 406(b), are made exceeds the average monthly number of all individuals (for months in such year) receiving aid under the plan. In computing such 10 per centum, there shall not be taken into account individuals with respect to whom such payments are made for any month in accordance with section 406(a)(4) or 409(e).

"SUBPART 4—FEDERAL RESPONSIBILITY

"OPERATION OF STATE PLANS

"SEC. 413. (a) The Secretary shall approve any State plan which meets the requirements of this part.

"(b) In the case of any State plan for aid to families with dependent children which has been approved under this part, if the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by this part to be included in the plan (other than clause (i) of such section 402 to the

extent it prohibits the furnishing of aid to persons who have not resided in the State for 90 days), the Secretary shall notify such State agency that further payments shall not be made to the State (or, in his discretion, that payment will be limited to categories under or parts of the State plan not affected for such failure) until the Secretary is satisfied that there is no longer any such failure to comply. Until he is so satisfied he shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).

"(c) No payment to which a State is otherwise entitled under this title, shall be withheld by reason of any action taken pursuant to a State statute which requires that aid be denied under the State plan approved under this part with respect to a child because of the conditions in the home in which the child resides if provision is otherwise made pursuant to a State statute for adequate care and assistance with respect to such child.

"RECOVERY OF OVERPAYMENTS OF AID TO FAMILIES WITH DEPENDENT CHILDREN

"SEC. 414. (a) In any case in which a State agency has notified the Secretary that it cannot recover from members of a family overpayments of aid to families with dependent children to such family, the Secretary shall recover the amount of such overpayment from any amounts (other than lump-sum

death benefits payable under section 202(i)) otherwise due a member of such family or becoming due such member from any officer or agency of the United States or under any Federal program. Any amounts recovered under the preceding sentence shall be credited to the State which made such overpayment."

(b) Section 204(c)(2) of the Social Security Amendments of 1967 is repealed.

(c) Part C of title IV of the Social Security Act is amended by—

(1) striking out "section 402(a)(19)(G)" each place it appears in subsections (a), (b), and (g) of section 433, and inserting "section 409(f)" in lieu thereof;

(2) by striking out "section 402(a)(19)(A)" each place it appears in section 433(a) and inserting "section 409(a)" in lieu thereof;

(3)(A) by striking out "section 402(a)" in section 443 and inserting "section 409(c)" in lieu thereof;

(B) by striking out "section 404" in such section and inserting "section 413" in lieu thereof;

(C) by striking out "section 402" in the first sentence of such section and inserting "part A" in lieu thereof;

(D) by striking out "sections 3(a), 403(a), 1003

(a), 1403(a), 1603(a)" and inserting in lieu thereof "sections 412, 1506, 1609";

(E) by striking out "section 402(a)(19)(C)" in the second sentence of such section and inserting "section 409(c)" in lieu thereof;

(F) by striking out "section 402" in the third sentence of such section and inserting "section 409(c)" in lieu thereof;

(4) by striking out "section 402(a)(19)" in section 444(c)(1) and inserting "section 409" in lieu thereof; and

(5) by striking out "section 402(a)(19)(G)" in section 444(d) and inserting "section 409(f)" in lieu thereof.

(d) The amendments made by this section shall become effective on January 1, 1973.

FISCAL RELIEF FOR STATES FOR CALENDAR YEAR 1972

SEC. 402. (a) Subject to subsection (b), the Secretary shall determine the payment, prescribed by section 412(a)(1) of the Social Security Act (as added by this Act), to which each State will be entitled for calendar year 1973, and shall pay to each State an amount equal to one-half the excess (if any) of such payment over amounts determined with respect to such State under subsections (a) and (b) of section 403, section 1118, and section 9 of the Act of April 19,

1950 (as such sections were in effect during such calendar year), for quarters in calendar year 1972.

(b)(1) Not later than sixty days following the date of enactment of this Act, the Secretary shall—

(A) make the determinations required under subsection (a) based on his estimates of the various amounts needed to make such determinations, and

(B) pay to each State 75 per centum of the amount which he estimates will be due such State pursuant to subsection (a).

(2) Not later than April 1, 1973, the Secretary shall pay to each State the remaining 25 per centum of the amount due such State pursuant to subsection (a), reduced or increased by any overpayment or underpayment made under paragraph (1).

AMENDMENTS TO PART A OF TITLE IV EFFECTIVE JANUARY 1, 1974

SEC. 403. (a) Section 402(d)(2) of the Social Security Act is amended by inserting ", participants in the employment program operated pursuant to title XX," immediately following "employment of recipients".

(b) Section 404(c) is amended by inserting immediately before the semicolon at the end thereof "and that payments of aid under the plan will be reduced (from the amount of such aid which would be paid if such child, relative, and

other individual had no other income) by an amount equal to such income".

(c) Section 404(d) of such Act is amended to read as follows:

"(d) must provide that, in making the determination under clause (c)—

"(1) the State agency shall, with respect to any month, disregard $20, with respect to the dependent child (or children), relative with whom the dependent child (or children) is living, and other individual (living in the same home as such child (or children)) whose needs are taken into account in making such determination, of all income derived from support payments collected pursuant to part D;

"(2) in the case of a family other than a family headed by an employable person (as defined in section 411(g)), the State agency shall, with respect to any month, disregard (in addition to any amount disregarded pursuant to subclause (1)) $20 of any income other than (i) income derived from support payments collected pursuant to part D or (ii) income paid to any member of such family on the basis of the need of such member or family; and

"(3) in the case of (A) a family headed by

an employable person or (B) a family which is registered with the Work Administration with earned income (including wage supplement benefits under title XX and work bonuses under chapter 97 of subtitle I of the Internal Revenue Code of 1954) in excess of $200 per month, that portion of the earned income of such family (regardless of whether such family headed by an employable person does in fact receive any such income) for any month which is not in excess of $300 (or, if the minimum wage specified in section 6(a)(1) of the Fair Labor Standards Act of 1938 exceeds $1.60 per hour, 187.5 times such minimum wage, but in no event more than $375), shall be counted for purposes of this part as $200 of such income for such month;"

(d) Section 406(a)(4)(A) of such Act is deleted.

(e) Section 408 of such Act is repealed.

(f) Section 409 of such Act (including the heading of such section) is amended to read as follows:

"RELATIONSHIP WITH EMPLOYMENT PROGRAM

"SEC. 409. A State plan for aid to families with dependent children must provide that, in the case of any family which is headed by an employable person (as defined in section 411(g)) who is a mother (described in paragraph (2) of section 411(g)) who is applying for or receiving aid under

the plan, and fails or refuses to participate in the employment program operated pursuant to title XX, if and for so long as any such failure or refusal continues after the close of the thirty-day period during which the Work Administration has provided appropriate counseling pursuant to section 2054(b), such person's needs shall not be taken into account in making the determination under section 404(c), she shall not be considered a member of the family for purposes of section 404 (d)(3), and aid for any dependent child in the family in the form of payments of the type described in section 406(b) (which in such a case shall be without regard to clauses (1) through (5) thereof) or section 406(a)(3) will be made, and if such person is a recipient at the time of her refusal, the State agency shall—

"(1) if, at the end of such thirty days, she has not agreed to participate in such program, determine whether she is incapacitated, and, if so, refer her to the State agency administering the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act and require that, as a condition of eligibility for aid to families with dependent children, she accept such rehabilitation services as are made available to her under such State plan, and

"(2) if such person refuses to accept vocational rehabilitation services following a referral pursuant to

subclause (1) or is determined not to be incapacitated and refuses to participate in such employment program, such person shall not be considered an eligible person and payments of the type described in section 406(b) (which in such a case shall be made without regard to clauses (1) through (5) thereof) or section 406(a)(3) shall be made with respect to the dependent children living with such person."

(g) Paragraph (2) of section 411(a) of such Act is repealed.

(h)(1) Section 411 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(g) The term 'family headed by an employable person' means any family which—

"(1) includes a father who is not incapacitated;

"(2) includes a mother with no child under six, unless the mother is—

"(A) ill, incapacitated, or of advanced age;

"(B) too remote from an employment program operated pursuant to title XX to be able to participate in such program;

"(C) needed at home to care for an incapacitated family member; or

"(D) attending school on a full-time basis; or

"(3) includes an individual who is participating in the employment program operated pursuant to title XX."

(i)(1) Section 412(a)(3) of such Act is amended by deleting subparagraph (B) thereof and by redesignating subparagraphs (C) through (G) thereof as subparagraphs (B) through (F), respectively.

(2) Such section is further amended by—

(A) striking out "(A) and (D)" in the portion of the second sentence of such section which precedes subparagraph (E) (as redesignated by paragraph (1) of this subsection) and inserting "(A) and (C)" in lieu thereof;

(B) striking out "subparagraph (G)" in subparagraph (E)(ii) (as redesignated by paragraph (1) of this subsection) and inserting "subparagraph (F)" in lieu thereof;

(C) striking out, in the portion of such section immediately following subparagraph (F) of such section (as redesignated by paragraph (1) of this subsection)—

(i) "subparagraph (F)(ii)" and inserting "subparagraph (E)(ii)" in lieu thereof;

(ii) "subparagraphs (F) and (G)" and inserting "subparagraphs (E) and (F)" in lieu thereof; and

(iii) "subparagraphs (A) through (D)" and

inserting "subparagraphs (A) through (C)" in lieu thereof.

(j) Section 412(c) of such Act is amended to read as follows:

"(c) Notwithstanding subsection (a), the amount payable to any State under this part for quarters in fiscal years beginning after June 30, 1975, shall—

"(1) be reduced by 2 per centum (calculated without regard to any reduction under paragraph (2)) of such amount if such State, in the immediately preceding fiscal year, failed to carry out fully the provisions of section 407(a)(3) requiring the offering and provision of family planning services and supplies; or

"(2) with respect to quarters in fiscal years beginning after June 30, 1975, be reduced by 2 per centum (calculated without regard to any reduction under paragraph (1)) of such amount if such State, in the immediately preceding fiscal year, fails to—

"(A) inform all adults in the State receiving aid to families with dependent children or participating in the employment program operated pursuant to title XX of the availability of child health screening services under the plan of such State approved under title XIX,

"(B) provide or arrange for the provision of such services in all cases where they are requested, or

"(C) arrange for (directly or through referral to appropriate agencies, organizations, or individuals) corrective treatment the need for which is disclosed by such child health screening services."

(k) Section 412(d) of such Act is amended to read as follows:

"(d) From the sums appropriated therefor, the Secretary shall pay to each State which has an approved plan for aid to families with dependent children—

"(1) for the calendar year beginning January 1, 1974, an amount equal to the amount determined under subsection (a)(1) for such State reduced by that percentage of such amount determined under such subsection which, when increased by 10 percentage points, bears the same ratio to 100 as the average number of families receiving aid under such State plan for months in calendar year 1973 which were headed by a father (including a stepfather) who was not disabled or by a mother with no child under the age of six bears to the average number of all families receiving aid under such State plan for months in such year, and

"(2) for calendar years beginning after December

31, 1974, an amount which bears the same ratio to the amount determined for such State under clause (1) as the population of such State in the calendar year for which the determination under this clause (2) is made bears to the population of such State in the calendar year beginning January 1, 1974.

In order for a State to be eligible for payments under this subsection, any official or agency of such State which makes cash assistance payments to families with children based on need under any program of the State shall apply the provisions of section 404(d)(3) in determining eligibility for and the amount of such payments in the same manner and to the same extent as provided in the plan of such State approved under this part."

(l) Part C of title IV of such Act is repealed and any amount which was appropriated for carrying out such part for fiscal year 1974 and which is unobligated shall be transferred to the Work Administration established under title XX.

(m) The amendments and repeals made by this section shall become effective January 1, 1974.

DENIAL OF WELFARE BENEFITS TO STRIKERS

SEC. 404. (a) Any person deeming himself aggrieved by a violation of the proviso at the end of section 411(a)(2) of the Social Security Act (as amended by section 401 of this Act) may institute a civil action or other proper proceeding to enjoin such violation.

(b) Each United States district court and each United States court of a place subject to the jurisdiction of the United States shall have jurisdiction of actions brought under this section and shall exercise the same without regard to the amount in controversy and without regard to the citizenship of the parties. Such an action may be brought in any judicial district in the State in which the violation is alleged to have been committed, but if the respondent is not found within such district, such an action may be brought within the judicial district in which the respondent has his principal office.

PART B—FEDERAL GUARANTEED EMPLOYMENT OPPORTUNITY PROGRAM FOR HEADS OF FAMILIES WITH CHILDREN

SEC. 420. (a) The Social Security Act is amended by adding after title XIX thereof the following new title:

"TITLE XX—FEDERAL GUARANTEED EMPLOYMENT OPPORTUNITY PROGRAM FOR HEADS OF FAMILIES WITH CHILDREN

"PART A—AUTHORIZATION OF APPROPRIATIONS

"SEC. 2001. For the purpose of enabling families with children to achieve self-sufficiency through employment, by placing family heads in jobs in the regular economy or in guaranteed job opportunities with the Work Administration, and by providing child care and other services necessary for placement of family heads in such jobs, and for the purpose of making low-wage jobs more remunerative for family heads through a program of wage supplements, there are authorized to be appropriated for each fiscal year such sums as may be necessary to carry out the provisions of this title.

"PART B—GUARANTEED EMPLOYMENT OPPORTUNITY, WAGE SUPPLEMENT, AND INSTITUTIONAL TRAINING

"SUBPART 1—GUARANTEED EMPLOYMENT OPPORTUNITY

"ELIGIBILITY

"SEC. 2010. (a) Every individual who is a head of family (as defined in section 2071(f)), who is a citizen of the United States (or an alien lawfully admitted for permanent residence in the United States or otherwise permanently residing in the United States under color of law), and who files an application in accordance with regulations

prescribed by the Work Administration, shall (subject to subsection (b)) be eligible to be provided a job in guaranteed employment (as defined in section 2071(c)) in accordance with the provisions of this title.

"(b)(1) No individual shall be placed in a job in guaranteed employment—

"(A) for any week for which he is a substantially full-time student;

"(B) for any week for which he receives unemployment compensation under any State or Federal unemployment compensation law;

"(C) for any week with respect to which the family, of which such individual is the head, receives unearned income (as defined in section 2071(i)) of more than $58;

"(D) during any calendar year for which the family, of which such individual is the head, has received income of more than $5,600, and during any period (consisting of not less than one week) in which such family is receiving income at a rate of more than $5,600 per year;

"(E) if such individual has without good cause voluntarily left regular employment, for any week which begins within the 60-day period commencing on the date such individual so left such employment;

"(F) if such individual has been discharged from regular employment for misconduct, for any week which begins (i) within the 60-day period commencing on the date such individual was so discharged, or (ii) within such longer period (which commences on such date but which shall not exceed 6 months) as the Work Administration shall prescribe in cases where an employee is discharged for gross or malicious misconduct;

"(G) for any week for which such individual is unemployed on account of a labor dispute at the establishment where he was last employed, unless such individual (i) is not directly interested in and has not participated in such dispute, and (ii) is not a member of any group of employees which is directly interested in, financing, or participating in, such dispute;

"(H) if such individual has refused to accept regular employment to which he was referred by the Work Administration, for any day—

"(i) prior to the second day following the date he so refused to accept such employment (in case such individual has on only one occasion so refused to accept such employment);

"(ii) during the 7-day period which commences on the date he last so refused to accept such employment (in case such individual has only on two occa-

sions so refused to accept such employment); or

"(iii) during the 30-day period which commences on the date he last so refused to accept such employment (in case such individual has on more than two occasions so refused to accept such employment).

"(2) If any family receives unearned income on other than a weekly basis, the Work Administration shall, for purposes of paragraph (1)(C), allocate such income to such weeks as may be appropriate.

"(3) No individual who leaves regular employment after having had approved by the Work Administration a petition to do so under subsection (c) shall, for purposes of paragraphs (1)(E) and (II), be considered, by reason of leaving such employment, to have left regular employment without good cause or to have refused to accept regular employment to which he was referred by the Work Administration.

"(c) If any individual is dissatisfied with the job in regular employment to which he has been referred by the Work Administration he may, after having completed 30 days of service in such job, file with the Work Administration (in accordance with regulations prescribed by it) a petition to leave such job. If the Work Administration determines, in the case of any individual who has filed such a

petition, that such job imposes a hardship on such individual or is not consistent with his skills and abilities, in light of the employment opportunities available in the area wherein such individual resides, it may approve such petition. Petitions under this subsection shall be considered in accordance with the provisions of section 2059(d).

"WORK ASSIGNMENTS

"SEC. 2011. (a) Every eligible individual (as prescribed in section 2010) shall be assigned work in guaranteed employment not later than the first day of the first workweek which begins after the date such individual's application to participate in guaranteed employment is approved by the Work Administration.

"(b) In the case of a family which does not include any child under age 6, the work schedule for an eligible individual from such family, who is the mother of a child in such family (or, if there is no such mother in such family, is the father of a child in such family), shall be so arranged as not to require such individual to be at a worksite where he cannot supervise children in the family during hours that they are not in school unless—

"(1) there is included among the members of the household of such individual a person (other than such eligible individual), who is capable of providing supervision for such children during such hours;

"(2) an adult person (other than such eligible individual and such person) is available to provide supervision for such children during such hours; or

"(3) child care is available for such children during such hours.

"HOURS OF WORK AND RATE OF PAY

"SEC. 2012. (a) Each individual who is placed in guaranteed employment shall (except as is otherwise provided in subsection (c)) be provided the opportunity to work such number of hours per week (at a rate of pay equal to three-fourths the minimum wage, as defined in section 2071(d)), as may be required to enable him to earn $48 per week.

"(b) No individual shall be paid for any hour for which he does not actually perform (in accordance with the direction of his supervisor) the duties to which he is assigned (including child-care, household, and similar duties which he is assigned to perform at his own home).

"(c) If during any week any eligible individual performs services (other than services performed under guaranteed employment) as an employee, the number of hours for which he would otherwise have the opportunity to work under guaranteed employment for such week shall be reduced by the number of hours he performs such services; except that, in determining the number of hours during any week for which such individual performs such services, the Work Adminis-

tration may disregard not more than 20 hours if it determines that there is work available for such individual under guaranteed employment during the hours for which his workweek under guaranteed employment would otherwise be reduced.

"PARTICIPANTS NOT EMPLOYEES

"SEC. 2013. *Participants in guaranteed employment shall not, by reason of the services performed by them in guaranteed employment, be considered to be employees within the meaning of any State law or any Federal law (other than this title) which defines, prescribes conditions or limitations with respect to, or otherwise regulates, hours of work, rates of pay, or other conditions of employment, or which imposes any duty upon an employer with respect to his employees; and such participants shall not be entitled to any remuneration or benefits, on account of the performance of such services, other than the pay and benefits specifically authorized by this title.*

"SPECIAL PROVISIONS FOR PUERTO RICO

"SEC. 2014. *(a) Each individual in Puerto Rico who is placed in guaranteed employment shall (except as otherwise provided in section 2012(c)) be provided the opportunity to work each week for a number of hours equal to whichever of the following is the smaller: (1) 40, or (2) the*

number which, when multiplied by the rate of pay prescribed in subsection (b), produces $48.

"(b) The rate of pay for hours of work in guaranteed employment in Puerto Rico shall be equal to three-fourths of the lowest wage rate prescribed by an industry committee under section 5 of the Fair Labor Standards Act of 1938 (29 U.S.C. 205) which, when combined with all other lower industry committee rates for Puerto Rico, is applicable to at least 5 per centum of the total work force, in the Commonwealth of Puerto Rico, which is subject to the minimum wage rate under such Act.

"SUBPART 2—EMPLOYMENT WITH WAGE SUPPLEMENT

"ELIGIBILITY

"SEC. 2030. Every individual who is a head of family (as defined in section 2071(f)) and is a citizen of the United States (or an alien lawfully admitted for permanent residence in the United States or otherwise permanently residing in the United States under color of law) and who—

"(a) is employed in regular employment (as defined in section 2071(b)) in the United States (but not in the Commonwealth of Puerto Rico)—

"(1) which is compensated at a rate which—

"(A) is not less than the applicable rate

(if any) required under Federal, State, or local law, and

"(B) is less than (but not less than three-fourths of) the minimum wage (as defined in section 2071(d)), and

"(2) in a position the compensation for which—

"(A) has not, during the three-month period preceding the date on which such individual is placed in such position, been reduced, or (if such compensation has been reduced during such period) the Work Administration is satisfied (on the basis of evidence presented to it) that such compensation was not reduced in contemplation of the availability of the payment of wage supplement benefits under this subpart with respect to such position, and

"(B) is not reduced during the period that such individual is employed in such position, unless (i) such compensation is reduced after such individual has been employed in such position for a three-month period, or (ii) the Work Administration is satisfied (on the basis of evidence presented to it) that the reduction in such compensation is or was not made because of the availability of the payment of wage supplement

benefits under this part with respect to such position;

"(b) makes application (filed in such form and manner and with such official as may be prescribed under regulations prescribed by the Work Administration) for wage supplement benefits;

shall be entitled to receive the wage supplement payments authorized by this part for each week that the conditions of clauses (a) and (b) are met, commencing with the week following the week in which his application for such benefits is filed with the Work Administration.

"AMOUNT OF WAGE SUPPLEMENT

"SEC. 2031. *(a) For each week any individual who is entitled to wage supplement benefits under this subpart shall be paid a wage supplement equal to the amount produced by multiplying (1) the number of hours (not in excess of 40) for which such individual performed services (whether or not for the same employer) in regular employment (which meets the requirements of section 2030(a)) by (2) three-fourths of the excess of (A) the minimum wage (as defined in section 2071(d)) over (B) the hourly wage (as defined in subsection (a)) paid or payable to such individual for the services performed by him in such employment.*

"(b) The term 'wage', as used in subsection (a)(2)(B),

shall have the meaning assigned to such term by section 3 (m) of the Fair Labor Standards Act of 1938.

"SUBPART 3—INSTITUTIONAL TRAINING

"ELIGIBILITY

"SEC. 2041. (a) Any individual who is eligible (under section 2010(a)) to be provided a job in guaranteed employment may volunteer to participate in the institutional training program established under section 2055.

"APPLICATIONS FOR TRAINING

"SEC. 2042. The Work Administration shall not approve the application of any individual for institutional training unless—

"(a) the training involved can be completed within one year after it is commenced;

"(b) the Work Administration determines that—

"(1) such individual is capable of successfully completing such training, and

"(2) successful completion of such training by such individual will enable him to secure a job in regular employment which is related to such training or to engage in self-employment which is related to such training.

"HOURS OF WORK AND TRAINING

"SEC. 2043. (a) Any individual participating in institutional training shall for any week be entitled to be placed

in a job in guaranteed employment for the hours in such week in which he is not engaged in such training; except that during no such week shall the—

"(1) number of hours during which he receives such training; plus

"(2) the number of hours during which he performs services in regular and guaranteed employment;

exceed 40 hours.

"TRAINING STIPENDS

"SEC. 2044. (a) Every individual participating in institutional training under this subpart shall be paid, on a weekly basis, a stipend equal to 5/8 of the minimum wage (as defined in section 2071(d)) for each hour for which he (1) participates in such training, and (2) does not receive any other compensation.

"(b) In addition, any such individual, upon the successful completion of institutional training, shall be paid an amount equal to 10 per centum of the total amount paid to him as stipends under subsection (a).

"PART C—DUTIES OF WORK ADMINISTRATION

"IN GENERAL

"SEC. 2051. (a) It shall be the duty and responsibility of the Work Administration to promote the economic self-sufficiency of families with children by providing to eligible heads

of such families employment opportunities and the services necessary to take advantage of such opportunities.

"(b) In carrying out the duty and responsibility imposed by subsection (a), the Work Administration shall—

"(1) conduct a nationwide program to develop and promote new jobs for eligible heads of families with children, to identify unfilled jobs, and to place such family heads in such jobs;

"(2) develop, in cooperation with State and local governments, projects to fill unmet public needs or otherwise to serve a useful public purpose;

"(3) provide guaranteed job opportunities to carry out such projects and to furnish services necessary to enable such family heads to undertake employment;

"(4) provide and arrange for child care and other supportive services necessary to enable such family heads to take advantage of employment opportunities;

"(5) arrange transportation assistance where necessary to promote job opportunities in regular employment;

"(6) provide training leading to jobs;

"(7) provide to such family heads the benefits authorized under this title;

"(8) perform such other functions as are necessary or appropriate to achieve the purposes of this title;

in accordance with the provisions of this title and utilizing,

to the maximum extent feasible, eligible family heads to carry out such functions.

"JOB DEVELOPMENT AND JOB PLACEMENT IN THE REGULAR ECONOMY

"SEC. 2052. (a) The Work Administration shall carry out a program to develop and solicit job opportunities for eligible family heads with children. In carrying out such program, the Work Administration shall cooperate closely with employers, employer groups, labor organizations, and other public and private organizations interested in job development programs, in each area of the Nation.

"(b) The Work Administration shall, whenever possible, place an individual, who is an eligible applicant for or participant in guaranteed employment, in regular employment.

"(c) The Work Administration, in carrying out its duties under this section, shall cooperate with and utilize the services of State agencies maintaining employment offices under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) and any other public or nonprofit private manpower agencies or organizations; and all such agencies and organizations which are supported (wholly or in part) by Federal funds shall cooperate with the Work Administration in the carrying out of its duties under this section. The Work Administration is further authorized to take such other measures as it deems appropriate to facilitate the placement in regular

employment of eligible family heads with children; except that the Work Administration shall not pay any fee or similar charge to any employment agency for its services in placing any individual in employment.

"(d) To the maximum extent feasible, the Work Administration shall take account of each individual's education, prior work experience, aptitudes, and interests, with a view to assigning each individual to the available job opportunity for which he is most suited and which will be most likely to maximize the family income or otherwise best promote the well-being of his family.

"(e)(1) In order to increase job opportunities, the Work Administration may enter into contracts with regular public or private employers under which—

"(A) participants in guaranteed employment will be assigned, on a temporary basis, to provide services for or on behalf of such employers,

"(B) such employers will pay to the Work Administration an amount equal to—

"(i) the aggregate value of the wages and employment-related benefits to be provided to such participants, plus

"(ii) a reasonable amount to compensate the Work Administration for expenses incurred in mak-

ing the services of such participants available to such employers.

"(2) The value of the wages (as referred to in paragraph (1)(B)(i)) attributable to any participant shall be computed on the basis of the prevailing wage (in the locality concerned) for the work to be performed by him, or, if higher, the wage rate (if any) which the employer, on whose behalf such work is to be performed, would be required to pay under applicable Federal, State, or local law, if such participant performed such work as an employee of such employer. The value of employment-related benefits (as referred to in paragraph (1)(B)(i)) attributable to any participant shall be equal to those benefits (if any) prevailing (in the locality concerned) for work similar to that to be performed by him, or, if greater, those benefits (if any) which the employer, on whose behalf such work is to be performed, would be required under applicable Federal, State, or local law to provide to such participant, if such participant performed such work as an employee of such employer.

"(3)(A) Any participant in guaranteed employment who is assigned, under a contract entered into under this subsection, to perform services for any employer shall receive (or have paid on his behalf), for the services performed by him for such employer, compensation equal to the value of the

wages and employment-related benefits (as determined under paragraph (2)) attributable to the services performed by him.

"(B) Subject to paragraph (3), in any case in which the Work Administration determines that it is impractical to provide in kind to a participant the employment-related benefits to which he is entitled under the preceding provisions of this subsection, the Work Administration may pay to such participant a dollar amount which it determines to be equivalent to the value of such benefits.

"(4) The Work Administration shall certify to the Secretary of the Treasury (for purposes of the administration of the work bonus program established by chapter 97 of the Internal Revenue Code of 1954 and in accordance with such procedures as may be prescribed by the Secretary of the Treasury) with respect to each participant who performs, under a contract entered into under this subsection, services on behalf of any employer, any amount which—

"(A) is paid by the Work Administration under this subsection to such participant to compensate him for the value of the wages attributable to the performance of such services by him,

"(B) does not, and would not (if such services had been performed by such participant as an employee of

such employer), constitute wages (within the meaning of section 209), and

"(C) would (except for the provisions of section 209 (g) (2) and (3), section 209(h)(2), and section 209 (j)) constitute wages (within the meaning of section 209), if such services had been performed by such participant as an employee of such employer.

"GUARANTEED JOB PROGRAM

"SEC. 2053. (a) The Work Administration shall develop (whenever possible through arrangements with public and private nonprofit agencies and organizations) work projects, which serve a useful public purpose, to which participants in guaranteed employment will be assigned.

"(b) The Work Administration shall not develop or participate in any work project, if the assignment of participants in guaranteed employment to work in such project would result in (1) the displacement of any regular employee who would otherwise be engaged in work on such project, or (2) in the performance of services which would otherwise be performed by regular employees.

"(c) The Work Administration shall, in assigning individuals to any work project in any State, comply with the laws of such State which regulate or restrict employment of minors.

"CHILD CARE AND OTHER SUPPORTIVE SERVICES

"SEC. 2054. (a)(1) If any individual is eligible to participate in guaranteed employment and desires to participate in the employment and training program established by this title, the Work Administration shall (in case such individual is the head of a family headed by an employable person, within the meaning of section 411(g) (1) and (2)), and may (in case such individual is the head of any other family), provide directly or through arrangements with others (including arrangements by purchase) such child care and supportive services as may be necessary to enable such individual to participate in the employment and training program established by this title and to accept or retain a job in regular employment.

"(2) Child care services provided by the Work Administration shall be provided by its Bureau of Child Care under title XXI.

"(b) The Work Administration shall provide appropriate counseling for any employable mother (with no child under age 6) who is eligible to participate in guaranteed employment but who fails or refuses to do so, if her failure or refusal to do so is detrimental to the welfare of the children in the family. During the period that she so fails or refuses to participate in guaranteed employment, the Work Administration may, for the period that such individual is receiving such

counseling (but not for more than one month), make payments to such individual in an amount equal to the amount of the payments which would have been payable to such individual if she were participating full time in guaranteed employment.

"INSTITUTIONAL TRAINING

"SEC. 2055. *(a) The Work Administration is authorized to establish and conduct institutional training programs for individuals whose application for such training has been approved under section 2042; except that no such program shall involve any course of training which is greater in duration than one year.*

"*(b) If any such individual can secure appropriate training under any program conducted by a public or nonprofit private agency (other than the Work Administration), the Work Administration shall refer such individual for training under such program, and in any such case, all of the costs of such training shall be borne by such other program.*

"TRANSPORTATION ASSISTANCE

"SEC. 2056. *(a) Whenever the Work Administration determines that a job opportunity is available in regular employment for a participant in guaranteed employment, but that such participant is prevented from taking advantage of such opportunity because the time required in commuting between his home and the worksite of such job is excessive*

in terms of the normal commuting time required for work in the labor market area, the Work Administration is authorized to make such arrangements as are necessary to assist in reducing the commuting time for such participant to the normal commuting time required for work in the labor market area.

"(b) The Work Administration, in providing any such transportation assistance to such participants shall (except in unusual circumstances where such assistance is necessary to provide job opportunities in regular employment for such participants) provide such assistance under arrangements whereby such participants, or the employer or other person on whose behalf such participants provide services, assume all of the costs of providing such assistance.

"PAYMENTS OF BENEFITS

"SEC. 2057. (a)(1) The Work Administration shall pay wage supplement benefits to individuals entitled thereto on a weekly basis.

"(2)(A) The Work Administration shall, whenever it determines that it is appropriate to do so, enter into an agreement with a State, or with an agency administering the unemployment compensation law of a State, under which the State agency shall—

"(i) pay, as agent of the Work Administration,

wage supplement benefits to individuals who are entitled thereto and who reside in the State; and

"(ii) otherwise carry out such administrative duties in connection with the payment of wage supplement benefits to such individuals as shall be specified in the agreement,

and the Work Administration shall pay to such agency (in advance or by way of reimbursement) for the reasonable and necessary costs incurred by the State agency in carrying out the agreement.

"(B) Each such agreement shall provide the terms and conditions under which it may be amended or terminated; except that no such agreement shall be effective for any period after December 31, 1974.

"(b)(1)(A) The Work Administration shall (subject to the succeeding sentence) pay to each eligible family head (as defined in paragraph (2)) who resides in a State, which has increased the amount of the aid (in the form of money payments) under its State plan (approved under part A of title IV) to compensate recipients of aid thereunder for the loss (by reason of the enactment of the Social Security Amendments of 1972) of eligibility for food stamps, an amount equal to the amount by which such aid has been increased to compensate for such loss, in the case of families (who are

entitled to such aid) having the same family income and the same number of members as the number of family members in the family of such eligible family head. If the amount payable under the preceding sentence to any eligible family head for any month would cause the family total income (including such amount) of the family of which said family head is a member to exceed the amount of aid (in the form of money payments) under such State plan to a family (without other income or resources) of the same size as that of the family of such family head, then such amount shall be reduced (but not below zero) by an amount equal to the excess of the amount such income over the amount of such aid.

"(B) Payments to which any eligible family head is entitled under subparagraph (A) shall be paid by the Work Administration on a monthly basis.

"(2) For purposes of paragraph (1), the term 'eligible family head' means an individual who—

"(A) is a male individual who—

"(i) is participating in guaranteed employment,

"(ii) is participating in employment with wage supplement, or

"(iii) will, for the calendar year involved, be eligible for payments under the work bonus pro-

gram established by chapter 97 of the Internal Revenue Code of 1954; and

"(B) is a member of a family the children of which would be eligible for aid under the State plan (approved under part A of title IV) of the State in which such individual resides except for the fact that they are not deprived of parental support or care due to the continued absence from the home of their father.

"DEVELOPMENT OF JOBS WITH WORK ADMINISTRATION

"SEC. 2058. The Work Administration shall, in securing required personnel for the administration of this title, give priority to eligible applicants for or participants in guaranteed employment and to individuals who have successfully completed training provided under this title.

"FACTUAL DETERMINATIONS

"SEC. 2059. (a) Subject to subsection (b), the Work Administration shall make all factual determinations concerning any rights or claims of any individual to participate in or receive benefits under the employment and training program established by this title.

"(b)(1) Nothing contained in subsection (a) shall be construed to preclude the Work Administration from delegating to a State the duty and power to make determinations respecting entitlement to and amount of wage supplement

benefits, if an agreement with such State has been entered into under section 2057 (relating to State administration of wage supplement benefits) and such agreement provides for the delegation of such duty and power to such State.

"(2) If any determination, concerning whether an individual has left employment without good cause or has been discharged for misconduct, has been made by a State agency administering a State law approved under section 3304 of the Internal Revenue Code of 1954 (relating to State unemployment compensation laws), the Work Administration shall adopt, as its own, such determination.

"(c) No individual shall be disqualified from participation in guaranteed employment because he has refused to accept new work under any of the following conditions:

"(A) if the position offered is vacant due directly to a strike, lockout, or other labor dispute,

"(B) if the wages, hours, or other conditions of work offered are substantially less favorable to the individual than those prevailing for similar work in the locality, or

"(C) if, as a condition of being employed, the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization.

"(d) The Work Administration shall establish a panel, which shall include participants in guaranteed employment,

to consider, and make recommendations to the Work Administration with respect to, any petition filed under section 2010(c).

"OVERPAYMENTS AND UNDERPAYMENTS

"SEC. 2060. Whenever the Work Administration finds that more or less than the correct amount of benefits has been paid by it with respect to any individual participating in the employment and training program established under this title, proper adjustment or recovery shall, subject to the succeeding provisions of this subsection, be made by appropriate adjustments in future payments to such individual or by recovery from or payment to such individual (or by recovery from his estate). The Work Administration may suspend or waive the collection of any overpayment for good cause.

"PART D—ESTABLISHMENT AND ORGANIZATION OF WORK ADMINISTRATION

"ESTABLISHMENT AND ORGANIZATION

"SEC. 2061. (a) There is hereby created a body corporate to be known as the Work Administration.

"(b)(1) The powers and duties of the Work Administration shall be vested in a Board of Directors (hereinafter in this title referred to as the 'Board') which shall consist of three members (not more than two of whom shall be members of the same political party), to be appointed by the President, by and with the advice and consent of the Senate.

"(2) One member of the Board shall, at the time of his appointment, be designated by the President as the Chairman of the Board.

"(3) Each member of the Board shall hold office for a term of three years, except that any member appointed to fill a vacancy which occurs prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the members first taking office shall expire, as designated by the President at the time of appointment, one on June 30, 1974, one on June 30, 1975, and one on June 30, 1976.

"(c) Vacancies in the membership of the Board shall not impair the powers of the remaining members of the Board to exercise the powers vested in, and to carry out the duties imposed upon, the Work Administration.

"(d) Each member of the Board shall, during his tenure in office, devote his time and energies to the work of the Work Administration and shall not, during such tenure, engage in any other business or employment.

"(e)(1) The Board shall have the power to appoint (without regard to the provisions of title 5, United States Code, governing appointments in the competitive service) such personnel as it deems necessary to enable the Work Administration to carry out its functions under this title. All

personnel shall be appointed solely on the ground of their fitness to perform their duties and without regard to political affiliation, sex, race, creed, or color. The Board may (without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and General Schedule pay rates) fix the compensation of personnel. The amount of the compensation payable to any employee shall be reasonably related to the compensation payable to State employees performing similar duties in the State in which such employee is employed by the Work Administration; except that, in no case shall the amount of the compensation payable to any employee be greater than that payable to Federal employees performing similar services. For purposes of the preceding sentence, personnel employed in the principal office of the Work Administration shall be deemed to be performing services in the District of Columbia (which shall be deemed to be a State for such purposes), and personnel performing services in more than one State shall be deemed to be employed in the State in which their principal office or place of work is located.

"(2) The Board is authorized to obtain the services of experts and consultants on a temporary or intermittent basis in accordance with the provisions of section 3109 of title 5, United States Code, but at rates not to exceed the per diem

equivalent of the rate authorized for GS–18 by section 5332 of such title.

"DUTIES AND POWERS

"SEC. 2062. *It shall be the duty and function of the Work Administration to establish and carry out (in accordance with the provisions of this title) the programs and activities authorized under this title, and the Work Administration, in carrying out its duties and functions, shall have the power—*

"*(1) to adopt, alter, and use a corporate seal, which shall be judicially noticed;*

"*(2) to adopt, amend, and repeal bylaws designed to enable it to carry out its duties and functions;*

"*(3) in its corporate name, to sue and be sued, and to complain and to defend, in any court of competent jurisdiction (State or Federal), but no attachment, injunction, or similar process, mesne or final, shall be issued against the property of the Work Administration or against the Work Administration with respect to its property;*

"*(4) to conduct its business in any State;*

"*(5) to enter into and perform contracts, leases, cooperative agreements, or other transactions, on such terms as it may deem appropriate, with (i) any agency or instrumentality of the United States, (ii) any State, or*

any agency, instrumentality, or political subdivision thereof, or (iii) any other person or agency;

"(6) to execute, in accordance with its bylaws, all instruments necessary or appropriate to the exercise of its powers;

"(7) to acquire (by purchase, gift, devise, lease, or sublease), and to accept jurisdiction over and to hold and own, and dispose of by sale, lease, or sublease, real or personal property, or any interest therein, for its corporate purposes;

"(8) to accept gifts or donations of services, or of property (whether real, personal, or mixed, or whether tangible or intangible), in aid of any of the purposes of this title;

"(9) to enter into arrangements under which the Work Administration will, in carrying out its duties and functions, utilize (on a reimbursable or other basis) the services of any agency or program of the United States or of any State, or any political subdivision thereof;

"(10) to study and evaluate its activities under this title; and

"(11) to do any and all things necessary, convenient, or desirable, to carry out, in accordance with the provisions of this title, the programs, activities, duties, and functions authorized or required by this title.

"LOCATION OF OFFICES

"SEC. 2063. (a) The principal office of the Work Administration shall be located in the District of Columbia. For purposes of venue in civil actions, the Work Administration shall be deemed to be a resident of the District of Columbia.

"(b) The Work Administration shall establish offices in each major urban area, and in such other areas as it deems to be necessary in order effectively to carry out its duties and functions.

"TAXATION

"SEC. 2064. The Work Administration, its property, assets, and income shall be exempt from taxation of any and every type and form, whether imposed by the United States, or by any State, or any political subdivision thereof.

"REPORTS TO CONGRESS

"SEC. 2065. The Work Administration shall not later than January 30, 1975, and not later than January 30 of each year thereafter, submit to the Congress a full and complete written report on its activities during the preceding calendar year. There shall be included in such report such data and information as may be required fully to apprise the Congress of the action (if any) which the Work Administration has taken to improve the employment and training program conducted by the Work Administration, together with a statement regarding the future

plans (if any) of the Work Administration to improve such program.

"APPLICABILITY OF OTHER LAWS

"SEC. 2066. *(a) Except as is otherwise provided in this part, the Work Administration, as a wholly owned Government corporation, shall be subject to the Government Corporation Control Act (31 U.S.C. 841–871).*

"*(b) The provisions of section 3648 of the Revised Statutes as amended (31 U.S.C. 529), relating to advances of public moneys and certain other payments, shall not be applicable to the Work Administration.*

"*(c) The provisions of section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), or other provisions of law relating to competitive bidding, shall not be applicable to the Work Administration.*

"*(d) Except as otherwise provided in this title, all Federal laws dealing generally with agencies of the United States shall be deemed to be applicable to the Work Administration, and all laws dealing generally with officers and employees of the United States shall be deemed to be applicable to officers and employees of the Work Administration (but not to individuals providing services to the Work Administration while they are participants in the employment and training program established pursuant to this title).*

"*(e) All general Federal penal statutes relating to lar-*

ceny, embezzlement, conversion, or to the improper handling, retention, use, or disposal of moneys or property of the United States shall apply to moneys and property of the Work Administration.

"COLLECTION AND PUBLICATION OF STATISTICAL DATA

"SEC. 2067. The Work Administration shall collect, classify, and publish, on a monthly and annual basis, statistical data relating to its operations and the number of individuals participating in the employment and training program conducted by the Work Administration, the number of participants in each type of employment or training provided under the program, and such other data as may be relevant in indicating the type, kind, and extent of the functions performed and services provided by the Work Administration.

"NATIONAL ADVISORY COUNCIL

"SEC. 2068. (a)(1) For the purpose of providing advice and recommendations for the consideration of the Board in matters of general policy of the Work Administration in carrying out its purposes and functions, and with respect to improvements in the administration by the Work Administration of the provisions of this title, there is hereby created a Work Administration National Advisory Council (hereinafter in this title referred to as the National Advisory Council').

"(2) The National Advisory Council shall be composed of the twelve individuals, who shall be appointed by the Board (without regard to the provisions of title 5, United States Code, governing appointments in the competitive service), and who are not otherwise in the employ of the United States.

"(3) The members of the National Advisory Council shall be so selected as to include representatives of private industry, labor organizations, State and local governments, nonprofit organizations which provide employment, social service organizations, and minority groups.

"(b) Each member of the National Advisory Council shall hold office for a term of three years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the members first taking office shall expire, as designated by the Board at the time of appointment, four at the end of one year after the date on which they were appointed, four at the end of two years after the date on which they were appointed, and four at the end of three years after the date on which they were appointed.

"(c) The National Advisory Council is authorized to engage such technical assistance as may be required to enable

it to carry out its functions, and the Board shall, in addition, make available to the National Advisory Council such secretarial, clerical, and other assistance and such pertinent data prepared by the Work Administration as such Council may require to carry out its functions.

"(d) Members of the Council shall, while serving on the business of the Council, be entitled to receive compensation at the rate of $100 per day, including traveltime; and while serving away from their homes or regular places of business, they shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"LOCAL ADVISORY COUNCILS

"SEC. 2069. (a) The Work Administration shall establish in each geographic area served by an office of the Work Administration, a Work Administration Local Advisory Council (hereinafter in this title referred to as a 'Local Advisory Council').

"(b) It shall be the duty and function of each Local Advisory Council, within the geographic area with respect to which it is established, to identify and advise the local office of the Corporation of the job openings available or likely to become available in such area, and to encourage the establishment and development of job opportunities within such area

for individuals who reside in such area and who are participating in the employment and training program established under this title.

"(c)(1) Members of any Local Advisory Council shall be residents of the geographic area with respect to which such Council is appointed.

"(2) The members of each Local Advisory Council shall (A) be so selected as to include representatives of private industry, labor organizations, State or local governments, nonprofit organizations which provide employment, social service organizations, and minority groups, and (B) serve without compensation.

"PART E—DEFINITIONS

"DEFINITIONS

"SEC. 2071. For purposes of this title—

"(a) The term 'Work Administration' means the administrative body established under section 2061.

"(b) The term 'regular employment' means any employment provided by a private or public employer, but does not include guaranteed employment.

"(c) The term 'guaranteed employment' means employment provided (in accordance with the provisions of this title) by the Work Administration, but does not include employment by such Administration at a rate in excess of that specified in section 2012.

"(d) The term 'minimum wage' means the hourly wage rate specified in section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)), or $2.00 per hour, whichever is less.

"(e) The term 'family' means two or more individuals—

"(1) each of whom (in the case of adult individuals) is the parent (or stepparent), grandparent (or step-grandparent), brother (or stepbrother), sister (or stepsister), uncle, aunt, first cousin, nephew, or niece, of a child referred to in clause (2);

"(2) at least one of whom is a child who is in the care of or dependent upon another of such individuals who bears to such child one of the relationships specified in clause (1); and

"(3) who are living in a place of residence in the United States maintained by one or more of them as his or their own home,

except that no child who is living away from home while attending school shall, by reason of clause (4), be excluded as a member of a family on account of his absence from the family residence.

"(f) The term 'head of family', when used in reference to any faimly, means—

"(1) in case there is included among the members of the family an individual, who is the father of a child

who is a member of the family, such individual (unless he is disabled);

"(2) in case there is no individual in the family who meets the criteria specified in clause (1) and there is included among the members of the family an individual, who is the mother of a child who is a member of the family, such individual (unless she is disabled);

"(3) in case there is no individual in a family who meets the criteria specified in clause (1) or (2), any other individual who is member of such family (other than a child or an individual who is disabled) and who undertakes to provide for the support of the children who are members of such family; except that (A) not more than one such individual shall, at any time, be regarded as the head of family of the family of which he is a member, and (B) no such individual shall be regarded as the head of family of any family if the Work Administration determines that there is no child in such family other than a child which has been placed in such family in order to enable a member thereof to participate in the employment and training program established under this title.

"(g) The term 'child' means an individual who is unmarried and who—

"(1) has not attained the age of 18; or

"(2) has attained such age but has not attained the age of 21 and is a 'full-time student' (as such term is applied for purposes of section 202(d)).

"(h) The term 'disabled', when used in reference to any individual, means the inability of such individual to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment.

"(i) The term 'unearned income' includes—

"(1) any payments received as an annuity, pension, retirement, or disability benefit (including veterans' compensation and pensions, workmen's compensation payments, monthly insurance benefits under title II, railroad retirement annuities and pensions, and benefits under any Federal or State unemployment compensation law);

"(2) prizes and awards;

"(3) the proceeds of any life insurance policy to the extent that they exceed the amount expended by members of the family concerned for expenses of the insured individual's last illness and burial;

"(4) gifts (cash or otherwise), support and alimony payments; and

"(5) rents, dividends, interest, and royalties.

"(j) The term 'United States', when used in a geographic sense, means the 50 States, the District of Columbia,

the Commonwealth of Puerto Rico, the Virgin Islands, and Guam."

(b) Title XX of the Social Security Act, as added by subsection (a), shall take effect upon the date of enactment of this Act; except that—

(1) no individual shall be placed in guaranteed employment, under such title, prior to January 1, 1974; and

(2) no wage supplement benefits, under such title, shall be paid for any week which commences prior to July 1, 1973.

SOCIAL SECURITY COVERAGE FOR CERTAIN SERVICES PERFORMED

SEC. 421. (a)(1) Section 210 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Service Performed Under Contract by Participants in Guaranteed Employment

"(p) The term 'employment' shall, notwithstanding the provisions of subsection (a), include service performed by a participant in guaranteed employment provided by the Work Administration under title XX, but only if—

"(1) such service is performed for or on behalf of an employer pursuant to a contract entered into between

the Work Administration and such employer under section 2052(e); and

"(2) the remuneration paid by the Work Administration to such participant to compensate him for the performance of such service would have constituted wages (within the meaning of section 209) if—

"(A) such participant had performed such service as an employee of such employer; and

"(B) such employer had paid such remuneration to such participant to compensate him for the performance of such service.".

(2) The first sentence of section 205(p)(1) of such Act is amended by inserting after "to which the provisions of section 210(o) are applicable," the following: "and including service, performed by a participant in guaranteed employment provided by the Work Administration, to which the provisions of section 210(p) are applicable,".

(b)(1) Section 3121 of the Internal Revenue Code of 1954 is amended by adding after subsection (r) (as added by section 123(b) of this Act) the following new subsection:

"(s) SERVICE PERFORMED UNDER CONTRACT BY PARTICIPANTS IN GUARANTEED EMPLOYMENT.—For purposes of this chapter, the term 'employment' shall, notwithstanding the provisions of subsection (b) of this section,

include service performed by a participant in guaranteed employment provided by the Work Administration under title XX of the Social Security Act, but only if—

"(1) such service is performed for or on behalf of an employer pursuant to a contract entered into between the Work Administration and such employer under section 2052(e) of such Act; and

"(2) the remuneration paid by the Work Administration to such participant to compensate him for the performance of such service would have constituted wages (within the meaning of subsection (a)) if—

"(A) such participant had performed such service as an employee of such employer; and

"(B) such employer had paid such remuneration to such participant to compensate him for the performance of such service.".

(2) The first sentence of section 3122 of such Code (relating to Federal service) is amended by inserting after "to which the provisions of section 3121(p) are applicable," the following: "and including service, performed by a participant in guaranteed employment provided by the Work Administration, to which the provisions of section 3121(s) are applicable,".

PART C—CHILD SUPPORT

CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

SEC. 430. (a) The Social Security Act is amended by adding after part C of title IV thereof the following new part:

"PART D—CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

"APPROPRIATION

"SEC. 451. For the purposes of enforcing (1) the support obligations owed by absent parents to children receiving assistance under part A of this title, (2) the residual monetary obligation owed to the United States by absent parents, and (3) the criminal penalties for nonsupport against absent parents, there is hereby authorized to be appropriated to the Attorney General for each fiscal year a sum sufficient to carry out the purposes of this part.

"DUTIES OF ATTORNEY GENERAL

"SEC. 452. (a) The Attorney General shall enforce the support rights assigned to him under section 402(h) by applicants for and recipients of assistance under part A of this title, utilizing all funds and authority which are available to him for this purpose. To the extent required, he shall locate absent parents, determine paternity in order to establish duty to support, obtain support orders, collect support payments by use of voluntary agreements or other means,

and enforce the residual monetary obligation owed the United States and the criminal provisions for nonsupport by such parents.

"(b)(1) The Attorney General shall, in accordance with procedures applicable to the recovery of obligations due the United States, including, where appropriate, the use of voluntary agreements, and in accordance with the priorities for distribution specified in section 455, collect and distribute amounts from enforcement of obligations under paragraph (2). Whenever any individual is determined to be liable to the United States for any amount under this section, the Attorney General may make certification of such amount to the Secretary of the Treasury for collection pursuant to the provisions of section 6305 of the Internal Revenue Code of 1954. The Attorney General shall reimburse the Secretary of the Treasury for any costs involved.

"(2) The Attorney General is authorized to bring civil action in any court of competent jurisdiction (including the courts in any State or political subdivision thereof) against an absent parent to secure (A) support obligations assigned to him under section 402(h), and (B) the residual monetary obligation owed to the United States as defined in section 457, except that all or part of such obligation may be suspended or forgiven by the Attorney General upon a finding of good cause. In taking actions against an absent parent, the Attor-

ney General shall give priority to obtaining orders and proceeding with collections required under subsection (b)(2)(A).

"(3) The Attorney General may enter into voluntary agreements to recover support obligations assigned under section 402(h), if there is no court order in effect directing payment of such obligation or if there is such an order in effect but there is no reasonable expectation that it can be enforced or that the obligation can be collected. Any voluntary agreement so made shall provide that support payments will not cease if the family ceases to receive assistance under part A of this title, and the amounts payable under such agreement, if there is no court order in effect, may be collected as authorized under the provisions of this part.

"(c) The Attorney General and the Director of the Office of Economic Opportunity are directed to enter into an appropriate arrangement under which the services of attorneys participating in legal services programs established pursuant to section 222(a)(3) of the Economic Opportunity Act of 1964 will be made available to the Attorney General to assist him in carrying out his functions under this part. The Attorney General shall, to the maximum extent feasible, utilize the services of such attorneys in the performance of such functions and may make the services of such attorneys available to States or political subdivisions to assist them in

carrying out the purposes of this part. The Office of Economic Opportunity shall be reimbursed by the Attorney General for the costs incurred in providing such services.

"(d) The Attorney General shall require that each United States attorney designate an assistant United States attorney to be responsible for enforcement of the provisions of this part in his judicial district and maintain liaison with and assist the States and political subdivisions thereof in their child support efforts. Each assistant United States attorney so designated shall prepare and submit to the Attorney General for submission to the Congress quarterly reports on all activities undertaken pursuant to this section.

"(e)(1) There is hereby established in the Treasury a revolving fund to be known as the Federal Child Support Fund (hereinafter referred to as the 'fund') which shall be available to the Attorney General without fiscal year limitation, to enable him to carry out his responsibilities under this part.

"(2) Except as provided in sections 454(d) and 458, all moneys appropriated pursuant to section 451 for the purpose of funding Federal activities under this part and all moneys collected by the Federal Government pursuant to this part (including support payments and payments by way of reimbursement received from Federal agencies, States and political subdivisions thereof, and individuals) shall be paid

into the fund and shall be disbursed by the Attorney General from time to time in accordance with the provisions of this part.

"(3) There is hereby appropriated to the fund, out of any moneys in the Treasury not otherwise appropriated, amounts equal to the amounts collected under section 6305 of the Internal Revenue Code of 1954, reduced by the amounts credited or refunded as overpayments of the amounts so collected. The amounts appropriated by the preceding sentence shall be transferred at least quarterly from the general fund of the Treasury to the fund on the basis of estimates made by the Secretary of the Treasury. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

"(f) The Attorney General shall notify the Secretary of the failure of the State agency administering the plan approved under part A of this title to comply with the requirements of section 402(h).

"(g) The Attorney General shall maintain complete records of all amounts collected under this part and of the costs incurred in collecting such amounts and shall, not later than June 30 of each year (commencing with June 30, 1974), submit to the Congress a written report on all activities undertaken pursuant to the provisions of this part.

"PARENT LOCATOR SERVICE

"SEC. 453. (a) The Attorney General shall establish and conduct, within the Department of Justice, a Parent Locator Service which shall be used to obtain and transmit to any authorized person (as defined in subsection (c)) information as to the whereabouts of any absent parent when such information is to be used to locate such parent for the purpose of enforcing support obligations against such parent.

"(b) Upon request, filed in accordance with subsection (d) of any authorized person (as defined in subsection (c)) for the most recent address and place of employment of any individual, the Attorney General shall, notwithstanding any other provision of law, provide through the Parent Locator Service such information to such person, if such information—

"(1) is contained in any files or records maintained by the Attorney General or by the Department of Justice; or

"(2) is not contained in such files or records, but can be obtained by the Attorney General, under the authority conferred by subsection (e), from any other department, agency, or instrumentality, of the United States or of any State.

The Attorney General shall give priority to requests made by any authorized person described in subsection (c)(1).

"(c) As used in subsection (a), the term 'authorized person' means—

"(1) any agent or attorney of the United States or of any State or any political subdivision to which support collection functions have been delegated under section 454, who has the duty or authority to seek to recover any amounts under section 452;

"(2) the court which has authority to issue an order against an absent parent for the support and maintenance of a child, or any agent of such court; and

"(3) the parent, guardian, attorney, or agent of a child (other than a child receiving aid under part A of this title) without regard to the existence of a court order against an absent parent who has a duty to support and maintain any such child.

"(d) A request for information under this section shall be filed in such manner and form as the Attorney General shall by regulation prescribe and shall be accompanied or supported by such documents as the Attorney General may determine to be necessary.

"(e)(1) Whenever the Attorney General receives a request submitted under subsection (b) which he is reasonably satisfied meets the criteria established by subsections (a), (b), and (c), he shall promptly undertake to provide the information requested from the files and records maintained by

any of the departments, agencies, or instrumentalities of the United States or of any State.

"(2) Notwithstanding any other provision of law, whenever the individual who is the head of any department, agency, or instrumentality of the United States receives a request from the Attorney General for information authorized to be provided by the Attorney General under this section, such individual shall promptly cause a search to be made of the files and records maintained by such department, agency, or instrumentality with a view to determining whether the information requested is contained in any such files or records. If such search discloses the information requested, such individual shall immediately transmit such information to the Attorney General; and, if such search fails to disclose the information requested, such individual shall immediately so notify the Attorney General. The costs incurred by any such department, agency, or instrumentality of the United States or of any State in providing such information to the Attorney General shall be reimbursed by him. Whenever such services are furnished to an individual specified in subsection (c)(3), a fee shall be charged such individual. The fee so charged shall be deposited in the Fund and shall be used to reimburse the Attorney General or his delegate for the expense of providing such services.

"(f) The Attorney General, in carrying out his duties

and functions under this section, shall enter into arrangements with State agencies administering or supervising the administration of State plans approved under part A of this title, under which the offices operated under such plans will accept from parents, guardians, or agents of a child described in subsection (c)(3) and transmit to the Attorney General requests for information with regard to the whereabouts of absent parents and will otherwise cooperate with the Attorney General in carrying out the purposes of this section.

"DELEGATION OF SUPPORT COLLECTION FUNCTIONS TO STATES OR POLITICAL SUBDIVISIONS

"SEC. 454. (a) The Attorney General shall delegate to any State having a plan approved under part A of this title the authority to recover the child support obligation assigned to the United States under section 402(h) if he determines that such State has an effective program (in accordance with the standards established in subsection (b)) for locating absent parents, determining paternity, obtaining support orders, and collecting amounts of money owed by parents for the support and maintenance of their child or children. Such a delegation may be made to a political subdivision of any such State upon a finding that the State as a whole does not have an effective program for locating absent parents, determining paternity, obtaining support orders,

and collecting child support but that such political subdivision does have an effective program which meets the standards established in subsection (b).

"(b) The Attorney General shall not approve any program pursuant to subsection (a) unless such program provides—

"(1) for the development and implementation of a program under which such State or political subdivision will undertake—

"(A) in the case of a child born out of wedlock with respect to whom an assignment under section 402(h) of this title is effective, to establish the paternity of such child, and

"(B) in the case of any child with respect to whom such assignment is effective, to secure support for such child from his parent (or from any other person legally liable for such support), utilizing any reciprocal arrangements adopted with other States to obtain or enforce court orders for support, and

"(2) for the establishment of an organizational unit in the State or political subdivision administering the program under this section;

"(3) for entering into cooperative arrangements with appropriate courts and law enforcement officials (A) to assist the State or political subdivision admin-

istering the program under this section, including the entering into of financial arrangements with such courts and officials in order to assure optimum results under such program, and (B) with respect to any other matters of common concern to such courts or officials and the State or political subdivision administering the program under this section;

"(4) that the State or political subdivision will establish a service to locate absent parents utilizing—

"(A) all sources of information and available records; and

"(B) the Parent Locator Service in the Department of Justice;

"(5) that the State or political subdivision will, in accordance with standards prescribed by the Attorney General, cooperate with the State or political subdivision of another State or with the Attorney General in administering a program under this part—

"(A) in establishing paternity, if necessary,

"(B) in locating an absent parent residing in the State (whether or not permanently) against whom any action is being taken under this part in another State,

"(C) in securing compliance by an absent parent residing in such State (whether or not perma-

nently) with a voluntary agreement or an order issued by a court of competent jurisdiction against such parent for the support and maintenance of a child or children of such parent with respect to whom aid is being provided under the plan of such other States, and

"(D) in carrying out other functions required by this part;

"(6) that the State or political subdivision may enter into voluntary agreements to recover child support obligations delegated under subsection (a), if there is no court order in effect directing payment of such obligation or if there is such an order in effect but there is no reasonable expectation that it can be enforced or that the obligation can be collected. Any voluntary agreement so made shall provide that support payments will not cease if the family ceases to receive assistance under part A of this title, and the amounts payable under such agreement, if there is no court order in effect, may be collected as authorized under the provisions of this part;

"(7) that the State or political subdivision require, as a condition of the absent parent being permitted to make support payments on a voluntary basis, the execution by such parent of an appropriate affidavit (which shall be recorded in the records of the court or other

appropriate agency) in which such parent acknowledges the paternity of such child or children;

"(8) that, if the State uses voluntary agreements under paragraph (6), it will establish an administrative mechanism for enforcing such agreements;

"(9) that such State or political subdivision will comply with such other requirements as the Attorney General determines to be necessary to the establishment of an effective program for locating absent parents, determining paternity, obtaining support orders, and collecting support payments including, but not limited to, requiring a full record of collections and disbursements; and

"(10) that the State or political subdivision shall reimburse the Attorney General for the costs incurred by the Federal Government in enforcing and collecting support obligations assigned under this section.

"(c) The Attorney General shall, upon the request of any State or political subdivision to which he has delegated the authority to recover the child support obligation assigned to the United States under section 402(h), make available to such State or political subdivision (1) the services of attorneys participating in legal services programs who are, by reason of the agreement required by section 452(c), assisting the Attorney General in carrying out his functions under this

part, and (2) upon a showing by the State or political subdivision that such State or political subdivision made diligent and reasonable efforts in utilizing their own collection mechanisms, the collection facilities of the Department of the Treasury (subject to the same requirements of certification by the Attorney General imposed by section 452(b) and subject to such limitations on the frequency of making such certification as may be imposed by the Attorney General).

"(d) From the sums appropriated therefor, the Attorney General shall pay to each State or political subdivision which has a program approved under this section, for each quarter, beginning with the quarter commencing January 1, 1973, an amount equal to 75 percent of the total amounts expended by such State or political subdivision during such quarter for the operation of the program approved under this section except as provided in sections 455(b)(2), 456, and 459.

"DISTRIBUTION OF PROCEEDS FROM SUPPORT COLLECTIONS

"SEC. 455. (a) Amounts collected as support obligations assigned under section 402(h) shall be distributed in the following order of priority—

"(1) If a State or its agent makes the collection, the proceeds of such collection shall be distributed, beginning with the first dollar, as follows—

"(A) the family shall be paid the larger of—

"(i) 100 percent of such proceeds if they are equal to or less than the amount of the assistance payment which would otherwise be made, or

"(ii) an amount of such proceeds that is equal to the lesser of (I) the amount required by a court order to be paid for child support or (II) the amount agreed upon by the parties to a voluntary child support agreement,

and any proceeds so paid that are in excess of the amount of the assistance payment otherwise payable shall be deemed to reduce the residual monetary obligation to the Federal Government by a like amount;

"(B) such amounts as may be necessary to reimburse the State for such State's share of assistance payments (with appropriate reimbursement of the political subdivision if it participated in the financing) made to the family prior to the date on which the support obligation was collected shall be paid to such State, and any amounts so paid shall be deemed to reduce the residual monetary obligation to the Federal Government by a like amount; and

"(C) such amounts as may be necessary to re-

duce or eliminate the residual monetary obligation to the Federal Government by the absent parent shall be paid to the Federal Government and deposited in the fund.

"(2) If a political subdivision or its agent makes the collection, the proceeds of such collection shall be distributed, beginning with the first dollar, as follows—

"(A) the family shall be paid the larger of—

"(i) 100 percent of such proceeds if they are equal to or less than the amount of the assistance payment which would otherwise be made, or

"(ii) an amount of such proceeds that is equal to the lesser of (I) the amount required by a court order to be paid for child support or (II) the amount agreed upon by the parties to a voluntary child support agreement,

and any proceeds so paid that are in excess of the amount of the assistance payment otherwise payable shall be deemed to reduce the residual monetary obligation to the Federal Government by a like amount;

"(B) such amounts as may be necessary to reimburse the political subdivision for its share of assistance payments made to the family prior to the date on which the support obligation was collected

shall be paid to such political subdivision, and any amounts so paid shall be deemed to reduce the residual monetary obligation to the Federal Government by a like amount; and

"(C) such amounts as may be necessary to reduce or eliminate the residual monetary obligation to the Federal Government by the absent parent shall be paid to the Federal Government and deposited in the fund.

"(3) If the Attorney General makes the collection, the proceeds of such collection shall be distributed, beginning with the first dollar, as follows—

"(A) the family shall be paid the larger of—

"(i) 100 percent of such proceeds if they are equal to or less than the amount of the assistance payment which would otherwise be made, or

"(ii) an amount of such proceeds that is equal to the lesser of (I) the amount required by a court order to be paid for child support or (II) the amount agreed upon by the parties to a voluntary child support agreement,

and any proceeds so paid that are in excess of the amount of the assistance payment otherwise payable shall be deemed to reduce the residual monetary

obligation to the Federal Government by a like amount; and

"(B) such amounts as may be necessary to reduce or eliminate the residual monetary obligation to the Federal Government by the absent parent shall be paid to the Federal Government and deposited in the fund.

Whenever payments are made pursuant to paragraph (2)(A) or (3)(A) to a family residing in a State which does not have an approved support program under this part, the Attorney General shall so certify to the Secretary, who shall reduce the amount of any grant made to such State under part A of this title by an amount equal to the amount so certified and deposit such amount into the Fund, except that such reduction shall not be greater than the amount of the assistance payment such family would have received from such State had the payment under paragraph (2)(A) or (3)(A) not been made.

"(b) Whenever a family for whom support payments have been collected and distributed under this part ceases to receive assistance under part A of this title, the Attorney General, or the State or political subdivision to which the Attorney General has delegated the authority to collect support obligations pursuant to this part, shall—

"(1) continue to collect such support payments from the absent parent for a period of three months from the month following the month in which such family ceased to receive assistance under part A of this title, and pay all amounts so collected to the family; and

"(2) at the end of such three-month period, if the Attorney General (A) is authorized to do so by the individual on whose behalf the collection will be made and (B) finds that the absent parent has not met his support obligation for the period of twenty-four consecutive months immediately preceding the end of such three-month period or throughout the term of such obligation, whichever is shorter, continue to collect such support payments from the absent parent until he has met his support obligation for a period of twenty-four consecutive months, and pay the net amount of any amount so collected to the family after deducting any costs incurred in making the collection from the amount of any recovery made.

"INCENTIVE PAYMENT TO LOCALITIES

"SEC. 456. When a political subdivision of a State makes the enforcement and collection of the support obligation assigned under section 402(h) (either within or outside of such State, and whether as the agent of such State or as the agent of the Attorney General), an amount equal to

25 percent of any amount collected and required to be distributed as provided in sections 455(a)(1) (A) and (B), or in sections 455(a)(2) (A) and (B), as appropriate, to reduce or eliminate assistance payments, shall be paid to such political subdivision by the State from amounts which the State would otherwise pay as assistance to the family of the absent parent under section 455(a)(1), or by the Attorney General (when he, or a political subdivision acting as his delegate, makes the collection) from the amounts required to be deducted, by the last sentence of section 455(a), from the grant made to such State.

"RESIDUAL MONETARY OBLIGATION TO THE UNITED STATES

"SEC. 457. There is hereby imposed on any absent parent whose child or children have received assistance payments under part A of this title a residual monetary obligation to the United States. Such obligation shall be in an amount that is equal to the total amounts of payments made to the family of an absent parent each month under the State plan approved under part A of this title, or, if less, 50 percent of the monthly income of the absent parent for each such month (but not less than $50 per month), except that during any month in which an absent parent is meeting his support obligations by paying the full amount of a court ordered support payment or the full amount of the support

payment which he has agreed to pay according to the terms of a voluntary support agreement entered into between him and the Attorney General (or his delegate), whichever is larger, no obligation shall be imposed. Interest on any such amount shall accrue at the rate of 6 percent per annum, but the total amount of such obligation (including interest thereon) shall be reduced by the amount of any sums collected by a State or political subdivision which represent such State or political subdivision's share of assistance payments made under the State plan approved under part A of this title.

"REGIONAL LABORATORIES TO ESTABLISH PATERNITY THROUGH ANALYSIS AND CLASSIFICATION OF BLOOD

"SEC. 458. (a) The Secretary shall establish, or arrange for the establishment or designation, in each region of the United States, a laboratory which he determines to be qualified to provide services in analyzing and classifying blood for the purpose of determining paternity, and which is prepared to provide such services to courts and public agencies in the region to be served by it.

"(b) Whenever a laboratory is established or designated for any region by the Secretary under this section, he shall take such measures as may be appropriate to notify appropriate courts and public agencies (including agencies administering any public welfare program within such re-

gion) that such laboratory has been so established or designated to provide services, in analyzing and classifying blood for the purpose of determining paternity, for court and public agencies in such region.

"(c) The facilities of any such laboratory shall be made available without cost to courts and public agencies in the region to be served by it.

"(d) There is hereby authorized to be appropriated for each fiscal year such sums as may be necessary to carry out the provisions of this section.

"COLLECTION OF CHILD SUPPORT FOR PARTICIPANTS IN GUARANTEED EMPLOYMENT

"SEC. 459. Any individual who is participating in guaranteed employment under subpart 1 of part B of title XX of this Act shall be eligible to receive the child support collection or paternity determination services established under this part. Such services shall be made available to any such individual upon application filed while such individual is participating in guaranteed employment (in accordance with such procedures and containing such information as the Attorney General shall by regulation prescribe) with the Attorney General or, if a State or political subdivision has a program approved under section 455, with such State or political subdivision, as may be appropriate. Any costs incurred by the Attorney General (or by a State or political

subdivision) in furnishing such services shall be paid by such individual by deducting such costs from the amount of any recovery made.

"CONSENT BY THE UNITED STATES TO GARNISHMENT AND SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD SUPPORT AND ALIMONY OBLIGATIONS

"SEC. 460. Notwithstanding any other provision of law, moneys (the entitlement to which is based upon remuneration for employment) due from, or payable by, the United States (including any agency or instrumentality thereof and any wholly owned Federal corporation) to any individual, including members of the armed services, shall be subject, in like manner and to the same extent as if the United States were a private person, to legal process brought for the enforcement, against such individual, of his legal obligations to provide child support or make alimony payments.

"PENALTY FOR NONSUPPORT

"SEC. 461. (a) Any individual who is the parent of any child or children and who is under a legal duty to provide for the support and maintenance of such child or children (as required under the law of the State where such child or children reside) but fails to perform such duty and has left, deserted, or abandoned such child or children and such child or children receive assistance payments to provide for their support and maintenance which are funded

in whole or in part from funds appropriated therefor by the Federal Government shall, upon conviction, be penalized in an amount equal to 50 percent of the residual monetary obligation owed to the United States, or fined not more than $1,000, or imprisoned for not more than one year, or any combination of these three penalties.

"(b) This section does not preempt any State law imposing a civil or criminal penalty on an absent parent for failing to provide support and maintenance to his child or children to whom such parent owes a duty to support."

Conforming Amendments to Title IV

(b) Section 1106 of such Act is amended—

(1) by striking out the period at the end of the first sentence of subsection (a) and inserting in lieu thereof the following: "and except as provided in part D of title IV of this Act.";

(2) by adding at the end of subsection (b) the following new sentence: "Notwithstanding the preceding provisions of this subsection, requests for information made pursuant to the provisions of part D of title IV of this Act for the purpose of using Federal records for locating parents shall be complied with and the cost incurred in providing such information shall be paid for as provided in such part D of title IV."; and

(3) by striking out subsection (c).

COLLECTION OF CHILD SUPPORT OBLIGATIONS

(c)(1) Subchapter A of chapter 64 of the Internal Revenue Code of 1954 (relating to collection of taxes) is amended by adding at the end thereof the following new section:

"SEC. 6305. COLLECTION OF CERTAIN LIABILITY TO THE UNITED STATES.

"Upon receiving a certification from the Attorney General under section 452(b)(1) of the Social Security Act with respect to any individual, the Secretary or his delegate shall assess and collect the amount certified by the Attorney General in the same manner, with the same powers, and (except as provided in this section) subject to the same limitations as if such amount were a tax imposed by subtitle C the collection of which would be jeopardized by delay, except that—

"(1) no interest or penalties shall be assessed or collected, and

"(2) for such purposes, paragraphs (4), (6), and (8) of section 6334(a) (relating to property exempt from levy) shall not apply."

(2) The table of sections for such subchapter is amended by adding at the end thereof the following new item:

"Sec. 6305. Collection of certain liability to the United States."

(d) The amendments made by subsections (a), (b), and (c) shall become effective on January 1, 1973.

PART D—CHILD CARE AND CHILD WELFARE SERVICES

SEC. 431. (a) The Social Security Act is amended by adding after title XX thereof (as added by section 420 of this Act) the following new title:

"TITLE XXI—CHILD CARE

"FINDINGS AND DECLARATION OF PURPOSE

"SEC. 2101. (a) The Congress finds and declares that—

"(1) the present lack of adequate child care services is detrimental to the welfare of families and children in that it limits opportunities of parents for employment or self-improvement, and often results in inadequate care arrangements for children whose parents are unable to find appropriate care for them;

"(2) low-income families and dependent families are severely handicapped in their efforts to attain or maintain economic independence by the unavailability of adequate child care services;

"(3) many other families, especially those in which the mother is employed, have need for child care services, either on a regular basis or from time to time; and

"(4) there is presently no single agency or organization, public or private, which is carrying out the responsibility of meeting the Nation's needs for adequate child care services.

"(b) It is therefore the purpose of this title to promote the availability of adequate child care services throughout the Nation by providing for the establishment of a Bureau of Child Care which shall have the responsibility and authority to meet the Nation's unmet needs for adequate child care services, and which, in meeting such needs, will give special consideration to the needs for such services by families in which the mother is employed or preparing for employment, and will promote the well-being of all children by assuring that the child care services provided will be appropriate to the particular needs of the children receiving such services.

"ESTABLISHMENT AND ORGANIZATION OF BUREAU OF CHILD CARE

"SEC. 2102. (a) In order to carry out the purposes of this title, there is hereby established as a division of the Work Administration (established under title XX of this Act) a Bureau of Child Care (hereinafter in this title referred to as the 'Bureau').

"(b)(1) The powers and duties of the Bureau shall be vested in a Director who shall be appointed by the President, by and with the advice and consent of the Senate.

"(2) The Director shall have the power to appoint (without regard to the provisions of title 5, United States Code, governing appointments in the competitive service) such personnel as he deems necessary to enable the Bureau to carry out its functions under this title. All personnel shall be appointed solely on the ground of their fitness to perform their duties and without regard to political affiliation, sex, race, creed, or color. The Director may (without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and General Schedule pay rates) fix the compensation of personnel. The amount of the compensation payable to any employee shall be reasonably related to the compensation payable to State employees performing similar duties in the State in which such employee is employed by the Bureau; except that, in no case shall the amount of the compensation payable to any employee be greater than that payable to Federal employees performing similar services. For purposes of the preceding sentence, personnel employed in the principal office of

the Bureau shall be deemed to be performing services in the District of Columbia (which shall be deemed to be a State for such purposes), and personnel performing services in more than one State shall be deemed to be employed in the State in which their principal office or place of work is located.

"(3) The Director is authorized to obtain the services of experts and consultants on a temporary or intermittent basis in accordance with the provisions of section 3109 of title 5, United States Code, but at rates for individuals not to exceed the per diem equivalent of the rate authorized for GS–18 by section 5332 of such title.

"(4) The Director shall establish, within the Bureau, an Office of Program Evaluation and Auditing the functions of which shall be to assure that standards established under this title with respect to child care services and facilities providing such services will be met, and that funds of or under the control of the Bureau will be properly used. The Director shall utilize such Office to carry out the duties (relating to evaluation of facilities) imposed upon him under section 2104(c)(2).

"*DUTIES AND POWERS*

"*SEC. 2103. (a) It shall be the duty and function of the Bureau to meet the needs of the Work Administration for child care services and, to the maximum extent economically feasible, the needs of the Nation for child care services.*

"*(b)(1) In carrying out such duty and function, the Bureau shall, through utilization of existing facilities for child care and otherwise, provide (or arrange for the provision of) child care services in the various communities of each State. Such child care services shall include the various types of care included in the term 'child care services' (as defined in section 2118(b)) to the extent that the needs of the various communities may require.*

"*(2) The Bureau shall charge and collect a reasonable fee for the child care services provided by it (whether directly or through arrangements with others). The fee so charged for any particular type of child care services provided in any facility shall be uniform for all children receiving such types of services in such facility. Any such fee so charged may be paid in whole or in part by any person (including the Bu-*

reau, as provided in subsection (e), or any other public agency) which agrees to pay such fee or a part thereof.

"(3) The Bureau shall not enter into any arrangement with any person under which the facilities or services of such person will be utilized by the Bureau to provide child care services unless such person agrees (A) to accept any child referred to such person by the Bureau for child care services on the same basis and under the same conditions as other children applying for such services, and (B) to accept payment of all or any part of the fee imposed for such services from any public agency which shall agree to pay such fee or a part thereof from Federal funds.

"(c) In providing child care services in the various communities of the Nation, the Bureau shall accord first priority (1) to the needs for child care services of families on behalf of whom child care services will be paid in whole or in part from funds appropriated to carry out title XX and section 2109 of this title and who are in need of such services to enable a member thereof to accept or continue in employment or participate in training to prepare such member for employment, and (2) to arranging for care in facilities providing hours of child care sufficient to meet the child care needs of children whose mothers are employed full time.

"(d) In providing for child care services the Bureau

shall first place children in facilities which receive funds from sources other than funds made available under this title including, if the parents of such children agree, child development programs.

"(e)(1) From the sums available to carry out the provisions of this title for each fiscal year, the Bureau is authorized to assist low-income families in meeting the costs of child care services where such services are necessary to enable an adult member of such family to engage in employment.

"(2) The amount of the subsidy provided to any family under this subsection shall be determined in accordance with a schedule established by the Director, after taking into account the number of families needing such assistance, the amount of assistance needed by such families, and the amount of the funds available for the provision of such assistance. Such schedule shall (A) provide that the amount of subsidy payable to any family shall be equal to a per centum of the costs incurred by such family for the child care services with respect to which such subsidy is paid, (B) be related to ability of such family to pay the costs of such services (as determined by family size and income), and (C) be designed to assure that the amount of the subsidy payable to any family is not greater than the minimum amount necessary to enable such family to secure such services.

"(f) In carrying out its duties and functions under this

title, the Bureau shall have, in addition to the powers it has as a division of the Work Administration, power—

"(1) to acquire (by purchase, gift, devise, lease, or sublease), and to accept jurisdiction over and to hold and own, and dispose of by sale, lease, or sublease, real or personal property, including but not limited to a facility for child care, or any interest therein for its purposes;

"(2) to operate, manage, superintend, and control any facility for child care under its jurisdiction and to repair, maintain, and otherwise keep up any such facility; and to establish and collect fees, rentals, or other charges for the use of such facility or the receipt of child care services provided therein;

"(3) to provide child care services for the public directly or by agreement or lease with any person, agency, or organization, and to make rules and regulations concerning the handling of referrals and applications for the admission of children to receive such services; and to establish and collect fees and other charges, including reimbursement allowances, for the provision of child care services: Provided, That, in determining how its funds shall be used for the provision of child care services within a community, the Bureau shall take into account any comprehensive planning for child care which has been done, and shall generally restrict its direct operation of

programs to situations in which public or private agencies are unable to develop adequate child care;

"(4) to provide advice and technical assistance to persons desiring to enter into an agreement with the Bureau for the provision of child care services to assist them in developing their capabilities to provide such services under such an agreement;

"(5) to prepare, or cause to be prepared, plans, specifications, designs, and estimates of costs for the construction and equipment of facilities for child care services in which the Bureau provides child care directly;

"(6) to construct and equip, or by contract cause to be constructed and equipped, facilities (other than home child care facilities) for child care services: Provided, That the Bureau shall take into account any comprehensive planning for child care that has been done;

"(7) to train persons for employment in providing child care services, with particular emphasis on training participants in the employment program under title XX;

"(8) to procure insurance, or obtain indemnification, against any loss in connection with the assets of the Bureau or any liability in connection with the activities of the Bureau, such insurance or indemnification to be procured or obtained in such amounts, and from such sources, as the Board deems to be appropriate;

"(9) to cooperate with any organization, public or private, the objectives of which are similar to the purposes of this title; and

"(10) to do any and all things necessary, convenient, or desirable to carry out the purposes of this title, and for the exercise of the powers conferred upon the Bureau in this title.

"STANDARDS FOR CHILD CARE

"SEC. 2104. (a) In order to assure that adequate standards of staffing, health, sanitation, safety, and fire protection are met, the Bureau shall not provide or arrange for the provision of child care of any type or in any facility unless the applicable requirements set forth in the succeeding provisions of this section are met with respect to such care and the facility in which such care is offered.

"(b)(1) The ratio of the number of children receiving child care to the number of qualified staff members directly engaged in providing such care (whether as teachers' aids or in another capacity) shall be such as the Director may determine to be appropriate for the type of child care provided and the age of the children involved, but in no case shall the Director require a ratio of less than—

"(A) eight to one, in case such care is provided in a home child care facility; or

"(B) ten to one, in case such care is provided in a

day nursery facility, nursery school, child development center, play group facility, or preschool child care center. For purposes of applying the ratios set forth in clauses (A) and (B) of the preceding sentence, any child under age three shall be considered as two children.

"(2) In the case of any facility (other than a facility to which paragraph (1) is applicable) the ratio of the number of children receiving child care therein to the number of qualified staff members providing such care shall not be greater than such ratio as the Director may determine to be appropriate to the type of child care provided and the age of the children involved, except that such ratio shall not be greater than twenty-five to one.

"(3) As used in this subsection, the term 'qualified staff member' means an individual who has received training in, or demonstrated ability in, the care of children.

"(c)(1) Any facility in which the Bureau provides child care (whether directly or through arrangements with others) must—

"(A)(i) in the case of facilities that are not homes, meet such provisions of the Life Safety Code of the National Fire Protection Association (twenty-first edition, 1967) as are applicable to the type of facility; except that the Bureau may waive for such periods as it deems appropriate, specific provisions of such code

which, if rigidly applied, would result in unreasonable hardship upon the facility, but only if the Bureau makes a determination (and keeps a written record setting forth the basis of such determination) that such waiver will not adversely affect the health and safety of the children receiving care in such facility and (ii) in the case of facilities that are homes, meet requirements adopted by the local area (or a comparable area, if none have been adopted for the local area) for application to general residential occupancy;

"(B) contain (or have available to it for use) adequate indoor and outdoor space for children for the number and ages of the children served by such facility; have separate rooms or areas for cooking, and have separate rooms for toilets;

"(C) have floors and walls of a type which can be cleaned and maintained and which contain or are covered with no substance which is hazardous to the health or clothing of children;

"(D) have such ventilation and temperature control facilities as may be necessary to assure the safety and reasonable comfort of each child receiving care therein;

"(E) provide safe and comfortable facilities for

the variety or activities children engage in while receiving care therein;

"(F) provide special arrangements or accommodations, for children who become ill, which are designed to provide rest and quiet for ill children while protecting other children from the risk of infection or contagion; and

"(G) make available to childen receiving care therein such toys, games, books, equipment, and other material as are appropriate to the type of facility involved and the ages of the children receiving care therein.

"(2) The Director, in determining whether any particular facility meets minimum requirements imposed by paragraph (1) of this subsection, shall evaluate, not less often than once each year, on the basis of inspections made by personnel employed by the Bureau or by others through arrangements with the Bureau, such facility separately and shall make a determination with respect to such facility after taking into account the location and type of care provided by such facility as well as the age group served by it.

"(d) The Bureau shall not provide (directly or through arrangements with other persons) child care in a child care facility or home child care facility unless—

"(1) such facility requires that, in order to receive child care provided by such facility, a child must have been determined by a physician (after a physical examination) to be in good health and must have been immunized against such diseases and within such prior period as the Director may prescribe in order adequately to protect the children receiving care in such facility from communicable disease (except that no child seeking to enter or receiving care in such a facility shall be required to undergo any medical examination, immunization, or physical evaluation or treatment (except to the extent necessary to protect the public from epidemics of contagious diseases, if his parent or guardian objects thereto in writing on religious grounds);

"(2) such facility provides for the daily evaluation of each child receiving care therein for indications of illness;

"(3) such facility provides adequate and nutritious (though not necessarily hot) meals and snacks, which are prepared in a safe and sanitary manner;

"(4) such facility has in effect procedures designed to assure that each staff member thereof is fully advised of the hazards to children of infection and accidents and is instructed with respect to measures designed to avoid or reduce the incidence or severity of such hazards;

"(5) such facility has in effect procedures under which the staff members of such facility (including voluntary and part-time staff members) are required to undergo, prior to their initial employment and periodically thereafter, medical assessments of their physical and mental competence to provide child care;

"(6) such facility keeps and maintains adequate health records on each child receiving care in such facility and on each staff member (including any voluntary or part-time staff member) of such facility who has contact with children receiving care in such facility; and

"(7) such facility has in effect, for the children receiving child care services provided by such facility, a program under which emergency medical care or first aid will be provided to any such child who sustains injury or becomes ill while receiving such services from such facility, the parent of such child (or other proper person) will be promptly notified of such injury or illness, and other children receiving such services in such facility will be adequately protected from contagious disease.

"(e) The Bureau shall not provide (directly or through arrangements with other persons) child care, in any child care facility or home child care facility, to any child

unless there is offered to the parent or parents with whom such child is living (or, if such child is not living with a parent, the guardian or other adult person with whom such child is living) the opportunity of (A) meeting and consulting, from time to time, with the staff of such facility on the development of such child, and (B) observing, from time to time, such child while he is receiving care in such facility.

"(f) Any nursery school, kindergarten, or child development center in which care is provided must meet applicable State or local educational standards.

"PHYSICAL STRUCTURE AND LOCATION OF CHILD CARE FACILITIES

"SEC. 2105. (a) There may be utilized, to provide child care authorized by this title, new buildings especially constructed as child care facilities, as well as existing buildings which are appropriate for such purpose (including, but not limited to, schools, churches, social centers, apartment houses, public housing units, office buildings, and factories).

"(b) The Director, in selecting the location of any facility to provide child care under this title, shall, to the maximum extent feasible, give consideration to such factors as whether the site selected therefor—

"(1) is conveniently accessible to the children to be served by such facility, in terms of distance from the homes of such children as well as the length of travel-

time (on the part of such children and their parents) involved;

"(2) is sufficiently accessible from the place of employment of the parents of such children so as to enable such parents to participate in such programs, if any, as are offered to parents by such facility; and

"(3) is conveniently accessible to other facilities, programs, or resources which are related to, or beneficial in, the development of the children of the age group served by such facility.

"EXCLUSIVENESS OF FEDERAL STANDARDS; PENALTY FOR FALSE STATEMENT OR MISREPRESENTATION

"SEC. 2106. (a) Any facility in which child care services are provided by the Bureau (whether directly or through arrangements with other persons) shall not be subject to any licensing or similar requirements imposed by any State (or political subdivision thereof), and shall not be subject to any health, fire, safety, sanitary, or other requirements imposed by any State (or political subdivision thereof) with respect to facilities providing child care.

"(b) If any State (or political subdivision thereof), group, organization, or individual feels that the standards imposed, or proposed to be imposed, by the Bureau under section 2104(c)(1) for child care facilities (or any type of class of child care facilities) are less protective of

the welfare of children than those imposed on such facilities by such State (or political subdivision thereof, as the case may be), such State (or political subdivision thereof), group, organization, or individual may, by filing a request with the Bureau, obtain a hearing on the matter of the standards imposed or proposed to be imposed by the Bureau with respect to such facilities.

"(c) Whoever knowingly and willfully makes or causes to be made, or induced or seeks to induce the making of, any false statement or representation of a material fact with respect to the conditions or operation of any facility in order that such facility may qualify as a facility in which child care services are provided by the Bureau (whether directly or through arrangements with other persons) shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $2,000 or imprisoned for not more than six months, or both, and any such facility shall be ineligible, for two years following such conviction, to participate in any child care program that is in whole or in part funded by the United States.

"RECONSIDERATION OF CERTAIN DECISIONS

"SEC. 2107. Whenever any group or organization has presented to the Bureau a proposal, under which such group or organization would provide child care services on behalf of the Bureau, which has been rejected by the Bureau, such

group or organization, upon request filed with the Director may have a reconsideration of such proposal by the Bureau.

"CONFIDENTIALITY OF CERTAIN INFORMATION

"SEC. 2108. The Bureau shall impose such safeguards with respect to information held by it concerning applicants for and recipients of child care as are necessary or appropriate to assure that such information will be used only for purposes directly connected with the administration of this title, that the privacy of such applicants or recipients will be protected, and that, when such information is used for statistical purposes, it will be used in such manner as not to identify the particular individuals involved.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 2109. In addition to such sums as may be available to the Bureau from the Child Care Fund established under section 2110, there is hereby authorized to be appropriated to carry out the provisions of this title, for the fiscal year beginning July 1, 1972, the sum of $800,000,000, and for each fiscal year thereafter, such sums as may be necessary.

"REVOLVING FUND

"SEC. 2110. (a) There is hereby established in the Treasury a revolving fund to be known as the Federal Child Care Fund (hereinafter in this title referred to as the 'Fund') which shall be available to the Bureau without

fiscal year limitation to carry out its purposes, functions, and duties under this title.

"(b) There shall be deposited in the Fund—

"(1) funds appropriated under section 2109; and

"(2) the proceeds of all fees, rentals, charges, interest, or other receipts (including gifts) received by the Bureau.

"(c) Except for expenditures from the Federal Child Care Capital Fund (established by section 2111(d)) and expenditures from appropriated funds, all expenses of the Bureau (including salaries and other personnel expenses) shall be paid from the Fund.

"(d) If the Bureau determines that the moneys in the fund are in excess of the current needs of the Bureau, it may invest such amounts therefrom as it deems advisable in obligations of the United States or obligations the payment of principal and interest of which is guaranteed by the United States.

"REVENUE BONDS OF BUREAU

"SEC. 2111. (a) The Bureau is authorized (after consultation with the Secretary of the Treasury) to issue and sell bonds, notes, and other evidences of indebtedness (hereafter in this section collectively referred to as 'bonds') whenever the Director determines that the proceeds of such bonds are necessary, together with other moneys available for opera-

tion of the Bureau from the Fund, to provide funds sufficient to enable the Bureau to carry out its purposes and functions under this title with respect to the acquisition, planning, construction, remodeling, or renovation of facilities for child care or sites for such facilities; except that (1) no such bonds shall be sold prior to July 1, 1975, (2) no more than $50,000,000 of such bonds shall be issued and sold during any fiscal year, and (3) the outstanding balance of all bonds so issued and sold shall not at any one time exceed $250,000,000.

"(b) Any such bonds may be secured by assets of the Bureau, including, but not limited to, fees, rentals, or other charges which the Bureau receives for the use of any facility for child care which the Bureau owns or in which the Bureau has an interest. Any such bonds are not, and shall not for any purpose be regarded as, obligations of the United States.

"(c) Any such bonds shall bear such rate of interest, have such dates of maturity, be in such denominations, be in such form, carry such registration privileges, be executed in such manner, be payable on such terms, conditions, and at such place or places, and be subject to such other terms and conditions, as the Director may prescribe.

"(d)(1) There is hereby established in the Treasury a fund to be known as the 'Federal Child Care Capital Fund'

(hereinafter in this title referred to as the 'Capital Fund'), which shall be available to the Bureau without fiscal year limitations to carry out the purposes and functions of the Bureau with respect to the acquisition, planning, construction, remodeling, renovation, or initial equipping of facilities for child care services, or sites for such facilities.

"(2) The proceeds of any bonds issued and sold pursuant to this section shall be deposited in the Capital Fund and shall be available only for the purposes and functions referred to in paragraph (1) of this subsection.

"COLLECTION AND PUBLICATION OF STATISTICAL DATA

"SEC. 2112. The Bureau shall collect, classify, and publish, on a monthly and annual basis, statistical data relating to its operation and child care provided (directly or indirectly) by the Bureau together with such other data as may be relevant to the purposes and functions of the Bureau.

"REPORTS TO CONGRESS

"SEC. 2113. (a) The Director shall, not later than January 30 following the close of the first session of each Congress (commencing with January 30, 1974), submit to the Congress a written report on the activities of the Bureau during the period ending with the close of the session of Congress last preceding the submission of the report and beginning, in the case of the first such report so submitted, with the date of enactment of this title, and in the case of

any such report thereafter, with the day after the last day covered by the last preceding report so submitted. As a separate part of any such report, there shall be included such data and information as may be required fully to apprise the Congress of the actions which the Bureau has taken to improve the quality and availability of child care services, together with a statement regarding the future plans (if any) of the Bureau to further improve the quality of such services.

"(b) The Director shall conduct, on a continuing basis, a study of the standards for child care under section 2104, and shall report to the Congress, not later than January 1, 1977, the results of such study, together with his recommendations (if any) with respect to changes which should be made in establishing such standards.

"APPLICABILITY OF OTHER LAWS

"SEC. 2114. (a) Except as otherwise provided in this title, the Bureau shall be subject to such laws as are applicable to the Work Administration established under title XX.

"(b) The provisions of section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), or other provisions of law relating to competitive bidding, shall not be applicable to the Bureau; nor shall any other provision of law limiting the authority of instrumentalities of the United States to enter into contract be applicable to the Bureau

in respect to contracts entered into by the Bureau for the provision of child care services in a home child care facility, temporary child care home, or a night care home.

"(c) The provisions of the Public Buildings Act of 1959 (40 U.S.C. 601-615) shall not apply to the acquisition, construction, remodeling, renovation, alteration, or repair of any building of the Bureau or to the acquisition of any site for any such building for use as a child care facility.

"RESEARCH AND DEMONSTRATIONS

"SEC. 2115. The Secretary, in the administration of section 426, shall consult with and cooperate with the Bureau with a view to providing for the conduct of research and demonstrations which will be applicable to child care services.

"NATIONAL ADVISORY COUNCIL ON CHILD CARE

"SEC. 2116. (a)(1) For the purpose of providing advice and recommendations for the consideration of the Director of the Bureau in matters of general policy in carrying out the purposes and functions of the Bureau, and with respect to improvements in the administration by the Bureau of its purposes and functions, there is hereby created a National Advisory Council on Child Care (hereinafter in this section referred to as the 'Council').

"(2) The Council shall be composed of the Secretary of

Health, Education, and Welfare, the Secretary of Labor, the Secretary of Housing and Urban Development, and eight individuals, who shall be appointed by the Director (without regard to the provisions of title 5, United States Code, governing appointments in the competitive service), and who are not otherwise in the employ of the United States.

"(3) Of the appointed members of the Council, not more than three shall be selected from individuals who are representatives of social workers or child welfare workers or nonprofit organizations or are from the field of education, and the remaining appointed members shall be selected from individuals who are representatives of consumers of child care (but not including more than one individual who is a representative of any organization which is composed of or represents recipients of such assistance).

"(b) Each appointed member of the Council shall hold office for a term of three years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his successor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the appointed members first taking office shall expire, as designated by the Director at the time of appointment, four on June 30, 1974, four on June 30, 1975, and four on June 30, 1976.

"(c) The Council is authorized to engage such technical

assistance as may be required to carry out its functions, and the Director shall, in addition, make available to the Council such secretarial, clerical, and other assistance and such pertinent data prepared by the Bureau as the Council may require to carry out its functions.

"(d) Appointed members of the Council shall, while serving on the business of the Council, be entitled to receive compensation at the rate of $100 per day, including travel-time; and while so serving away from their homes or regular places of business, they shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"COOPERATION WITH OTHER AGENCIES

"SEC. 2117. (a)(1) The Bureau is authorized to enter into agreements with public and other nonprofit agencies or organizations whereby children receiving child care provided by the Bureau (whether directly or through arrangements with other persons) will be provided other services conducive to their health, education, recreation, or development.

"(2) Any such agreement with any such agency or organization shall provide that such agency or organization shall pay the Bureau in advance or by way of reimbursement, for any expenses incurred by it in providing any services pursuant to such agreement.

"(b) The Bureau may also enter into cooperative arrangements with the State health authority and the State agency primarily responsible for State supervision of public schools to utilize such agencies in the provision of health services and education for children receiving child care.

"DEFINITIONS

"SEC. 2118. For purposes of this title—

"(a) The term 'Bureau' means the Bureau of Child Care established pursuant to section 2102.

"(b) The term 'child care services' means the provision, by the person undertaking to care for any child, of such personal care, protection, and supervision of each child receiving such care as may be required to meet the child care needs of such child, including services provided by—

"(1) a child care facility;

"(2) a home child care facility;

"(3) a temporary child facility;

"(4) an individual as a provider of at-home child care;

"(5) a night care facility; or

"(6) a boarding facility.

"(c) The term 'child care facility' means any of the following facilities:

"(1) day nursery facility;

"(2) nursery school;

"(3) kindergarten;

"(4) child development center;

"(5) play group facility;

"(6) preschool child care center;

"(7) school age child care center;

"(8) summer day care program facility;

but only if such facility offers child care services to not less than six children; and in the case of a kindergarten, nursery school, or other daytime program, such facility is not a facility which is operated by a public school system, and the services of which are generally available without charge throughout a school district of such system;

"(d) The term 'home child care facility' means—

"(1) a family day care home;

"(2) a group day care home;

"(3) a family school day care home; or

"(4) a group school age day care home.

"(e) The term 'temporary child care facility' means—

"(1) a temporary child care home;

"(2) a temporary child care center; or

"(3) other facility (including a family home, or extended or modified family home) which provides care, on a temporary basis, to transient children.

"(f) The term 'at-home child care' means the provision, to a child in his own home, of child care services, by an indi-

vidual, who is not a member of such child's family or a relative of such child, while such child's parents are absent from the home.

"(g) The term 'night care facility' means—

"(1) a night care home;

"(2) a night care center; or

"(3) other facility (including a family home, or extended or modified family home) which provides care, during the night, of children whose parents are absent from their home and who need supervision during sleeping hours in order for their parents to be gainfully employed.

"(h) The term 'boarding facility' means a facility (including a boarding home, a boarding center, family home, or extended or modified family home) which provides child care for children on a twenty-four hour per day basis (except for periods when the children are attending school) for periods, in the case of any child, not longer than one month.

"(i) The term 'day nursery' means a facility which, during not less than five days each week, provides child care to children of preschool age.

"(j) The term 'nursery school' means a school which accepts for enrollment therein only children between two and six years of age, which is established and operated primarily

for educational purposes to meet the developmental needs of the children enrolled therein.

"(k) The term 'kindergarten' means a facility which accepts for enrollment therein only children between four and six years of age, which is established and operated primarily for educational purposes to meet the developmental needs of the children enrolled therein.

"(l) The term 'child development center' means a facility which accepts for enrollment therein only children of preschool age, which is established and operated primarily for educational purposes to meet the developmental needs of the children enrolled therein, and which provides for the children enrolled therein care services, or instruction for not less than five days each week.

"(m) The term 'play group facility' means a facility which accepts as members thereof children of preschool age, which provides care or services to the members thereof for not more than three hours in any day, and which is established and operated primarily for recreational purposes.

"(n) The term 'preschool child care center' means a facility which accepts for enrollment therein children of preschool age, and which provides child care to children enrolled therein on a full-day basis for at least five days each week.

"(o) The term 'school age child care center' means a

facility which accepts for enrollment therein only children of school age, and which provides child care for the children enrolled therein during the portion of the day when they are not attending school for at least five days each week.

"(p) The term 'summer day care program' means a facility which provides child care for children during summer vacation periods, and which is established and operated primarily for recreational purposes; but such term does not include any program which is operated by any public agency if participation in such program is without charge and is generally available to residents of any political subdivision.

"(q) The term 'family day care home' means a family home in which child care is provided, during the day, for not more than eight children (including any children under age fourteen who are members of the family living in such home or who reside in such home on a full-time basis).

"(r) The term 'group day care home' means an extended or modified family residence which offers, during all or part of the day, child care for not less than seven children (not including any child or children who are members of the family, if any, offering such services).

"(s) The term 'family school age day care home' means a family home which offers child care for not more than

eight children, all of school age, during portions of the day when such children are not attending school.

"(t) The term 'group school age day care home' means an extended or modified family residence which offers family-like child care for not less than seven children (not counting any child or children who are members of the family, if any, offering such services) during portions of the day when such children are not attending school.

"(u) The term 'temporary child care home' means a family home which offers child care, on a temporary basis, for not more than eight children (including any children under age fourteen who are members of the family, if any, offering such care).

"(v) The term 'temporary child care center' means a facility (other than a family home) which offers child care, on a temporary basis, to not less than seven children.

"(w) The term 'night care home' means a family home which offers child care, during the night, for not more than eight children (including any children under age fourteen who are members of the family offering such care).

"(x) The term 'boarding home' means a family home which provides child care (including room and board) to not more than six children (including any children under age fourteen who are members of the family offering such care).

"(y) The term 'boarding center' means a summer camp or other facility (other than a family home) which offers child care (including room and board) to not less than seven children.

"(z) The term 'facility', as used in connection with the terms 'child care', 'home child care', 'temporary child care', 'night care', or 'boarding care', shall refer only to buildings and grounds (or portions thereof) actually used (whether exclusively or in part) for the provision of child care services."

(b) Section 1101(a)(1) of the Social Security Act is amended by striking out "and XIX" and inserting in lieu thereof "XIX, XX, and XXI".

(c) Section 5316 of title 5, United States Code (relating to Executive Schedule pay rates at level V), is amended by adding at the end thereof:

"(131) Director of the Bureau of Child Care."

(d) The amendments made by this section shall become effective on the date of enactment of this Act.

MODEL DAY CARE

SEC. 432. Title IV of the Social Security Act (as amended by this Act) is amended by adding at the end thereof the following new part:

"PART E—GRANTS TO STATES FOR ESTABLISHMENT OF MODEL DAY CARE

"APPROPRIATION

"SEC. 471. There are authorized to be appropriated for grants to States for development of model day care for children such sums as may be necessary during each of the fiscal years ending on June 30, 1973, June 30, 1974, and June 30, 1975. From the sums authorized to be appropriated pursuant to this section, the Secretary is authorized to approve grants to each State during such fiscal years in amounts up to $400,000 per year to pay all or part of the cost of developing model child care through the establishment and operation of a child care center or system and to provide training for individuals in the field of child care. Payments under this section may be in advance or by way of reimbursement."

CHILD WELFARE SERVICES

SEC. 433. (a) Effective with respect to fiscal years beginning after June 30, 1972, section 420 of the Social Security Act is amended by striking out "$55,000,000 for the fiscal year ending June 30, 1968, $100,000,000 for the fiscal year ending June 30, 1969, and $110,000,000 for each fiscal year thereafter" and inserting in lieu thereof $200,000,000 for the fiscal year ending June 30, 1973, $215,000,000 for the fiscal year ending June 30, 1974, $230,000,000 for the fiscal year ending June 30, 1975,

$250,000,000 for the fiscal year ending June 30, 1976, and $270,000,000 for each fiscal year thereafter".

(b)(1) Section 422(a)(1) of such Act is amended by striking out subparagraph (C) thereof.

(2) Section 425 of such Act is amended by striking out "or day care" and by inserting "other than those defined in section 2018(c)" after "child care facilities".

(3) The amendments made by the preceding provisions of this subsection shall take effect July 1, 1973.

NATIONAL ADOPTION INFORMATION EXCHANGE SYSTEM

SEC. 434. The Social Security Act is amended by adding after section 426 of title IV thereof, the following new section:

"SEC. 427. (a) The Secretary is authorized to provide information, utilizing computers and modern data processing methods, through a national adoption information exchange system, to assist in the placement of children awaiting adoption and in the location of children for persons who wish to adopt children, including cooperative efforts with any similar programs operated by or within foreign countries, and such other related activities as would further or facilitate adoptions.

"(b) There are authorized to be appropriated $1,000,000 for the fiscal year ending June 30, 1973, and such sums as may be necessary for succeeding fiscal years, to carry out this section."

TITLE V—MISCELLANEOUS

PART A—EFFECTIVE DATES AND GENERAL PROVISIONS

EFFECTIVE DATE FOR TITLES III AND IV

SEC. 501. The amendments and repeals made by titles III and IV of this Act and by this part and parts B and E of this title shall become effective (and section 9 of the Act of April 19, 1950 (25 U.S.C. 639), is repealed effective) on July 1, 1972, except as otherwise specifically indicated, and except that—

(1) sections 2133 and 2134 of the Social Security Act, as added by section 401 of this Act, shall be effective upon the enactment of this Act,

(2) the amendments made by title IV of this Act, insofar as they apply to families in which both parents of the child or children involved are present, neither parent is incapacitated, and the male parent is not unemployed, shall not become effective until January 1, 1973, and

(3) appropriations for administrative expenses incurred during the fiscal year ending June 30, 1972, in developing the staff and facilities necessary to place in operation the programs established by titles XX and XXI of the Social Security Act, as added by this Act, and for child care furnished pursuant to section 508 during such fiscal year, may be included in an appropriation Act for such fiscal year.

PROHIBITION AGAINST PARTICIPATION IN FOOD STAMP PROGRAM BY RECIPIENTS OF PAYMENTS UNDER FAMILY AND ADULT ASSISTANCE PROGRAMS

SEC. 502. (a) Section 3(c) of the Food Stamp Act of 1964 is amended by adding at the end thereof the following new sentence: "No person who is determined to be an eligible individual or eligible spouse under section 2011(a) of the Social Security Act, and no member of a family which is determined to be an eligible family under section 2152(a) of such Act, shall be considered to be a member of a household or an elderly person for the purposes of this Act."

(b) Section 3(h) of such Act, is amended to read as follows:

"(h) The term 'State agency', with respect to any State, means the agency of State government which is designated by the Secretary for purposes of carrying out this Act in such State, or, if and to the extent that the Secretary so elects, the Federal agency administering title XX or XXI of the Social Security Act in such State."

(c) Section 10(c) of such Act is amended by striking out the first sentence.

(d) Clause (2) of the second sentence of section 10(c) of such Act is amended by striking out "used by them in the certification of applicants for benefits under the federally aided public assistance programs" and inserting in lieu

thereof the following: "prescribed by the Secretary in the regulations issued pursuant to this Act".

(e) Section 10(e) of such Act is further amended by striking out the third sentence.

(f) Section 14 of such Act is amended by striking out subsection (e).

(g)(1) Except as provided in paragraph (2), the amendments made by this section shall take effect on July 1, 1972.

(2) The Secretary of Health, Education, and Welfare may by regulation provide that the amendment made by subsection (a)—

(A) shall not apply with respect to individuals and families in any State until the expiration of such period of time (not exceeding 30 days) after July 1, 1972, as he finds necessary to avoid the interruption of such individuals' and families' income in the transition from the programs of assistance under prior law to the programs of assistance under title XX or XXI of the Social Security Act (as added by this Act); and

(B) shall not apply (in such cases as he may specify) with respect to individuals and families first becoming eligible for benefits under title XX or XXI of the Social Security Act after July 1, 1972, until the expiration of such period of time (not exceeding 30

days) after the first day of such eligibility as he finds necessary to avoid the interruption of such individuals' and families' income.

(3) In any case where the Secretary postpones the application of the amendment made by subsection (a) for a period of time as provided in subparagraph (A) or (B) of paragraph (2), each individual or family with respect to whom the postponement applies (and who had been certified to receive a coupon allotment under the Food Stamp Act of 1964 for the month immediately preceding the first day of such period) shall be authorized to purchase during such period the same coupon allotment (at the same charge therefor) which such individual or family had been certified to receive for such month immediately preceding the first day of such period.

LIMITATION ON FISCAL LIABILITY OF STATES FOR OPTIONAL STATE SUPPLEMENTATION

SEC. 503. (a) (1) The amount payable to the Secretary by a State for any fiscal year pursuant to its agreement or agreements under sections 2016 and 2156 of the Social Security Act shall not exceed the non-Federal share of expenditures as aid or assistance for quarters in the calendar year 1971 under the plans of the State approved under titles I, X, XIV, and XVI, and part A of title IV, of the

Social Security Act (as defined in subsection (c) of this section).

(2) Paragraph (1) of this subsection shall only apply with respect to that portion of the supplementary payments made by the Secretary on behalf of the State under such agreements in any fiscal year which does not exceed in the case of any individual or family the difference between—

(A) the adjusted payment level under the appropriate approved plan of such State as in effect for January 1971 (as defined in subsection (b) of this section), and

(B) the benefits under title XX or XXI of the Social Security Act, plus income not excluded under section 2012(b) or 2153(b) of such Act in determining such benefits, paid to such individual or family in such fiscal year,

and shall not apply with respect to supplementary payments to any individual or family who (i) is not required by section 2016 or 2156 of such Act to be included in any such agreement administered by the Secretary and (ii) would have been ineligible (for reasons other than income) for payments under the appropriate approved State plan as in effect for January 1971.

(b)(1) For purposes of subsection (a), the term "adjusted payment level under the appropriate approved plan of

a State as in effect for January 1971" means the amount of the money payment which an individual or family (of a given size) with no other income would have received under the plan of such State approved under title I, X, XIV, or XVI, or part A of title IV, of the Social Security Act, as may be appropriate, and in effect for January 1971; except that the State may, at its option, increase such payment level with respect to any such plan by an amount which does not exceed the sum of—

(A) a payment level modification (as defined in paragraph (2) of this subsection) with respect to such plan, and

(B) the bonus value of food stamps in such State for January 1971 (as defined in paragraph (3) of this subsection).

(2) For purposes of paragraph (1), the term "payment level modification" with respect to any State plan means that amount by which a State which for January 1971 made money payments under such plan to individuals or families with no other income which were less than 100 per centum of its standard of need could have increased such money payments without increasing (if it reduced its standard of need under such plan so that such increased money payments equaled 100 per centum of such standard of need) the non-Federal share of expenditures as aid or assistance for quar-

ters in calendar year 1971 under the plans of such State approved under titles I, X, XIV, and XVI, and part A of title IV, of the Social Security Act.

(3) For purposes of paragraph (1), the term "bonus value of food stamps in a State for January 1971" (with respect to an individual or a family of a given size) means—

(A) the face value of the coupon allotment which would have been provided to such an individual or family under the Food Stamp Act of 1964 for January 1971, reduced by

(B) the charge which such an individual or family would have paid for such coupon allotment,

if the income of such individual or family, for purposes of determining the charge it would have paid for its coupon allotment, had been equal to the adjusted payment level under the State plan (including any payment level modification with respect to the plan adopted pursuant to paragraph (2) (but not including any amount under this paragraph)). The total face value of food stamps and the cost thereof in January 1971 shall be determined in accordance with rules prescribed by the Secretary of Agriculture in effect in such month.

(c) For purposes of this section, the term "non-Federal share of expenditures as aid or assistance for quarters in the calendar year 1971 under the plans of a State approved

under titles I, X, XIV, and XVI, and part A of title IV, of the Social Security Act" means the difference between—

(1) the total expenditures in such quarters under such plans for aid or assistance (excluding emergency assistance under section 406(e)(1)(A) of the Social Security Act, foster care under section 408 of such Act, expenditures authorized under section 1119 of such Act for repairing the home of an individual who was receiving aid or assistance under one of such plans, and benefits in the form of institutional services in intermediate care facilities authorized under section 1121 of such Act (as such sections were in effect prior to the enactment of this Act)), and

(2) the total of the amounts determined under sections 3, 403, 1003, 1403, and 1603 of the Social Security Act, under section 1118 of such Act, and under section 9 of the Act of April 19, 1950, for such State with respect to such expenditures in such quarters.

SPECIAL PROVISIONS FOR PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

SEC. 504. Section 1108 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(e)(1) In applying the provisions of—

"(A) subsections (a), (b), and (c)(1) of section 2011,

"(B) subsections (a)(2)(D) and (b)(2) of section 2012,

"(C) subsection (a) of section 2013,

"(D) subsections (a), (b), and (c) of section 2152,

"(E) subsections (a)(2)(C) and (b)(2) of section 2153, and the last sentence of subsection (b) of such section, and

"(F) the last sentence of section 2154(a),

with respect to Puerto Rico, the Virgin Islands, or Guam, the dollar amounts to be used shall, instead of the figures specified in such provisions, be dollar amounts bearing the same ratio to the figures so specified as the per capita incomes of Puerto Rico, the Virgin Islands, and Guam, respectively, bear to the per capita income of that one of the States which has the lowest per capita income; except that in no case may the amounts so used exceed the figures so specified.

"(2)(A) The amounts to be used under such sections in Puerto Rico, the Virgin Islands, and Guam shall be promulgated by the Secretary between July 1 and September 30 of each odd-numbered year, on the basis of the average per capita income of each State for the most recent

calendar year for which satisfactory data are available from the Department of Commerce. Such promulgation shall be effective for each of the two fiscal years in the period beginning July 1 next succeeding such promulgation.

"(B) The term 'State', for purposes of subparagraph (A) only, means the fifty States and the District of Columbia.

"(3) If the amounts which would otherwise be promulgated for any fiscal year for any of the three States referred to in paragraph (1) would be lower than the amounts promulgated for such State for the immediately preceding period, the amounts for such fiscal year shall be increased to the extent of the difference; and the amounts so increased shall be the amounts promulgated for such year."

DETERMINATIONS OF MEDICAID ELIGIBILITY

SEC. 505. Title XI of the Social Security Act (as amended by sections 221(a) and 241 of this Act) is amended by adding at the end thereof the following new section:

"DETERMINATIONS OF MEDICAID ELIGIBILITY

"SEC. 1124. The Secretary of Health, Education, and Welfare may enter into an agreement with any State which wishes to do so under which he (or the Secretary of Labor with respect to individuals eligible for benefits under part A of title XXI) will determine eligibility for medical as-

sistance in any or all cases under such State's plan approved under title XIX. Any such agreement shall provide for payment by the State, for use by the Secretary in carrying out the agreement, of an amount equal to one-half of the cost of carrying out the agreement, but in computing such cost with respect to individuals eligible for benefits under title XX or under part A or part B of title XXI the Secretary shall include only those costs which are additional to the costs incurred in carrying out such title or such part."

ASSISTANT SECRETARY OF LABOR FOR THE OPPORTUNITIES FOR FAMILIES PROGRAM

SEC. 506. (a) There shall be in the Department of Labor an Assistant Secretary for the Opportunities for Families Program, who shall be appointed by the President by and with the advice and consent of the Senate and shall be the principal officer of the Department in carrying out the functions, powers, and duties vested in the Secretary of Labor by part A of title XXI of the Social Security Act (and by parts C and D of such title with respect to the families and benefits to which part A of such title relates), including the making of grants, contracts, agreements, and arrangements, the provision of child care services, the adjudication of claims, and the discharge of all other authority vested in the Secretary by such parts. The Assistant Secretary for the Opportunities for Families Program shall have sole responsibil-

ity within the Department of Labor, subject to the supervision and direction of the Secretary of Labor, for the administration of the program established by part A of such title XXI.

(b) Section 2 of the Act of April 17, 1946 (29 U.S.C. 553), is amended—

(1) by striking out "five" in the first sentence and inserting in lieu thereof "six"; and

(2) by inserting before the period at the end of the last sentence the following: ", and one shall be the Assistant Secretary of Labor for the Opportunities for Families Program".

(c) Paragraph (20) of section 5313 of title 5, United States Code, is amended by striking out "(5)" and inserting in lieu thereof "(6)".

TRANSITIONAL ADMINISTRATIVE PROVISIONS

SEC. 507. In order for a State to be eligible for any payments pursuant to title IV, V, XVI, or XIX of the Social Security Act with respect to expenditures for any quarter in the fiscal year ending June 30, 1973, and for the purpose of providing an orderly transition from State to Federal administration of assistance programs for adults and families with children, such State shall enter into agreements with the Secretary of Health, Education, and Welfare and the Secretary of Labor under which the State agencies responsible for ad-

ministering or for supervising the administration of the plans approved under titles I, X, XIV, and XVI and part A of title IV of the Social Security Act will, on behalf of the Secretaries, administer all or such part or parts of the programs established by sections 301 and 401 of this Act (other than the manpower services, training, employment, and child care provisions of the program established by part A of title XXI of the Social Security Act as added by section 401 of this Act), during such portion of the fiscal year ending June 30, 1973, as may be provided in such agreements; except that no such agreement shall apply, in the administration of the program established by section 401 of this Act, with respect to any family in which both parents are present, neither parent is incapacitated, and the male parent is not unemployed.

CHILD CARE SERVICES FOR AFDC RECIPIENTS DURING TRANSITIONAL PERIOD

SEC. 508. Until the close of June 30, 1972, the Secretary of Health, Education, and Welfare may utilize his authority under section 2133 of the Social Security Act (as added by section 401 of this Act) to provide for the furnishing of child care services for members of families who are entitled to receive services under part A of title IV of the Social Security Act and who need child care services in order to accept and participate in employment or to participate in a work incentive program under part C of such title,

as though such family members were individuals referred pursuant to section 2132 (a) of such Act.

STATE SUPPLEMENTARY PAYMENTS DURING TRANSITIONAL PERIOD

SEC. 509. (a) In order to be eligible for any payments pursuant to title IV, V, XVI, or XIX of the Social Security Act with respect to expenditures for any quarter beginning after June 30, 1972, and for the purpose of assuring that needy individuals and families will not suffer an automatic reduction in their aid or assistance by reason of the enactment of this Act, any State which as of July 1, 1972, does not have in effect agreements entered into pursuant to sections 2016 and 2156 of the Social Security Act which either specify the payment levels thereunder or are federally administered shall, for each month beginning with July 1972 and continuing until the close of June 1973 or until the State (whether before or after the close of June 1973) enters into (and has in effect) agreements pursuant to such sections which specify such levels or are so administered, or otherwise takes affirmative action to the contrary on the basis of legislation (other than legislation which prevents the State from entering into such agreements), make supplementary payments meeting the requirements of such sections to each individual or family who is eligible for benefits under title XX or XXI of the Social Security Act,

as added by this Act, to such extent and in such amounts as may be necessary to assure that the total of such benefits and such supplementary payments is at least equal to—

(1) the amount of the aid or assistance which would be payable to such individual or family under the appropriate plan of such State approved under title I, X, XIV, or XVI, or part A of title IV, of the Social Security Act, as in effect in June 1971, or, if the State by affirmative action modifies such plan after June 1971 and before July 1972, as in effect after such modification becomes effective, if such plan (as so in effect) had continued in effect through such month after June 1972, plus

(2) the bonus value of the food stamps which were provided (or were available) to such individual or family under the Food Stamp Act of 1964 for June 1971 or for the month in which a modification referred to in paragraph (1) becomes effective.

For purposes of this subsection, an agreement entered into pursuant to section 2016 or 2156 of the Social Security Act is federally administered if it provides that the Secretary of Health, Education, and Welfare will, on behalf of the State, make the supplementary payments under such agreement to individuals or families eligible therefor.

(b) Supplementary payments made as provided in sub-

section (a) shall be considered as assistance excludable from income under section 2013(b)(4) or 2154(b)(5).

PART B—NEW SOCIAL SERVICES PROVISIONS

DEFINITION OF SERVICES

SEC. 511. (a) Subsection (d) of section 405 of the Social Security Act (as amended by section 402(k) of this Act) is amended to read as follows:

"(d) The term 'services for any individual receiving assistance to needy families with children' means any of the following services provided for any such individual:

"(1) family planning services, including medical services;

"(2) child care services required because of the employment, training, or illness or incapacity of the child's parent or other relative caring for him;

"(3) services to unmarried girls who are pregnant or already have children, for the purpose of arranging for prenatal and postnatal care of the mother and child, developing appropriate living arrangements for the child, and assisting the mother to complete school through the secondary level or secure training so that she may become self-sufficient;

"(4) protective services for children who are (or are in danger of) being abused, neglected, or exploited;

"(5) homemaker services when the usual homemak-

~~or becomes ill or incapacitated or is otherwise unable to care for the children in the family, and services to educate appropriate family members about household and related financial management and matters pertaining to consumer protection;~~

~~"(6) nutrition services;~~

~~"(7) services to assist needy families with children to deal with problems of locating suitable housing arrangements and other problems of inadequate housing, and to educate them in practices of home management and maintenance;~~

~~"(8) educational services, including assisting appropriate family members in securing available adult basic education;~~

~~"(9) emergency services made available in connection with a crisis or urgent need of the family;~~

~~"(10) services to assist appropriate family members to engage in training or secure or retain employment;~~

~~"(11) services to assist individuals to meet problems resulting from drug abuse or alcohol abuse; and~~

~~"(12) information and referral services for individuals in need of services from other agencies (such as the health, education, or vocational rehabilitation agency, or private social agencies) and follow up activi-~~

ties to assure that individuals referred to and eligible for available services from such other agencies received such services."

(b) Section 1605 of such Act (as amended by section 302(k) of this Act) is further amended to read as follows:

"DEFINITION

"SEC. 1605. For purposes of this title, the term 'services to the aged, blind, or disabled' means any of the following services provided for recipients of benefits under title XX or other needy individuals who are 65 years of age or older, blind, or disabled:

"(1) protective services for individuals who are (or are in danger of) being abused, neglected, or exploited;

"(2) homemaker services, including education in household and related financial management and matters of consumer protection, and services to assist aged, blind, or disabled individuals to remain in or return to their own homes or other residential situations and to avoid institutionalization or to assist in making appropriate living arrangements in the lowest cost in light of the care needed;

"(3) nutrition services, including the provision, in appropriate cases, of adequate meals, and education in matters of nutrition and the preparation of foods;

"(4) services to assist individuals to deal with problems of locating suitable housing arrangements and other problems of inadequate housing, and to educate them in practices of home maintenance and management;

"(5) emergency services made available in connection with a crisis or urgent need of an individual;

"(6) services, including child care in appropriate cases, to assist individuals to engage in training or secure or retain employment;

"(7) services to assist individuals to meet problems resulting from drug abuse or alcohol abuse; and

"(8) information and referral services for individuals in need of services from other agencies (such as the health, education, or vocational rehabilitation agency, or private social agencies) and follow-up activities to assure that individuals referred to and eligible for available services from such other agencies received such services."

AUTHORIZATION AND ALLOTMENT OF APPROPRIATIONS FOR SERVICES

SEC. 512. Title XI of the Social Security Act (as amended by sections 221(a), 241, 505, 526, and 542(10) of this Act) is further amended by adding at the end thereof the following new section:

"AUTHORIZATION AND ALLOTMENT OF APPROPRIATIONS FOR SERVICES

"SEC. 1125. (a) There are authorized to be appropriated, for the fiscal year ending June 30, 1973, and for each fiscal year thereafter, for payments to States under sections 403 and 1603 with respect to expenditures for training of personnel, services to the aged, blind, or disabled, and services for any individual receiving assistance to needy families with children, such sums as may be necessary; except that the amount so appropriated for payments with respect to expenditures other than expenditures for the services described in paragraphs (1) and (2) of section 405(d) shall not exceed $800,000,000 for the fiscal year ending June 30, 1973, or such sum as the Congress may specify for any fiscal year thereafter.

"(b) From the sums appropriated pursuant to subsection (a) for any fiscal year—

"(1) the Secretary shall allot to each State an amount which bears the same ratio to the amount so appropriated as the Federal share of expenditures in such State in the preceding fiscal year (exclusive of amounts reallotted to such State for such preceding fiscal year under subsection (c)) for services under titles I, X, XIV, and XVI, and part A of title IV (other than for child care and family planning services under such part),

and for training under such titles and such part, bears to the total such Federal share in all the States, but in no case shall such amount with respect to any State for any fiscal year exceed the Federal share of such expenditures in such State in the preceding fiscal year (exclusive of any amounts reallotted to such State for such preceding fiscal year under subsection (c));

"(2) after the allotment pursuant to paragraph (1) has been made, from the sums remaining (if any) not in excess of $50,000,000, the Secretary shall allot to each State which has a service deficit (as defined in the last sentence of this subsection) an amount which bears the same ratio to such sums remaining as such deficit bears to the total of the service deficits of all the States having such deficits; and

"(3) after the allotment pursuant to paragraph (2) has been made, from the sums remaining (if any), the Secretary shall allot to each State an amount which bears the same ratio to such sums remaining as the number of individuals receiving benefits under sections 2011 and 2102 in such State bears to the number of such individuals in all the States.

As used in paragraph (2), the term 'service deficit', with respect to any State, means the amount by which (i) the average service expenditure (as defined in subsection (d))

per recipient of benefits under sections 2011 and 2102 in such State is less than (ii) the average of the expenditures for training and services under titles I, X, XIV, and XVI and part A of title IV in all the States (other than child care and family planning services under such part) multiplied by the number of recipients of such benefits in such State.

"(c) The amount of any allotment pursuant to subsection (b) for any fiscal year which the Secretary determines will not be required for providing training and services described in subsection (a) under part A of title IV or under title XVI, shall be available for reallotment, for the same purposes for which it was originally made available, from time to time, on such dates as the Secretary may fix, to other States which the Secretary determines have need in providing such training and services of amounts in excess of those previously allotted to them under subsection (b), giving particular consideration to the needs of States for reallotments to prevent reduction or termination of any such services or training which are being provided.

"(d) For purposes of subsection (b)(2), the term 'average service expenditure' with respect to a State for any fiscal year means the amount obtained by dividing (1) the Federal share of expenditures in such State in the preceding fiscal year (exclusive of amounts realloted to such State for such preceding fiscal year under subsection (c)) for training

and services under titles I, X, XIV, and XVI, and part A of title IV (other than child care and family planning services under such part), by (2) the number of individuals in the State receiving benefits under sections 2011 and 2102."

ADOPTION AND FOSTER CARE SERVICES UNDER CHILD-WELFARE SERVICES PROGRAM

SEC. 513. Effective July 1, 1971, part B of title IV of the Social Security Act is amended by adding at the end thereof the following new section:

"ADOPTION AND FOSTER CARE SERVICES

"SEC. 427. (a) For purposes of this section—

"(1) the term 'foster care services', with respect to any State, means—

"(A) payments for foster care (including medical care not available under the State's plan approved under title XIX or under any other health program within the State) of a child for whom a public agency has responsibility, made to any agency, institution, or person providing such care, but only if such foster care meets standards prescribed by the Secretary, and

"(B) services and administrative activities related to the foster care of children, such as finding, evaluating, and licensing foster homes and institutions, supervising children in foster homes and in-

stitutions, and providing services to enable a child to remain in or return to his own home; and

"(2) the term 'adoption services' means—

"(A) services and administrative activities related to adoptions, including activities related to judicial proceedings, determinations of the amounts of the payments described in subparagraph (B), location of homes, and all activities related to placement, adoption, and post-adoption services, with respect to any child, and

"(B) payments (subject to such limitations as the Secretary may by regulation prescribe) to a person or persons adopting a child who is physically or mentally handicapped and who, for that reason, may be difficult to place for adoption, based on the financial ability of such person or persons to meet the medical and other remedial needs of such child.

"(b) In the case of any State which is eligible for payments under section 422, the Secretary shall, from the amounts allotted therefor, make payments to such State in an amount equal to 75 per centum of any expenditures for adoption services or foster care services.

"(c) There are authorized to be appropriated, in addition to sums appropriated for purposes of this section pursuant to section 421, for grants to States for adoption serv-

ices and foster care services, the sum of $150,000,000 for the fiscal year ending June 30, 1972, the sum of $165,000,000 for the fiscal year ending June 30, 1973, the sum of $180,000,000 for the fiscal year ending June 30, 1974, the sum of $200,000,000 for the fiscal year ending June 30, 1975, and the sum of $220,000,000 for the fiscal year ending June 30, 1976, and each fiscal year thereafter.

"(d) From the sum appropriated pursuant to subsection (c), for any fiscal year, there shall be allotted to each State an amount which bears the same ratio to such sum as the number of children under age 21 in such State bears to the number of such children in all the States."

CONFORMING AMENDMENTS TO TITLE XVI AND PART A OF TITLE IV OF THE SOCIAL SECURITY ACT

SEC. 514. (a)(1) Section 1601 of the Social Security Act (as amended by section 302(b) of this Act) is amended—

(A) by inserting "subject to section 1125" immediately after "there is hereby authorized to be appropriated for each fiscal year" in the first sentence, and

(B) by striking out the second sentence.

(2) Section 1603(a) of such Act (as amended by section 302(g) of this Act) is amended to read as follows:

"(a) From the sums appropriated therefor, the Secretary shall pay to each State which has a plan approved under

this title, for each quarter, an amount equal to 75 per centum of the total amounts expended during such quarter (subject to section 1125) as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the plan for the purpose of providing services to the aged, blind, or disabled. Except to the extent specified by the Secretary, such services shall include only—

"(1) services provided by the staff of the State agency, or of the local agency administering the State plan in the political subdivision: *Provided*, That no funds authorized under this title shall be available for services defined as vocational rehabilitation services under the Vocational Rehabilitation Act (A) which are available to individuals in need of them under programs for their rehabilitation carried on under a State plan approved under such Act, or (B) which the State agency or agencies administering or supervising the administration of the State plan approved under such Act are able and willing to provide if reimbursed for the cost thereof pursuant to agreement under paragraph (2), if provided by such staff, and

"(2) subject to limitations prescribed by the Secretary, services which in the judgment of the State agency cannot be as economically or as effectively provided by the staff of such State or local agency and are not other-

wise reasonably available to individuals in need of them, and which are provided, pursuant to agreement with the State agency, by the State health authority or the State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act or by any other State agency which the Secretary may determine to be appropriate (whether provided by its staff or by contract with public (local) or nonprofit private agencies);

except that services described in clause (B) of paragraph (1) may be provided only pursuant to agreement with such State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services so approved."

(b)(1) Section 401 of such Act (as amended by section 402(c) of this Act) is amended—

(A) by inserting "(subject to section 1125)" immediately after "there is hereby authorized to be appropriated for each fiscal year" in the first sentence, and

(B) by striking out the second sentence.

(2) Section 402(a)(8) of such Act (as amended by sections 524(a) and 402(d)(1)(I) of this Act, and redesignated by section 402(d)(2) of this Act) is amended by striking out "family services" and inserting in lieu thereof

"services for any individual receiving assistance to needy families with children".

(3) Section 403(a)(2) of such Act (as amended by section 402(g) of this Act) is amended—

(A) by inserting "(subject to section 1125)" immediately after "an amount equal to the following proportions of the total amounts expended during such quarter" in the portion of such paragraph which precedes subparagraph (A),

(B) by striking out "any of the services described in clauses (8) and (9) of section 402(a)" and inserting in lieu thereof "any of the services described in section 405(d)" in clauses (i) and (ii) in subparagraph (A), and

(C) by striking out "child welfare services, family planning services, and family services" in the matter following subparagraph (D) and inserting in lieu thereof "services under the plan".

PART C—PUBLIC ASSISTANCE AMENDMENTS EFFECTIVE IMMEDIATELY

ADDITIONAL REMEDIES FOR STATE NONCOMPLIANCE

SEC. 521. (a) Section 1116 of the Social Security Act is amended by adding at the end thereof the following new subsections:

"(c) In any case in which the Secretary determines that a State has failed in a substantial number of cases—

"(1) to make payments as required by title I, X, XIV, XVI, or XIX or part A of title IV, or

"(2) to make payments in the amount prescribed under the appropriate State plan (which complies with the conditions for approval under such title or part),

he may require the State to make retroactive payment to all persons affected by such failure in order to assure, to the maximum extent possible, that with respect to each such person the sum of the aid or assistance actually received during the period in which such failure occurred plus such retroactive payments are equal to the amount of aid or assistance he would have received for such period had such failure not occurred, but such payments shall not be required with respect to any period prior to the date of the enactment of the Social Security Amendments of 1971. Expenditures for such retroactive payments shall be considered to have been made under the State plan approved under such title or part for purposes of determining the amount of the Federal payment with respect to such plan. In any case in which the Secretary does add such a requirement for retroactive payments pursuant to the preceding provisions of this subsection, the State shall disregard the amount of such retroactive payments for purposes of determining the amount of aid or assistance pay-

able to such persons after such failure has been corrected. The Secretary may prescribe such methods of administration as he finds necessary to carry out a requirement for retroactive payments imposed under this subsection and such requirement and methods shall be deemed necessary for the proper and efficient operation of the plan under which such failure occurred.

"(f) In any case in which the Secretary has found, in accordance with the procedures of title I, X, XIV, XVI, or XIX, or part A of title IV, that in the administration of the State plan approved under such title or part there is a failure to comply substantially with any provision which is required by such title or part to be included in such plan, the Secretary may prescribe such methods of administration as he finds appropriate to correct such administrative noncompliance within a reasonable period of time and, upon obtaining assurances satisfactory to him that such methods will be undertaken (including a timetable for implementation of such methods which specifies a date by which there will no longer exist such administrative noncompliance), he may, instead of withholding payments under the title or part with respect to which such failure occurred, continue to make payments (in accordance with such title or part) to such State with respect to expenditures under such plan (for so

long as he remains satisfied that the timetable is being substantially followed).

"(g) If the Secretary has reason to believe that a State plan which he has approved under title I, X, XIV, XVI, or XIX, or part A of title IV, no longer complies with all requirements of such title or part, or that in the administration of such plan there is a failure to comply substantially with any such requirements, the Secretary may (in addition to or instead of withholding payments under such title or part) request the Attorney General to bring suit to enforce such requirements."

(b) The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

STATEWIDENESS NOT REQUIRED FOR SERVICES

SEC. 522. (a) Section 2(a) of the Social Security Act is amended by inserting "except to the extent permitted by the Secretary with respect to services," before "provide" at the beginning of paragraph (1).

(b) Section 402(a) of such Act is amended by inserting "except to the extent permitted by the Secretary with respect to services," before "provide" at the beginning of clause (1).

(c) Section 1002(a) of such Act is amended by inserting "except to the extent permitted by the Secretary with

respect to services," before "provide" at the beginning of clause (1).

(d) Section 1402(a) of such Act is amended by inserting "except to the extent permitted by the Secretary with respect to services," before "provide" at the beginning of clause (1).

(e) Section 1602(a) of such Act is amended by inserting "except to the extent permitted by the Secretary with respect to services," before "provide" at the beginning of paragraph (1).

(f) The amendments made by this section shall take effect on the date of the enactment of this Act.

OPTIONAL MODIFICATION IN DISREGARDING OF INCOME UNDER STATE PLANS FOR AID TO FAMILIES WITH DEPENDENT CHILDREN

SEC. 523. (a) Section 402(a)(8) of the Social Security Act is amended by inserting after "the State agency" where it first appears the following: "(subject to subsection (d))".

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

"(d) Any State may modify its State plan approved under this section—

"(1) to provide—

"(A) that, for purposes of determining the

amount of payment, expenses attributable to the earning of income shall not be taken into consideration as otherwise required by subsection (a)(7), and

"(B) that the State agency shall with respect to any month disregard (in lieu of the amount such agency is otherwise required to disregard under clause (A)(ii) of subsection (a)(8), in the case of earned income of a dependent child not included under clause (A)(i) of such subsection, a relative receiving such aid, and any other individual (living in the same home as such relative and child) whose needs are taken into account in making the determination under subsection (a)(7), the first $60 of the total of such earned income for such month plus one-third of the remainder of such income for such month (subject to the parenthetical exception in such clause (A)(ii)), plus any expenses incurred by members of the family for child care with respect to such dependent child and any other dependent children in the family; or

"(2) to provide that the total amount which may be disregarded under clauses (A)(ii) and (B) of subsection (a)(8), and under the provision of subsection

(a) (7) insofar as it relates to expenses of child care, shall not exceed the lesser of—

"(A) $2,000 plus $200 for each member of the family in excess of four, or

"(B) $3,000,

or a proportionately smaller amount for periods shorter than a year; or

"(3) to include in such plan both the provisions specified in paragraph (1) and the provision specified in paragraph (2)."

(c) The amendments made by this section shall take effect on the date of the enactment of this Act.

INDIVIDUAL PROGRAMS FOR FAMILY SERVICES NOT REQUIRED

SEC. 524. (a) Section 402 (a) (14) of the Social Security Act is amended—

(1) by striking out "a program for";

(2) by striking out "for each child and relative who receives aid to families with dependent children, and each appropriate individual (living in the same home as a relative and child whose needs are taken into account in making the determination under clause (7))" and inserting in lieu thereof "for children and relatives receiving aid to families with dependent children and appropriate individuals (living in the same home) whose

needs are taken into account in making the determination under clause (7)"; and

(3) by striking out "such child, relative, and individual" each place it appears and inserting in lieu thereof "such children, relatives, and individuals".

(b) The amendments made by subsection (a) shall take effect on the date of the enactment of this Act, or, in the case of any State, on such later date (not after July 1, 1972) as may be specified in the modification made in the State's plan approved under section 402 of the Social Security Act to carry out such amendments.

ENFORCEMENT OF SUPPORT ORDERS AGAINST CERTAIN SPOUSES OF PARENTS OF DEPENDENT CHILDREN

SEC. 525. (a) Section 402(a)(17) of the Social Security Act is amended—

(1) by striking out "and" at the end of clause (i), and

(2) by adding after clause (ii) the following new clause:

"(iii) in the case of any parent (of a child referred to in clause (ii)) receiving such aid who has been deserted or abandoned by his or her spouse, to secure support for such parent from such spouse (or from any other person legally liable for such support), utilizing any reciprocal arrangements

adopted with other States to obtain or enforce court orders for support, and".

(b) Section 402(a)(21) of such Act is amended—

(1) by striking out "each parent" in clause (A) and inserting in lieu thereof "each person who is the parent",

(2) by inserting "or is the spouse of the parent of such a child or children" after "under the State plan" in clause (A),

(3) by inserting "or such parent" after "such child or children" in clause (A)(i), and

(4) by striking out "such parent" each place it appears in clause (B) and inserting in lieu thereof "such person".

(c) Section 402(a)(22) of such Act is amended—

(1) by striking out "a parent" each place it appears and inserting in lieu thereof "a person",

(2) by striking out "a child or children of such parent" each place it appears and inserting in lieu thereof "the spouse or a child or children of such person", and

(3) by striking out "against such parent" and inserting in lieu thereof "against such person".

(d) The amendments made by this section shall take effect on the date of the enactment of this Act, or, in the case of any State, on such later date (not after July 1, 1972) as

may be specified in the modification made in the State's plan approved under section 402 of the Social Security Act to carry out such amendments.

SEPARATION OF SOCIAL SERVICES AND CASH ASSISTANCE PAYMENTS

SEC. 526. Title XI of the Social Security Act (as amended by sections 221(a), 241, and 505 of this Act) is amended by adding at the end thereof the following new section:

"SEPARATION OF SOCIAL SERVICES AND CASH ASSISTANCE PAYMENTS

"SEC. 1125. Each State, in the administration of its State plans approved under section 2, 402, 1002, 1402, or 1602, shall develop and submit to the Secretary on or before January 1, 1972, a proposal (1) providing that, to the extent services under any such State plan are furnished by the staff of the State or local agency administering such plan in any political subdivision of such State, such staff will be located, by July 1, 1972, in organizational units (up to such organizational levels as the Secretary may prescribe) which are separate and distinct from the units within such agencies responsible for determining eligibility for any form of cash assistance paid on a regularly recurring basis or for performing any functions directly related thereto, but subject to any exceptions which, in accordance with standards pre-

scribed in regulations, the Secretary may permit when he deems it necessary in order to ensure the efficient administration of such plan, and (2) indicating the steps to be taken and the methods to be followed in carrying out the proposal."

INCREASE IN REIMBURSEMENT TO STATES FOR COSTS OF ESTABLISHING PATERNITY AND LOCATING AND SECURING SUPPORT FROM PARENTS

SEC. 527. (a) Section 403(a)(3)(A) of the Social Security Act is amended by striking out "or" at the end of clause (ii), by striking out "; plus" at the end of clause (iii) and inserting in lieu thereof ", or", and by inserting after clause (iii) the following new clause:

"(iv) the cost of carrying out the requirements of clauses (17), (18), (21), and (22) of section 402(a); plus".

(b) The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

REDUCTION OF REQUIRED STATE SHARE UNDER EXISTING WORK INCENTIVE PROGRAM

SEC. 528. (a) Section 402(a)(19)(C) of the Social Security Act is amended by striking out "20 per centum" and inserting in lieu thereof "10 per centum".

(b) Section 435(a) of such Act is amended by striking out "80 per centum" and inserting in lieu thereof "90 per centum".

(c) Section 443 of such Act is amended by striking out "20 per centum" each place it appears and inserting in lieu thereof "10 per centum".

(d) The amendments made by this section shall apply with respect to costs incurred on and after July 1, 1971.

PAYMENT UNDER AFDC PROGRAM FOR NONRECURRING SPECIAL NEEDS

SEC. 529. (a) Section 406(b) of the Social Security Act is amended by striking out "and includes" and inserting in lieu thereof "and, in the case of nonrecurring special needs (as determined in accordance with regulations prescribed by the Secretary) which involve a cost of $50 or more, includes a payment with respect to a dependent child (and the relative with whom he is living) which is made directly to the person furnishing the food, living accommodations, or other goods, services, or items necessary to meet such needs. Such term also includes".

(b) The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

PART D—LIBERALIZATION OF INCOME TAX TREATMENT OF CHILD CARE EXPENSES AND RETIREMENT INCOME

LIBERALIZATION OF CHILD CARE DEDUCTION

Increase in Dollar Limits

SEC. 531. (a) Paragraph (1) of section 214(b) of

the Internal Revenue Code of 1954 (relating to expenses for care of certain dependents) is amended to read as follows:

"(1) DOLLAR LIMIT.—

"(A) Except as provided in subparagraphs (B) and (C), the deduction under subsection (a) shall not exceed $750 for any taxable year.

"(B) The $750 limit of subparagraph (A) shall be increased (to an amount not above $1,125) by the amount of expenses incurred by the taxpayer for any period during which the taxpayer had 2 dependents.

"(C) The dollar limits of subparagraphs (A) and (B) shall be increased (to an amount not above $1,500) by the amount of expenses incurred by the taxpayer for any period during which the taxpayer had 3 or more dependents."

Liberalization of Income Test for Working Wives and Husbands With Incapacitated Wives

(b) Paragraph (2) (B) of section 214 (b) of such Code is amended by striking out "$6,000" and inserting in lieu thereof "$12,000".

Effective Date

(c) The amendments made by this section shall apply to taxable years beginning after December 31, 1971.

LIBERALIZATION OF RETIREMENT INCOME CREDIT

In General

SEC. 532. (a) Section 37 of the Internal Revenue Code of 1954 (relating to retirement income) is amended to read as follows:

"SEC. 37. CREDIT FOR THE ELDERLY.

"(a) GENERAL RULE.—In the case of an individual—

"(1) who has attained the age of 65 before the close of the taxable year, or

"(2) who has not attained the age of 65 before the close of the taxable year but who has public retirement system pension income for the taxable year,

there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 15 percent of such individual's section 37 amount for such taxable year.

"(b) SECTION 37 AMOUNT.—For purposes of subsection (a)—

"(1) IN GENERAL.—An individual's section 37 amount for the taxable year is the applicable initial amount determined under paragraph (2), reduced as provided in paragraph (3).

"(2) INITIAL AMOUNT.—The initial amount is—

"(A) $2,500 in the case of a single individual,

"(B) $2,500 in the case of a joint return where

only one spouse is eligible for the credit under this section,

"(C) $3,750 in the case of a joint return where both spouses are eligible for the credit under this section, or

"(D) $1,875 in the case of a married individual filing a separate return.

"(3) REDUCTION.—Except as provided in paragraphs (4) and (5)(B), the reduction under this paragraph in the case of any individual is—

"(A) any amount received by such individual as a pension or annuity—

"(i) under title II of the Social Security Act,

"(ii) under the Railroad Retirement Act of 1935 or 1937, or

"(iii) otherwise excluded from gross income, plus

"(B) in the case of any individual who has not attained age 72 before the close of the taxable year—

"(i) except as provided in clause (ii), one-half the amount of earned income received by such individual in the taxable year in excess of $2,000, or

"(ii) if such individual has not attained age 62 before the close of the taxable year, and if such individual (or his spouse under age 62) is eligible for a credit by reason of subsection (a)(2), any amount of earned income in excess of $1,000 received by such individual in the taxable year.

"(4) SPECIAL RULES FOR DETERMINING THE REDUCTION PROVIDED IN PARAGRAPH (3).

"(A) JOINT RETURNS. In the case of a joint return, the reduction under paragraph (3) shall be the aggregate of the amounts resulting from applying paragraph (3) separately to each spouse.

"(B) SEPARATE RETURNS OF MARRIED INDIVIDUALS. In the case of a separate return of a married individual, paragraph (3)(B)(i) shall be applied by substituting '$1,000' for '$2,000', and paragraph (3)(B)(ii) shall be applied by substituting '$500' for '$1,000'.

"(C) NO REDUCTION FOR CERTAIN AMOUNTS EXCLUDED FROM GROSS INCOME. No reduction shall be made under paragraph (3)(A) for any amount excluded from gross income under section 72 (relating to annuities), 101 (relating to life insurance proceeds), 104 (relating to compensation

for injuries or sickness), 105 (relating to amounts received under accident and health plans), 402 (relating to taxability of beneficiary of employees' trust), or 403 (relating to taxation of employee annuities).

"(5) SPECIAL RULES FOR INDIVIDUALS ELIGIBLE UNDER SUBSECTION (a)(2).—

"(A) Except as provided in subparagraph (B), the section 37 amount of an individual who is eligible for a credit by reason of subsection (a)(2) shall not exceed such individual's public retirement system pension income for the taxable year.

"(B) In the case of a joint return where one spouse is eligible by reason of subsection (a)(1) and the other spouse is eligible by reason of subsection (a)(2), subparagraph (A) shall not apply but there shall be an additional reduction under paragraph (3) in an amount equal to the excess (if any) of $1,250 over the amount of the public retirement system pension income of the spouse who is eligible by reason of subsection (a)(2).

"(c) DEFINITIONS AND SPECIAL RULES. For purposes of this section—

"(1) EARNED INCOME. The term 'earned income' has the meaning assigned to such term in section 911(b),

except that such term does not include any amount received as a pension or annuity. The determination of whether earned income is the earned income of the husband or the earned income of the wife shall be made without regard to community property laws.

"(2) MARITAL STATUS.—Marital status shall be determined under section 153.

"(3) JOINT RETURN.—The term 'joint return' means the joint return of a husband and wife made under section 6013.

"(4) PUBLIC RETIREMENT SYSTEM PENSION INCOME.—An individual's public retirement system pension income for the taxable year is his income from pensions and annuities under a public retirement system for personal services performed by him or his spouse, to the extent included in gross income without reference to this section, but only to the extent such income does not represent compensation for personal services rendered during the taxable year. The amount of such income taken into account with respect to any individual for any taxable year shall not exceed $2,500. For purposes of this paragraph, the term 'public retirement system' means a pension, annuity, retirement, or similar fund or system established by the United States, a State, a possession of

the United States, any political subdivision of any of the foregoing, or the District of Columbia.

"(d) NONRESIDENT ALIEN INELIGIBLE FOR CREDIT.—No credit shall be allowed under this section to any nonresident alien."

Technical Amendments

(b)(1) Section 904 of the Internal Revenue Code of 1954 (relating to limitation on foreign tax credit) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection.

"(g) COORDINATION WITH CREDIT FOR THE ELDERLY.—In the case of an individual, for purposes of subsection (a) the tax against which the credit is taken is such tax reduced by the amount of the credit (if any) for the taxable year allowable under section 37 (relating to credit for the elderly)."

(2) Section 6014(a) of such Code (relating to tax not computed by taxpayer) is amended by striking out the last sentence thereof.

(3) Section 6014(b) of such Code is amended—

(A) by striking out paragraph (4),

(B) by redesignating paragraph (5) as paragraph (4), and

(C) by inserting "or" at the end of paragraph (3).

(4) Sections 46(a)(3)(C), 56(a)(2)(A)(ii), and

56(c)(1)(B) of such Code are each amended by striking out "retirement income" and inserting in lieu thereof "credit for the elderly".

(5) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by striking out the item relating to section 37 and inserting in lieu thereof the following:

"Sec. 37. Credit for the elderly."

Effective Date

(c) The amendments made by this section shall apply to taxable years beginning after December 31, 1971.

PART E—MISCELLANEOUS CONFORMING AMENDMENTS

CONFORMING AMENDMENT TO SECTION 228(d)

SEC. 541. Section 228(d)(1) of the Social Security Act is amended by striking out "receives aid or assistance in the form of money payments in such month under a State plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting in lieu thereof "receives payments with respect to such month pursuant to title XX or part A or part B of title XXI".

CONFORMING AMENDMENTS TO TITLE XI

SEC. 542. Title XI of the Social Security Act is amended—

(1)(A) by striking out "I,", "X,", and "XIV," in section 1101(a)(1),

(B) by striking out "and XIX" in such section and inserting in lieu thereof "XIX, XX, and XXI", and

(C) by inserting "(and when used in part C or D of title XXI)" after "requires" in section 1101(a)(6);

(2) by striking out "I, X, XIV, XVI," in section 1106(c)(1)(A) and inserting in lieu thereof "XVI";

(3)(A) by striking out "and each fiscal year thereafter" in paragraphs (1)(E), (2)(E), and (3)(E) of section 1108(a), and

(B) by striking out section 1108(b);

(4) by striking out the text of section 1109 and inserting in lieu thereof the following:

"SEC. 1109. Any amount which is disregarded in determining the eligibility for and amount of payments to any individual pursuant to title XX or any family pursuant to part A or B of title XXI, shall not be taken into consideration in determining the eligibility for or amount of such payments to any other individual or family under such title XX of part A or B of title XXI.";

(5) by striking out "title I, X, XIV, and XVI, and part A of title IV" in section 1111 and inserting in lieu thereof "title XX or part A or B of title XXI";

(6)(A) by striking out "I, X, XIV, XVI," in the

matter preceding clause (a) in section 1115, and inserting in lieu thereof "XVI",

(B) by striking out "of section 2, 402, 1002, 1402, 1602, or 1902" in clause (a) of such section and inserting in lieu thereof "of section 402, 1602, or 1902,", and

(C) by striking out "under section 3, 403, 1003, 1403, 1603, or 1903" in clause (b) of such section and inserting in lieu thereof "under section 403, 1603, or 1903,";

(7) (A) by striking out "I, X, XIV, XVI," in subsections (a) (1), (b), and (d) of section 1116 and inserting in lieu thereof "XVI",

(B) by striking out "under section 4, 404, 1004, 1404, 1604," in subsection (a) (3) of such section and inserting in lieu thereof "under section 404, 1604,",

(C) by striking out "I, X, XIV, XVI, or XIX or part A of title IV" in subsection (c) of such section (as added by section 521 of this Act) and inserting in lieu thereof "XIX",

(D) by striking out "I, X, XIV, XVI," in subsection (f) of such section (as so added) and inserting in lieu thereof "XVI", and

(E) by striking out "I, X, XIV, XVI," in subsection (g) of such section (as so added) and inserting in lieu thereof "XVI";

(8) by repealing section 1118;

(9)(A) by striking out "aid or assistance, other than medical assistance to the aged, under a State plan approved under title I, X, XIV, or XVI, or part A of title IV" in section 1119 and inserting in lieu thereof "services under a State plan approved under part A of title IV or under title XVI", and

(B) by striking out "under section 3(a), 403(a), 1003(a), 1403(a), or 1603(a)" in such section and inserting in lieu thereof "under section 403(a) or 1603(a)";

(10) by repealing section 1125 (as added by section 526 of this Act); and

(11) effective July 1, 1973—

(A) by striking out "services under titles I, X, XIV, and XVI," in subsection (b)(1) of section 1125 (as added by section 512 of this Act) and inserting in lieu thereof "services under title XVI",

(B) by striking out "under such titles" in such subsection (b)(1) and inserting in lieu thereof "under such title",

(C) by striking out "services under titles I, X, XIV, and XVI" in the last sentence of subsection (b) of such section (as so added) and inserting in lieu thereof "services under title XVI", and

(D) by striking out "services under titles I, X, XIV, and XVI," in subsection (d) of such section (as so added) and inserting in lieu thereof "services under title XVI".

CONFORMING AMENDMENTS TO TITLE XVIII

SEC. 543. (a) Section 1843 of the Social Security Act is amended by striking out subsections (a) and (b) and inserting in lieu thereof the following:

"(a) Subject to section 1902(c), the Secretary at the request of any State shall, notwithstanding the repeal of titles I, X, and XIV by section 303 of the Social Security Amendments of 1971 and the amendments made to title XVI and part A of title IV by sections 302 and 402 of such Amendments, continue in effect the agreement entered into under this section with such State insofar as it includes individuals who are eligible to receive benefits under title XX or XXI or are otherwise eligible to receive medical assistance under the plan of such State approved under title XIX.

"(b) The provisions of subsection (h)(2) of this section as in effect before the effective date of the repeal and amendments referred to in subsection (a) shall continue to apply with respect to the individuals included in any such agreement after such date."

(b) Section 1843(c) of such Act is amended by strik-

ing out the semicolon and all that follows and inserting in lieu thereof a period.

(c) Section 1843(d)(3) of such Act is amended to read as follows:

"(3) his coverage period attributable to the agreement with the State under this section shall end on the last day of any month in which he is determined by the State agency to have become ineligible for medical assistance."

(d) Section 1843(f) of such Act is amended—

(1) by striking out "receiving money payments under the plan of a State approved under title I, X, XIV, or XVI or part A of title IV, or";

(2) by striking out "if the agreement entered into under this section so provides,";

(3) by striking out "I, XVI, or"; and

(4) by striking out "individuals receiving money payments under plans of the State approved under titles I, X, XIV, and XVI, and part A of title IV, and".

(e) Section 1843 of such Act is further amended by striking out subsections (g) and (h).

CONFORMING AMENDMENTS TO TITLE XIX

SEC. 544. Title XIX of the Social Security Act is amended—

(1) by striking out "families with dependent chil-

dren" in clause (1) of the first sentence of section 1901 and inserting in lieu thereof "needy families with children", and by striking out "permanently and totally" in such clause;

(2) by striking out ", except that the determination of eligibility for medical assistance under the plan shall be made by the State or local agency administering the State plan approved under title I or XVI (insofar as it relates to the aged)" in section 1902(a)(5);

(3) by striking out "effective July 1, 1969," in section 1902(a)(11)(B);

(4) by striking out section 1902(a)(13)(B) and inserting in lieu thereof the following:

"(B) in the case of individuals described in paragraph (10) with respect to whom medical assistance must be made available, for the inclusion of at least the care and services listed in clauses (1) through (5) of section 1905(a), and";

(5)(A) by striking out "receiving aid or assistance under a State plan approved under title I, X, XIV, or XVI, or part A of title IV, or who meet the income and resources requirement of the one of such State plans which is appropriate" in the matter in section 1902(a)(14)(A) (as amended by section 208(a) of this Act) which precedes clause (i) and inserting in lieu thereof

"receiving assistance to needy families with children as defined in section 405(b) or assistance for the aged, blind, and disabled under title XX, or who meet the income and resources requirements for such assistance", and

(B) by striking out "who are not receiving aid or assistance under any such State plan and who do not meet the income and resources requirements of the one of such State plans which is appropriate" in the matter in section 1902(a)(14)(B) which precedes clause (i) and inserting in lieu thereof "who are not receiving assistance to needy families with children as defined in section 405(b) or assistance for the aged, blind, and disabled under title XX and who do not meet the income and resources requirements for such assistance";

(6) by striking out "who are not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV," in the portion of section 1902(a)(17) which precedes clause (A) and inserting in lieu thereof "other than those described in pargaraph (10) with respect to whom medical assistance must be made available,", and

(D) by striking out "or is blind or permanently and totally disabled" in clause (D) of such section;

(7) by striking out "or is blind or permanently and totally disabled" in section 1902(a)(18);

(8) by striking out "section 3(a)(4)(A) (i) and (ii) or section 1603(a)(4)(A) (i) and (ii) "in section 1902(a)(20)(C) and inserting in lieu thereof "section 1603(a)(1) (A) and (B)";

(9) by striking out "effective July 1, 1969," in sections 1902(a)(24) and 1902(a)(26);

(10) by striking out "(after December 31, 1969)" in section 1902(a)(28)(F)(i);

(11) by striking out the last sentence of section 1902(a);

(12) by striking out section 1902(b)(2) and inserting in lieu thereof the following:

"(2) any age requirement which excludes any individual who has not attained age 22 and is or would, but for the provisions of section 2155(b)(2), be a member of a family eligible for assistance to needy families with children as defined in section 405(b) or be eligible for foster care in accordance with section 406; or";

(13) by striking out section 1902(c);

(14)(A) by striking out "and section 1117" and ", beginning with the quarter commencing January 1, 1966" in the matter preceding clause (1) of section 1903(a), and

(B) by striking out "money payments under a State plan approved under title I, X, XIV, or XVI, or part A of title IV" in clause (1) of such section and inserting in lieu thereof "assistance to needy families with children as defined in section 405(b) or assistance for the aged, blind, and disabled under title XX, or payments for foster care in accordance with section 406,";

(15) by striking out section 1903(e);

(16) effective July 1, 1973, by striking out "each of the plans of such State approved under titles I, X, XIV, XVI, and XIX" in section 1903(j)(2) (as added by section 225 of this Act) and inserting in lieu thereof "the State plan";

(17) by striking out "has been so changed that it" in section 1904(1);

(18)(A) by striking out "not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV, who are" in the matter preceding clause (i) in section 1905(a) and inserting in lieu thereof "who are not receiving assistance to needy families with children as defined in section 405(b) or assistance for the aged, blind, and disabled under title XX, or with respect to whom payments for foster care are not being made in accordance with section 406, who are",

~~(B) by striking out clause (ii) of such section and inserting in lieu thereof the following:~~

~~"(ii) members of a family, as described in section 2155(a), except a family in which both parents of the child or children are present, neither parent is incapacitated, and the male parent is not unemployed,",~~

~~(C) by striking out clauses (iv) and (v) of such section and inserting in lieu thereof the following:~~

~~"(iv) blind as defined in section 2014(a)(2),~~

~~"(v) disabled as defined in section 2014(a)(3), or",~~

~~(D) by striking out "aid or assistance under State plans approved under title I, X, XIV, or XVI" in clause (vi) of such section and inserting in lieu thereof "benefits under title XX", and~~

~~(F) by striking out "aid or assistance furnished to such individual (under a State plan approved under title I, X, XIV, or XVI), and such person is determined, under such a State plan," in the second sentence of section 1905(a) and inserting in lieu thereof "benefits paid to such individual under title XX, and such person is determined"; and~~

~~(19) by striking out the semicolon and everything that follows in the second sentence of section 1905(b) and inserting in lieu thereof a period.~~

TITLE V—MISCELLANEOUS

PART A—PROVISIONS RELATING TO PUBLIC ASSISTANCE

REPORT ON QUALITY OF WORK PERFORMED BY WELFARE PERSONNEL

SEC. 501. (a) The Secretary of Health, Education, and Welfare shall conduct a full and complete study of ways of enhancing the quality of work performed by individuals employed in the administration and operation of State plans approved under titles I, IV, X, XIV, XV, and XVI of the Social Security Act for the purpose of arriving at standards of performance or other appropriate means of eliminating variations in the quality of work performed and encouraging the development of improved performance by such individuals.

(b) In conducting the study required by subsection (a), the Secretary is authorized to engage the assistance of individuals who have demonstrated knowledge and expertise in the area of welfare administration (including individuals who have direct contact with recipients) and from individuals who are themselves recipients under such State plans.

(c) The Secretary shall conduct the study required by subsection (a) and report his findings thereon together with appropriate recommendations to the Congress not later than January 1, 1974.

CRIMINAL OFFENSES BY WELFARE EMPLOYEES

SEC. 502. (a)(1) Part A of title XI of the Social Security Act (as designated by section 249F of this Act and amended by sections 216(a), 221, 241, 271, 272, 410, 411, and 431) is further amended by adding at the end thereof the following new section:

"CRIMINAL OFFENSES BY WELFARE EMPLOYEES

"SEC. 1126. Any officer or employee of the United States or of any State or of any political subdivision of such State acting in connection with the administration or operation of any State plan approved under title I, IV, X, XIV, XV, or XVI, of this Act—

"(1) who is guilty of any extortion or willful oppression under color of State or Federal law; or

"(2) who knowingly allows the disbursement of greater sums than are authorized by law, or receives any fee, compensation, or reward, except as by law prescribed, for the performance of any duty; or

"(3) who, with intent to defeat the application of any provision of title I, IV, X, XIV, XV, or XVI, of the Social Security Act or any State plan approved thereunder, fails to perform any of the duties of his office or employment; or

"(4) who conspires or colludes with any other per-

son to defraud the United States, any State government, or any political subdivision of such State; or

"(5) who knowingly makes opportunity for any person to defraud the United States, any State government, or any political subdivision of such State; or

"(6) who does or omits to do any act with intent to enable any other person to defraud the United States, any State government, or any political subdivision of such State;

"(7) who makes or signs any fraudulent entry in any book, or makes or signs any fraudulent application, form, or statement, knowing it to be fraudulent; or

"(8) who, having knowledge or information of fraud committed by any person against the United States, any State government, or any political subdivision of such State under title I, IV, X, XIV, XV, or XVI of the Social Security Act or any State plan approved thereunder, fails to report, in writing, such knowledge or information to the Secretary or his delegate, or, if the fraud is against a State government or any political subdivision of such State, to the individual designated to administer the State plan approved under such title or his delegate; or

"(9) who demands, or accepts, or attempts to collect directly or indirectly as payment or gift, or other-

wise, any sum of money or other thing of value for the compromise, adjustment, or settlement of any charge or complaint for any violation or alleged violation of law, except as expressly authorized by law so to do;

shall be dismissed from office or discharged from employment and, upon conviction thereof, shall be fined not more than $10,000, or imprisoned not more than 5 years, or both."

(2)(A) Effective January 1, 1974, section 1126 of the Social Security Act (as added by paragraph (1) of this subsection) is amended by striking out "title I, IV, X, XIV, XV, or XVI," each place it appears therein and inserting in lieu thereof "title IV, VI, or XV,".

(B) The amendments made by subpararaph (A) shall not apply to the Commonwealth of Puerto Rico, the Virgin Islands, or Guam.

(b) In addition to the requirements imposed by law as a condition of approval of a State plan under title I, VI, IV, X, XIV, XV, or XVI of the Social Security Act, there is hereby imposed the requirement (and the plan shall be deemed to require) that the State plan provide that any officer or employee of the State acting in connection with the State plan as approved under such title who shall be found guilty of a violation of section 1126 of such Act shall be dismissed

from office or discharged from employment in addition to any other penalty imposed under such section 1126.

DEMONSTRATION PROJECTS TO REDUCE WELFARE DEPENDENCY

SEC. 503. (a) Section 1110(a) of the Social Security Act is amended by inserting after the period at the end thereof the following new sentence: "Of the funds appropriated under the preceding sentence for any fiscal year commencing after June 30, 1972, not less than 50 per centum thereof shall be used in projects relating to the prevention and reduction of dependency."

(b) Section 1115 is amended by inserting immediately after the matter at the end thereof the following new sentence: "Not less than 50 per centum of the amounts made available to the States under this section, for any fiscal year beginning after June 30, 1972, shall be used in projects relating to the prevention and reduction of welfare dependency."

LIMITATION ON REGULATORY AUTHORITY OF THE SECRETARY

SEC. 504. Section 1102 of the Social Security Act is amended by inserting immediately before the period at the end thereof the following: "; except that no rule or regulation which affects title I, IV, X, XIV, XV, or XVI of this Act shall be adopted unless such rule or regulation is related

to a specific provision in such title and no rule or regulation so adopted shall be inconsistent with any provision of such title".

LIMITATION ON AUTHORITY OF SECRETARY WITH RESPECT TO ADVISORY COUNCILS

SEC. 505. Title XI of the Social Security Act is amended by adding after section 1127 the following new section:

"LIMITATION ON AUTHORITY OF SECRETARY WITH RESPECT TO ADVISORY COUNCILS

"SEC. 1128. Nothing in this Act shall be construed to authorize or permit the Secretary of Health, Education, and Welfare to prescribe any rule or regulation requiring any State, in the operation of a State plan approved under title I, IV, X, XIV, XV, or XVI of this Act, to establish or pay the expenses of any advisory council to advise the State with respect to such plan, its operation, or any program or programs conducted thereunder."

PROHIBITION AGAINST PARTICIPATION IN FOOD STAMP OR SURPLUS COMMODITIES PROGRAM BY PERSONS ELIGIBLE TO PARTICIPATE IN EMPLOYMENT OR ASSISTANCE PROGRAMS

SEC. 508. (a)(1) Effective January 1, 1973, section 3(e) of the Food Stamp Act of 1964 is amended by adding at the end thereof the following new sentence: "No person who is determined to be eligible (or upon application would

be eligible) for aid under a State plan approved under part A of title IV of the Social Security Act, no person who is determined to be eligible (or upon application would be eligible) for aid under a State plan approved under title XV of the Social Security Act and who would (except for his condition of being a drug addict or alcoholic) be eligible for aid under a State plan approved under such part A, and no member of a family which includes a member who is determined to be eligible (or upon application would be eligible) to participate in any employment or training program conducted pursuant to title XX of such Act or to receive any work bonus under chapter 97 of the Internal Revenue Code of 1954, shall be considered to be a member of a household or an elderly person for purposes of this Act."

(2) Effective January 1, 1974, the last sentence of section 3(e) of the Food Stamp Act of 1964 (as added by paragraph (1) of this subsection) is amended by striking out the matter preceding ", and no member" and inserting in lieu thereof the following: "No person who is determined to be eligible (or upon application would be eligible) for aid under a State plan approved under title XV, or part A of title IV, of the Social Security Act, no person who is eligible (or upon application would be eligible) to receive supplemental security income benefits under title XVI of such Act".

(b) Section 3(h) of such Act is amended to read as follows:

"(h) The term 'State agency', with respect to any State, means the agency of State government which is designated by the Secretary for purposes of carrying out this Act in such State."

(c) Section 10(c) of such Act is amended by striking out the first sentence.

(d) Clause (2) of the second sentence of section 10(e) of such Act is amended by striking out "used by them in the certification of applicants for benefits under the federally aided public assistance programs" and inserting in lieu thereof the following: "prescribed by the Secretary in the regulations issued pursuant to this Act".

(e) Section 10(e) of such Act is further amended by striking out the third sentence.

(f) Section 14 of such Act is amended by striking out subsection (e).

(g)(1) Effective January 1, 1973, section 416 of the Act of October 31, 1949, is amended by adding at the end thereof the following new sentence: "No person who is determined to be (or upon application would be) eligible for aid under a State plan approved under part A of title IV of the Social Security Act, no person who is determined to be eligible (or upon application would be eligible) for aid under

a State plan approved under title XV of the Social Security Act and who would (except for his condition of being a drug addict or alcoholic) be eligible for aid under a State plan approved under such part A, and no member of a family which includes a member who is determined to be (or upon application would be) eligible to participate in any employment or training program conducted pursuant to title XX of such Act or to receive any work bonus under chapter 97 of the Internal Revenue Code of 1954, shall be eligible to participate in any program conducted under this section (other than nonprofit child feeding programs or programs under which commodities are distributed on an emergency or temporary basis and eligibility for participation therein is not based upon the income or resources of the individual or family)."

(2) Effective January 1, 1974, the last sentence of the Act of October 31, 1949 (as added by paragraph (1) of this subsection) is amended by striking out the matter preceding ", and no member" and inserting in lieu thereof the following: "No person who is determined to be eligible (or upon application would be eligible) for aid under a State plan approved under title XV, or part A of title IV, of the Social Security Act, and no person who is eligible (or upon application would be eligible) to receive supplemental security income benefits under title XVI of such Act".

(h) Except as otherwise provided in this section, the amendments made by this section shall take effect on January 1, 1973.

PAYMENTS TO STATES FOR FOOD STAMP CASH-OUT

SEC. 509. (a) From the amounts appropriated therefor, the Secretary shall pay to each State (or political subdivision thereof) for each quarter (commencing with the quarter beginning January 1, 1974) an amount equal to the total amount by which the payments by such State (or political subdivision) described in section 1616(a) of the Social Security Act (whether or not paid under an agreement entered into under such section) to any individual for any month, when increased by (1) the amount of such individual's other income (exclusive of income described in section 1612(b) of such Act but including income described in paragraph (2) of such section), and (2) the benefits, if any, paid under title XVI of such Act exceed the adjusted payment level (as defined in subsection (b)) of such State or the amount of such individual's income described in clauses (1) and (2), whichever is greater, but not counting so much of any such payment, when so increased, as exceeds the sum of such adjusted payment level plus the bonus value of food stamps (as defined in subsection (c)).

(b)(1) As used in this paragraph, the term "adjusted payment level", in the case of any State, means the amount

of the money payment which an individual (or two or more individuals living in the same household) with no other income would have received under the State plan approved under title I, X, XIV or XVI of the Social Security Act, as such titles were in effect for October 1972, increased by a payment level modification.

(2) As used in this subparagraph, the term "payment level modification", in the case of any State, means that amount by which such State, which for October 1972 made money payments under its plan approved under title I, X, XIV or XVI of the Social Security Act, as such titles were in effect for such month to individuals with no other income which were less than 100 per centum of its standard of need, could have increased such money payments without increasing (if it reduced its standard of need under such plan so that such increased money payments equaled 100 per centum of such standard of need) the non-Federal share of expenditures for such money payments for October 1972 (as defined in subsection (d)).

(c) As used in this paragraph, the term "bonus value of food stamps" means—

(1) the face value of the coupon allotment which would have been provided for October 1972 to an individual (or two or more individuals living in the same

household) under the Food Stamp Act of 1964, reduced by

(2) the charge which such individual (or individuals) would have paid for such coupon allotment, if the income of such individual (or individuals) for such month had been equal to the adjusted payment level. The face value of food stamps and the charge therefor in October 1972 shall be determined in accordance with rules prescribed by the Secretary of Agriculture in effect for such month.

(d) As used in this paragraph the term "non-Federal share of expenditures for money payments for October 1972", in the case of any State, means—

(1) total expenditures by such State for money payments for such month under its State plan approved under title I, X, XIV, or XVI of the Social Security Act, as such title was in effect for such month reduced by

(2) the amount determined for such State for such month under subsection (a) (1) or (2) of section 1603 (or subsection (a) (1) or (2) of section 3, subsection (a) (1) or (2) of section 1003, and subsection (a) (1) or (2) of section 1403), and section 1118 of such Act, and section 9 of the Act of April 19, 1950 (as such sections were in effect during such month).

ADMINISTRATIVE EXPENSES FOR TITLE XVI

SEC. 510. Appropriations for administrative expenses incurred during the fiscal year ending June 30, 1973, in developing the staff and facilities necessary to place in operation the supplemental security income program established by title XVI of the Social Security Act, as amended by this Act, may be included in an appropriation Act for such fiscal year.

TREATMENT OF RENT UNDER PUBLIC HOUSING

SEC. 511. (a) Section 9 of Public Law 92-213 is repealed.

(b) The amendment made by this section shall become effective on the first day of the month following the month in which this Act is enacted.

PROHIBITION AGAINST USE OF FEDERAL FUNDS TO UNDERMINE PUBLIC ASSISTANCE PROGRAMS

SEC. 512. Part A of title XI of the Social Security Act (as designated by section 249F of this Act) is amended by adding after section 1126 (as added by section 502(a) of this Act) the following new section:

"PROHIBITION AGAINST USE OF FEDERAL FUNDS TO UNDERMINE PROGRAMS UNDER THE SOCIAL SECURITY ACT

"SEC. 1127. (a)(1) Subject to paragraph (2), no Federal funds shall be used (whether directly or indirectly)

to pay all or any part of the compensation or expenses of any attorney or other person who, as a part of his federally financed activity whether as an employee in the executive branch or under a grant or contractual arrangement with the executive branch (or other employment), engages in any activity, for or on behalf of any client or other person or class of persons, the purpose of which is (by litigation or by actions related thereto) to nullify, challenge, or circumvent any provision of the Social Security Act, or any of the purposes or intentions of the Congress in enacting any such title or provision thereof or relating thereto; and it shall be unlawful for any such attorney or other person who engages in any such federally financed activity to accept or receive any Federal funds to defray all or any part of his compensation.

"(2) The prohibition contained in paragraph (1) shall not apply to any particular case or lawsuit (or to any attorney or other person involved therein) if the Attorney General issues an order specifically waiving such prohibition with respect to such case or lawsuit; except that no such order shall become effective with respect to any case or lawsuit until 60 days after the Attorney General shall have submitted to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Represent-

atives a notice of his intention to waive such prohibition with respect to such case or lawsuit.

"(b) Any person who authorizes the disbursement of any Federal funds, and any attorney or other person who receives or accepts any such funds, in violation of subsection (a), shall be held accountable for and required to make good to the United States the amount of funds so disbursed or received or accepted."

PART B—GENERAL PROVISIONS

CHANGE IN EXECUTIVE SCHEDULE—COMMISSIONER OF SOCIAL SECURITY

SEC. 520. (a) Section 5316 of title 5, United States Code (relating to positions at level V of the Executive Schedule), is amended by striking out:

"(51) Commissioner of Social Security, Department of Health, Education, and Welfare.".

(b) Section 5315 of title 5, United States Code (relating to positions at level IV of the Executive Schedule), is amended by adding at the end thereof the following:

"(97) Commissioner of Social Security, Department of Health, Education, and Welfare.".

(c) The amendments made by the preceding provisions of this section shall take effect on the first day of the first pay period of the Commissioner of Social Security, Department of Health, Education, and Welfare, which commences on or

after the first day of the month which follows the month in which this Act is enacted.

EVALUATION OF SOCIAL SECURITY PROGRAMS

SEC. 521. Part A of title XI of the Social Security Act (as designated by section 249F of this Act) is amended by adding after section 1128 (as added by section 505 of this Act) the following new section:

"EVALUATION OF SOCIAL SECURITY PROGRAMS

"SEC. 1129. (a)(1) The Comptroller General is hereby authorized to make analyses and evaluations of programs under this Act.

"(2) The departments and agencies shall make available to the Comptroller General such information and documents as he considers necessary for him to complete his work under this subsection.

"(b)(1) No department or agency of the Federal Government shall enter into any contract for the conduct of, or employ any expert or consultant to conduct, any study or evaluation of any program which—

"(A) is established by or pursuant to this Act, or

"(B) receives Federal financial assistance pursuant to authority contained in this Act,

if the conduct of such study or evaluation involves the expenditure, from Federal funds, of an amount in excess of $25,000, unless, prior to the commencement of such study

or evaluation, such department or agency shall have requested of, and obtained from, the Comptroller General approval for the conduct of such study or evaluation.

"(2) The Comptroller General shall not approve any request for the conduct of any study or evaluation of any program under paragraph (1), unless he determines that—

"(A) the conduct of such study or evaluation of such program is justified;

"(B) such department or agency cannot effectively conduct such study or evaluation through utilization of regular full-time employees of such department or agency; and

"(C) such study or evaluation will not be duplicative of any study or evaluation which is being conducted, or will be conducted within the next twelve months, by the General Accounting Office.

"(c)(1) To assist in carrying out his functions under this section, the Comptroller General may sign and issue subpenas requiring the production of negotiated contract and subcontract records and records of other non-Federal persons or organizations to which he has a right of access by law or agreement.

"(2) In case of disobedience to a subpena issued under the authority contained in paragraph (1), the Comptroller General may invoke the aid of any district court of the

United States in requiring the production of the records referred to in paragraph (1). Any district court of the United States within the jurisdiction in which the contractor, subcontractor, or other non-Federal person or organization is found or resides or in which the contractor, subcontractor, or other non-Federal person or organization transacts business may, in case of contumacy or refusal to obey a subpena issued by the Comptroller General, issue an order requiring the contractor, subcontractor, or other non-Federal person or organization to produce the records; and any failure to obey such order of the court shall be punished by the court as a contempt thereof."

PART C—LIBERALIZATION OF RETIREMENT INCOME CREDIT; OTHER INTERNAL REVENUE CODE AMENDMENTS

RETIREMENT INCOME CREDIT

In General

SEC. 531. (a) Section 37 of the Internal Revenue Code of 1954 (relating to retirement income) is amended to read as follows:

"SEC. 37. RETIREMENT INCOME.

"(a) GENERAL RULES.—

"(1) JOINT RETURNS.—In the case of a joint return—

"(A) if either spouse has attained the age of 65 before the close of the taxable year, or

"(B) if neither spouse has attained the age of 65 before the close of the taxable year but one or both spouses have public retirement system pension income for the taxable year,

there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 15 percent of the retirement income (as limited by subsection (b)) received by the husband and wife during the taxable year.

"(2) OTHER RETURNS.—In the case of a return by an unmarried individual and of a separate return by a married individual—

"(A) if the individual has attained the age of 65 before the close of the taxable year, or

"(B) if the individual has not attained the age of 65 before the close of the taxable year but has public retirement system pension income for the taxable year,

there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 15 percent of the retirement income (as limited by subsection (b)) received by the individual during the taxable year.

"(b) LIMITATION OF RETIREMENT INCOME.—

"(1) IN GENERAL.—The amount of retirement income which may be taken into account for purposes of subsection (a) shall not exceed the following amounts (reduced as provided in paragraph (2)):

"(A) $2,500, in the case of an unmarried individual,

"(B) $2,500, in the case of a joint return where only one spouse is an eligible individual,

"(C) $3,750, in the case of a joint return where both spouses are eligible individuals, or

"(D) $1,875, in the case of separate return by a married individual.

"(2) REDUCTION.—Except as provided in paragraphs (3) and (4), the reduction under this paragraph in the case of any individual is—

"(A) any amount received by such individual as a pension or annuity—

"(i) under title II of the Social Security Act,

"(ii) under the Railroad Retirement Act of 1935 or 1937, or

"(iii) otherwise excluded from gross income, plus

"(B) in the case of any individual who has

not attained age 72 before the close of the taxable year—

"(i) except as provided in clause (ii), one-half the amount of earned income received by such individual in the taxable year in excess of $2,000, or

"(ii) if such individual has not attained age 62 before the close of the taxable year, and if such individual (or his spouse under age 62) is an eligible individual as defined in subsection (d)(4)(B), any amount of earned income in excess of $1,000 received by such individual in the taxable year.

"(3) SPECIAL RULES FOR DETERMINING THE REDUCTION PROVIDED IN PARAGRAPH (2).—

"(A) JOINT RETURNS.—In the case of a joint return, the reduction under paragraph (2) shall be the aggregate of the amounts resulting from applying paragraph (2) separately to each spouse.

"(B) SEPARATE RETURNS OF MARRIED INDIVIDUALS.—In the case of a separate return of a married individual, paragraph (2)(B)(i) shall be applied by substituting '$1,000' for '$2,000', and paragraph (2)(B)(ii) shall be applied by substituting '$500' for '$1,000'.

"(C) NO REDUCTION FOR CERTAIN AMOUNTS EXCLUDED FROM GROSS INCOME.—No reduction shall be made under paragraph (2)(A) for any amount excluded from gross income under section 72 (relating to annuities), 101 (relating to life insurance proceeds), 104 (relating to compensation for injuries or sickness), 105 (relating to amounts received under accident and health plans), 402 (relating to taxability of beneficiary of employees' trust), or 403 (relating to taxation of employee annuities).

"(4) SPECIAL RULE FOR CERTAIN INDIVIDUALS RECEIVING PUBLIC RETIREMENT SYSTEM PENSION INCOME.—In the case of a joint return where one spouse is an eligible individual as defined in subsection (d)(4)(A) and the other spouse is an eligible individual as defined in subsection (d)(4)(B), there shall be an additional reduction under paragraph (2) in an amount equal to the excess (if any) of $1,250 over the amount of the public retirement system pension income of the spouse who is an eligible individual as defined in subsection (d)(4)(B).

"(c) RETIREMENT INCOME.—For purposes of this section—

"(1) IN GENERAL.—Except as provided in para-

graph (2), the term 'retirement income' means income from—

"(A) pensions and annuities (including public retirement system pension income and including, in the case of an individual who is, or has been, an employee within the meaning of section 401(c)(1), distributions by a trust described in section 401(a) which is exempt from tax under section 501(a)),

"(B) interest,

"(C) rents,

"(D) dividends, and

"(E) bonds described in section 405(b)(1) which are received under a qualified bond purchase plan described in section 405(a) or in a distribution from a trust described in section 401(a) which is exempt from tax under section 501(a),

to the extent included in gross income without reference to this section, but only to the extent such income does not represent compensation for personal services rendered during the taxable year.

"(2) CERTAIN INDIVIDUALS UNDER AGE 65.—In the case of—

"(A) a return by an unmarried individual who has not attained the age of 65 before the close of the taxable year,

"(B) a separate return by a married individual who has not attained the age of 65 before the close of the taxable year, and

"(C) a joint return if neither spouse has attained the age of 65 before the close of the taxable year,

the term 'retirement income' means only public retirement system pension income, and only so much of such income received by an individual during the taxable year as does not exceed $2,500.

"(d) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) PUBLIC RETIREMENT SYSTEM PENSION INCOME.—The term 'public retirement system pension income' means income from pensions and annuities under a public retirement system for personal services performed by the taxpayer or his spouse, to the extent included in gross income without reference to this section, but only to the extent such income does not represent compensation for personal services rendered during the taxable year. For purposes of this paragraph, the term 'public retirement system' means a pension, annuity, retirement, or similar fund or system established by the United States, a State, a possession of the United States, any political

subdivision of any of the foregoing, or the District of Columbia.

"(2) EARNED INCOME.—The term 'earned income' has the meaning assigned to such term in section 911(b) except that such term does not include any amount received as a pension or annuity.

"(3) COMMUNITY PROPERTY LAWS DISREGARDED.—The determination of whether—

"(A) earned income, or

"(B) income from pensions and annuities for personal services (including public retirement system pension income and distributions to which subsection (c)(1)(A) applies),

is the income of a husband or wife shall be made without regard to community property laws.

"(4) ELIGIBLE INDIVIDUAL.—The term 'eligible individual' means an individual who—

"(A) has attained the age of 65 before the close of the taxable year, or

"(B) has not attained such age but has public retirement system pension income for the taxable year.

"(5) MARITAL STATUS.—Marital status shall be determined under section 153.

"(6) JOINT RETURN.—The term 'joint return'

means the joint return of a husband and wife made under section 6013.

"(e) NONRESIDENT ALIEN INELIGIBLE FOR CREDIT.—No credit shall be allowed under this section to any nonresident alien."

Technical Amendments

(b)(1) Section 904 of the Internal Revenue Code of 1954 (relating to limitation on foreign tax credit) is amended by redesignating subsection (g) as subsection (h), and by inserting after subsection (f) the following new subsection:

"(g) COORDINATION WITH CREDIT FOR RETIREMENT INCOME.—In the case of an individual, for purposes of subsection (a) the tax against which the credit is taken is such tax reduced by the amount of the credit (if any) for the taxable year allowable under section 37 (relating to retirement income)."

(2) Section 6014(a) of such Code (relating to tax not computed by taxpayer) is amended by striking out the last sentence thereof.

(3) Section 6014(b) of such Code is amended—

(A) by striking out paragraph (4),

(B) by redesignating paragraph (5) as paragraph (4), and

(C) by inserting "or" at the end of paragraph (3).

Effective Date

(c) The amendments made by this section shall apply to taxable years beginning after December 31, 1972.

GUARANTEED EMPLOYMENT PROGRAM CREDIT

Inclusion of Nonbusiness Employees; Limitations on Wages Qualifying for Credit

SEC. 532. (a)(1) Section 50B(c) of the Internal Revenue Code of 1954 (relating to limitations) is amended—

(A) by striking out paragraph (1),

(B) by renumbering paragraphs (2), (3), (4), and (5), as (3), (4), (5), and (6), respectively, and

(C) by inserting before paragraph (3) (as renumbered) the following paragraphs:

"(1) AMOUNT OF WAGES PER EMPLOYEE.—The amount of wages paid or incurred during the taxable year with respect to any employee certified under subsection (a)—

"(A) who is a nonbusiness employee, or

"(B) whose employment by the taxpayer begins after December 31, 1973,

which may be taken into account under that subsection shall not include so much of the wages paid or incurred during the taxable year as exceeds an annual rate of $4,000.

"(2) TOTAL AMOUNT OF WAGES PER YEAR.—

"(A) IN GENERAL.—The total amount of wages paid or incurred during the taxable year with respect to all employees certified under subsection (a)—

"(i) who are nonbusiness employees, or

"(ii) whose employment by the taxpayer begins after December 31, 1973,

which may be taken into account under this subsection shall not exceed 15 percent of so much of the aggregate wages paid or incurred during the taxable year with respect to all employees of the taxpayer as does not exceed, in the case of each employee, the average rate of the wages paid or incurred during the taxable year with respect to employees certified under subsection (a) (to the extent such wages are taken into account under paragraph (1)).

"(B) WAGES OF ONE EMPLOYEE.—The total amount of wages which may be taken into account under subparagraph (A) shall not be less than the amount of wages which are taken into account under paragraph (1) with respect to one employee. In the case a husband and wife who file separate returns, the preceding sentence shall apply, with respect to nonbusiness employees, only to the spouse designated

by them in such manner as the Secretary or his delegate prescribes by regulations.

"(C) BUSINESS AND NONBUSINESS EMPLOYEES.—Subparagraphs (A) and (B) shall apply separately with respect to nonbusiness employees of the taxpayer."

(2) Section 50B of such Code (relating to definitions and special rules) is amended by redesignating subsection (g) as (h) and by inserting after subsection (f) the following new subsection:

"(g) NONBUSINESS EMPLOYEES.—

"(1) ELECTION.—Subsection (a) shall apply with respect to nonbusiness employees of the taxpayer only if the taxpayer makes an election under this subsection. Such election shall be made for any taxable year in such manner and within such time as the Secretary or his delegate prescribes by regulations.

"(2) DENIAL OF DEDUCTION UNDER SECTION 214.—If the taxpayer makes an election under paragraph (1) for a taxable year, no deduction shall be allowable to the taxpayer under section 214 (relating to expenses for household and dependent care services necessary for gainful employment) for such taxable year.

"(3) NONBUSINESS EMPLOYEE DEFINED.—For purposes of this section, an employee is a nonbusiness em-

ployee of the taxpayer if his services are not performed in connection with a trade or business of the taxpayer."

Transition from Work Incentive Program to Guaranteed Employment Program

(b)(1) Section 50B(a) of the Internal Revenue Code of 1954 (relating to work incentive program expenses) is amended to read as follows:

"(a) GUARANTEED EMPLOYMENT PROGRAM EXPENSES.—For purposes of this subpart, the term 'guaranteed employment program expenses' means the wages paid or incurred by the taxpayer for services rendered during the first twelve months of employment (whether or not consecutive) of employees who are certified by the Work Administration as—

"(1) having participated, immediately prior to employment by the taxpayer, for at least one month in the guaranteed employment program administered by the Work Administration under title XX of the Social Security Act, and

"(2) not having displaced any individual from employment."

(2) The section caption of section 40 of such Code is amended to read as follows:

"SEC. 40. EXPENSES OF GUARANTEED EMPLOYMENT PROGRAMS."

(3) The table of sections for subpart A of part IV of

subchapter A of chapter 1 of such Code is amended by striking the item relating to section 40 and inserting the following:

"Sec. 40. Expenses of guaranteed employment programs."

*(4) The caption of subpart C of part IV of subchapter A of chapter 1 of such Code is amended by striking "**Work Incentive**" and inserting "**Guaranteed Employment**".*

(5) Section 50A(a)(1) of such Code is amended by striking "work incentive" and inserting "guaranteed employment".

(6) Section 50A(a)(4) of such Code is amended by striking "work incentive" and inserting "guaranteed employment".

(7) Section 50A(b)(1) (A) and (B) are each amended by striking "work incentive" and inserting "guaranteed employment".

(8) Section 50A(c)(1)(A) is amended by—

(A) striking "WORK INCENTIVE" in the caption and inserting "GUARANTEED EMPLOYMENT"; and

(B) striking "work incentive" in the text each place it appears and inserting "guaranteed employment".

(9) Section 50A(d)(1) is amended by striking "work incentive" each place it appears and inserting "guaranteed employment".

(10) Section 50B(d)(1) is amended by striking "work incentive" and inserting "guaranteed employment".

(11) Section 50B(e)(1) is amended by striking "work incentive" and inserting "guaranteed employment".

(12) The caption of section 381(c)(24) is amended by striking "WORK INCENTIVE" and inserting "GUARANTEED EMPLOYMENT".

(13) Section 383 is amended by—

(A) striking "WORK INCENTIVE" in the caption and inserting "GUARANTEED EMPLOYMENT"; and

(B) striking "work incentive" in the text and inserting "guaranteed employment".

Effective Dates

(c) The amendments made by subsection (a) shall apply to taxable years ending after December 31, 1972, but only with respect to wages paid or incurred for services rendered after that date. The amendments made by subsection (b) shall apply to taxable years ending after December 31, 1973, but only with respect to wages of employees whose employment by the taxpayer begins after that date.

EMPLOYEES OF MEMBERS OF AFFILIATED GROUPS OF CORPORATIONS

Employer Social Security Tax Liability

SEC. 533. (a) Section 3121 of the Internal Revenue Code of 1954 (relating to definitions for purposes of the

Federal Insurance Contributions Act) is amended by adding at the end thereof the following new subsection:

"(t) CERTAIN EMPLOYEES OF MEMBERS OF AFFILIATED GROUPS.—For purposes of this chapter, an employee whose wages are paid by a corporation which is a member of an affiliated group, but who performs services for one or more other members of the affiliated group, shall be treated as being in the employment only of the corporation which pays his wages. For purposes of the preceding sentence, the term 'affiliated group' has the meaning assigned to it by section 1504(a), except that, for such purposes, any corporation shall be treated as an includible corporation."

Employer Unemployment Tax Liability

(b) Section 3306 of the Internal Revenue Code of 1954 (relating to definitions for purposes of the Federal Unemployment Tax Act) is amended by adding at the end thereof the following new subsection:

"(o) CERTAIN EMPLOYEES OF MEMBERS OF AFFILIATED GROUPS.—For purposes of this chapter, an employee whose wages are paid by a corporation which is a member of an affiliated group, but who performs services for one or more other members of the affiliated group, shall be treated as being in the employment only of the corporation which pays his wages. For purposes of the preceding sentence, the term 'affiliated group' has the meaning assigned to it by

section 1504(a), except that, for such purposes, any corporation shall be treated as an includible corporation."

Effective Date

(c) The amendments made by this section shall apply with respect to wages paid after December 31, 1972.

WORK BONUS FOR HEADS OF LOW-INCOME FAMILIES

In General

SEC. 534. (a) The Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subtitle:

"Subtitle I—Work Bonus Program

"Chapter 97. Work bonus program

"CHAPTER 97.—WORK BONUS PROGRAM

"Sec. 10001. Payment.
"Sec. 10002. Recovery of overpayments; penalties.
"Sec. 10003. Cooperation of other Government agencies.
"Sec. 10004. Applications; regulations.
"Sec. 10005. Definition of eligible individual.
"Sec. 10006. Appropriation of funds for payments.

"SEC. 10001. PAYMENT.

"(a) IN GENERAL.—Except as provided in subsection (d), the Secretary or his delegate shall pay to each eligible individual, upon application therefor made after the close of a calendar year, an annual payment for that calendar year in an amount determined under subsection (b).

"(b) DETERMINATION OF AMOUNT.—

"(1) IN GENERAL.—The amount of the payment to which an eligible individual is entitled under this chapter

for any calendar year is an amount equal to 10 percent of not more than $4,000 of the wages or compensation paid to him, or to him and his spouse, if he is married (as determined under section 143)—

"(A) with respect to which taxes were deducted and withheld under section 3102 (relating to deduction of tax from wages under the Federal Insurance Contributions Act) or section 3202 (relating to deduction of tax from compensation under the Railroad Retirement Act); or

"(B) by the Work Administration for services performed by a participant in guaranteed employment and with respect to which the Work Administration certifies to the Secretary under section 2052(e)(4) of the Social Security Act was paid for services performed on behalf of an employer under a contract entered into with the Work Administration under section 2052(e) of such Act.

"(2) LIMITATION.—The amount of the payment to which an eligible individual is entitled for any calendar year under paragraph (1) shall be reduced by one-fourth of the amount by which his income, or, if he is married (as determined under section 143), the total of his income and his spouse's income, for the calendar year exceeds $4,000. For purposes of this paragraph,

the term 'income' means all income from whatever source derived, other than payments provided by this chapter, determined without regard to subtitle A (relating to income taxes).

"(c) ADVANCE PAYMENTS.—

"(1) IN GENERAL.—Upon application therefor made after the close of any of the first three quarters of any calendar year, the Secretary or his delegate shall pay to an eligible individual an advance payment on account of the annual payment to which he reasonably expects to be entitled under subsection (a) for that year. The amount of any advance payment to which an eligible individual is entitled at the close of any calendar quarter shall be equal to—

"(A) the annual payment to which the eligible individual would be entitled with respect to the wages and compensation described in subsection (b)(1) received by him on or before the close of the most recent quarter for which application is made, taking into account the wages, compensation, and other income received and reasonably expected to be received during the calendar year, reduced by

"(B) the amount of advance payments made to him, or for which he made application, for any prior quarters of the calendar year.

"(2) MINIMUM ADVANCE PAYMENT.—No advance payment shall be made under this subsection for any amount less than $30.

"(3) DETERMINATION OF STATUS.—For purposes of this subsection, the determination of whether an eligible individual is married shall be made as of the close of the calendar quarter or quarters for which an application for payment has been filed by that individual.

"(4) ANNUAL STATEMENT.—Any individual who receives an advance payment under this subsection for any calendar year shall file, after the close of that year, a statement with the Secretary or his delegate setting forth the amounts he has received as advance payments under this subsection during that year, the amount of income he and his spouse, if any, have received during that year, and such other information as the Secretary or his delegate may require and in such form and at such time as he may require.

"(d) CREDIT IN LIEU OF PAYMENT.—An eligible individual may elect for any taxable year to take the amount of any payment to which he is entitled under this chapter as a credit against tax under section 42. The election shall be filed at such time and in such form as the Secretary or his delegate may prescribe.

"SEC. 10002. RECOVERY OF OVERPAYMENTS; PENALTIES.

"(a) RECOVERY OF OVERPAYMENTS.—If the Secretary or his delegate determines that any part of any amount paid to an individual for any year under this chapter was in excess of the amount to which that individual was entitled under this chapter for that year, the Secretary or his delegate shall notify that individual of the excess payment and may—

"(1) withhold, from any amounts which that individual is entitled to receive under this chapter in any subsequent year, amounts totaling not more than the amount of that excess;

"(2) treat the amount of that excess as if it were a deficiency under subchapter B of chapter 63 of subtitle F and utilize the procedures available to him under that subtitle to collect that amount;

"(3) enter into an agreement with that individual for the repayment of that amount; or

"(4) take such other action as may be necessary to recover that amount.

"(b) PENALTIES.—Each application form and any other document required to be filed under this chapter shall contain a written declaration that it is made under penalty of perjury. The provisions of chapter 75 (relating to crimes,

other offenses, and forfeitures) shall apply to such forms and documents.

"SEC. 10003. COOPERATION OF OTHER GOVERNMENT AGENCIES.

"The Secretary or his delegate is authorized to obtain from any agency or department of the United States Government or of any State or political subdivision thereof such information with respect to any individual applying for or receiving benefits under this chapter, or any individual whose income is taken into consideration in determining benefits payable to an eligible individual under this chapter, as may be necessary for the proper administration of this chapter. Each agency and department of the United States Government is authorized and directed to furnish to the Secretary or his delegate such information upon request.

"SEC. 10004. APPLICATIONS; REGULATIONS.

"(a) IN GENERAL.—The Secretary or his delegate shall develop simple and expedient application forms and procedures for use by eligible individuals who wish to obtain the benefits of this chapter, arrange for distributing such forms and making them easily available to eligible individuals, and prescribe such regulations as may be necessary to carry out the provisions of this chapter.

"(b) TIME FOR FILING APPLICATIONS FOR PAYMENT.—No annual payment may be made to an eligible indi-

vidual for a calendar year unless the application for that payment is filed on or before the last day of the calendar quarter following the close of that year. No advance payment may be made to an eligible individual for any calendar quarter or quarters unless the application for that payment is filed on or before the last day of the calendar quarter following the close of the quarter or quarters for which application is filed. For purposes of section 42, failure to file an application for an annual payment within the time prescribed by this subsection shall not affect an eligible individual's entitlement to such payment.

"SEC. 10005. DEFINITION OF ELIGIBLE INDIVIDUAL.

"For the purpose of this chapter, 'eligible individual' means an individual—

"(1) who is physically present in the United States;

"(2) whose wages are subject to tax under chapter 21 or 22 (relating to the Federal Insurance Contributions Act and the Railroad Retirement Tax Act, respectively) or who receives compensation from the Work Administration for services performed in guaranteed employment on behalf of an employer under a contract entered into with the Work Administration under section 2052(e) of the Social Security Act; and

"(3) who maintains a household which includes a

child of that individual with respect to whom he is entitled to a deduction under section 151(e)(1)(B).

"SEC. 10006. APPROPRIATION OF FUNDS FOR PAYMENTS.

"There is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, for each fiscal year such sums as may be necessary to enable the Secretary or his delegate to make payments under this chapter."

Credit in Lieu of Payment

(b)(1) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by redesignating section 42 as 43, and by inserting after section 41 the following new section.

"SEC. 42. WORK BONUS.

"There shall be allowed to a taxpayer who is an eligible individual (as defined in section 10005) and who makes an election under section 10001(d) for the taxable year, as a credit against the tax imposed by this chapter an amount equal to any amount to which he is entitled under chapter 97 for that year unless he has applied to receive that amount as a payment under that chapter. The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the provisions of this section."

(2) The table of sections for such subpart is amended by striking out

"Sec. 42. Overpayments of tax."

and inserting in lieu thereof

"Sec. 42. Work bonus.
"Sec. 43. Overpayments of tax."

(3) Section 6401(b) of the Internal Revenue Code of 1954 (relating to excessive credits) is amended by—

(A) inserting after "lubricating oil)" the following: ", 42 (relating to work bonus),"; and

(B) striking "sections 31 and 39" and inserting "sections 31, 39, and 42".

(4) Section 6201(a)(4) of such Code (relating to assessment authority) is amended by—

(A) inserting "OR 42" after "SECTION 39" in the caption of such section; and

(B) striking "oil)," and inserting "oil) or section 42 (relating to work bonus),".

(5) Section 6211(b)(4) of such Code (relating to rules for application of definition of deficiency) is amended by striking "credit under section 39" and inserting "credits under sections 39 and 42", and by striking "such credit" and inserting "such credits".

(6) Section 6213(f)(3) of such Code (relating to restrictions applicable to deficiencies; petition to Tax Court) is amended by striking "section 39" and inserting "section 39 or 42".

(7) Section 72(n)(3) of such Code (relating to deter-

mination of taxable income) is amended by striking "sections 31 and 39" and inserting "sections 31, 39, and 42".

Exclusion of Work Bonus Payment From Gross Income

(c)(1) Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to items specifically excluded from gross income) is amended by redesignating section 124 as 125 and by inserting after section 123 the following new section:

"SEC. 124. WORK BONUS PAYMENTS.

"Gross income does not include any amount received as a payment under chapter 97."

(2) The table of sections for such part is amended by striking out

"Sec. 124. Cross references to other Acts."

and inserting in lieu thereof

"Sec. 124. Work bonus payments.
"Sec. 125. Cross references to other Acts."

Effective Date

(d) The amendments made by this section shall take effect on January 1, 1973, and shall apply with respect to taxable years beginning after December 31, 1972.

PART D—MISCELLANEOUS CONFORMING AMENDMENTS

CONFORMING AMENDMENT TO SECTION 228(d)

SEC. 541. Section 228(d)(1) of the Social Security Act is amended by inserting "XV," immediately after "XIV,"

and "or supplemental security income benefits under title XVI (as in effect after December 31, 1973)" after "IV".

CONFORMING AMENDMENTS TO TITLE XI

SEC. 542. (a) Title XI of the Social Security Act is amended by—

(1) striking out "I," and "X," in section 1101(a)(1) (as amended by section 431(b) of this Act) and by striking out "XIV," and inserting in lieu thereof "XV,";

(2) by striking out "I, IV, X, XIV" in section 1102 (as amended by section 504 of this Act) and inserting "IV, VI, or XV" in lieu thereof;

(3) by striking out "I, X, XIV" in section 1109 and inserting "XV" in lieu thereof;

(4) by striking out "I, X, XIV" in section 1111 and inserting "XV" in lieu thereof;

(5)(A) by striking out "I, X, XIV, XVI" in the matter preceding clause (a) in section 1115, and inserting "VI, XV" in lieu thereof,

(B) by striking out "section 2, 402, 1002, 1402, 1602, or" in clause (a) of such section and inserting in lieu thereof "title VI, or XV, part A of title IV, or section", and

(C) by striking out "3, 403, 1003, 1403, 1603" in clause (b) of such section and inserting in lieu thereof "412, 603, 1506";

(6)(A) by striking out "I, X, XIV, XVI" in subsections (a)(1), (b), and (d) of section 1116 and inserting "VI, XV" in lieu thereof, and

(B) by striking out "4, 404, 1004, 1404, 1604" in subsection (a)(3) of such section and inserting in lieu thereof "413, 603, 1506";

(7) by repealing section 1118;

(8)(A) by striking out "aid or assistance other than medical assistance to the aged under a State plan approved under title I, X, XIV, or XVI" in section 1119 and inserting in lieu thereof "payments under a State plan approved under title XV", and

(B) by striking out "3(a), 403(a), 1003(a), 1403(a), or 1603(a)" in such section and inserting in lieu thereof "412 or 1506".

(9) by striking out "I, IV, X, XIV, XV, or XVI" in section 1128 (as added by section 505 of this Act and inserting "IV, VI, or XV" in lieu thereof.

(b) In the case of any State with respect to which section 1121 of the Social Security Act is in effect (as a result of the amendment made by section 292 of this Act), such section shall, during such period as it remains in effect, be applicable to a plan of such State approved under title XV of such Act to the same extent as to a plan approved under title XVI.

CONFORMING AMENDMENTS TO TITLE XVIII

SEC. 543. (a) Section 1843(b)(2) is amended—

(1) by inserting "XV," immediately after "XIV,", and

(2) by adding after the matter at the end of subsection (b)(2) the following: "Effective January 1, 1974, and subject to section 1902(e), the Secretary at the request of any State shall, notwithstanding the repeal of titles I, X, and XIV by section 303(a) of the Social Security Amendments of 1972 and the amendments made to title XVI and part A of title IV by sections 301 and 302 and sections 401 and 403 of such amendments, continue in effect the agreement entered into under this section with such State insofar as it includes individuals who are eligible to receive benefits under title XV or part A of title IV, or supplementary security income benefits under title XVI (as in effect after December 31, 1973), or are otherwise eligible to receive medical assistance under the plan of such State approved under title XIX. The provisions of subsection (h)(2) of this section as in effect before the effective date of the repeals and amendments referred to in the preceding sentence shall continue to apply with respect to individuals included in any such agreement after such date.".

(b) Section 1843(c) of such Act is amended by strik-

ing out the semicolon and all that follows and inserting in lieu thereof a period.

(c) Section 1843(d)(3) of such Act is amended to read as follows:

"(3) his coverage period attributable to the agreement with the State under this section shall end on the last day of any month in which he is determined by the State agency to have become ineligible for medical assistance."

(d) Section 1843(f) of such Act is amended—

(1) by inserting "XV," after "XIV,", and "or receiving supplemental security income benefits under title XVI (as in effect after December 31, 1973)," after "IV,";

(2) by striking out "if the agreement entered into under this section so provides,";

(3) by striking out "I, XVI, or"; and

(4) by striking out "individuals receiving money payments under plans of the State approved under titles I, X, XIV, and XVI, and part A of title IV, and".

CONFORMING AMENDMENTS TO TITLE XIX

SEC. 544. (a) Title XIX of the Social Security Act is amended—

(1) by inserting ", of certain individuals who are drug addicts or alcoholics," immediately following "families with dependent children" in clause (1) of the first

sentence of section 1901 and by striking out "permanently and totally" in such clause;

(2) by striking out ", except that the determination of eligibility for medical assistance under the plan shall be made by the State or local agency administering the State plan approved under title I or XVI (insofar as it relates to the aged)" in section 1902(a)(5);

(3)(A) by inserting in section 1902(a)(10) "XV," after "XIV," and by inserting "or receiving a supplemental security income payment under title XVI (as in effect after December 31, 1973) and who would, except for such payment, be eligible for such medical assistance under the State plan or who would have been eligible for such medical assistance under the medical assistance standard as in effect on January 1, 1972 (except that in determining income for this purpose, expenses incurred for medical care must be deducted)",

(B) by striking out "not receiving aid or assistance under any such plan" in subparagraph (A)(ii) and inserting "pursuant to subparagraph (B)(ii)" in lieu thereof,

(C) by inserting in subparagraph (B) of such section "or who are individuals receiving supplemental security income benefits under title XVI (as in effect after December 31, 1973) (which for the purposes of this sub-

paragraph shall be considered to be a State plan) but who are not eligible under subparagraph (A)" after "Secretary",

(D) by inserting in subparagraph (B)(i) of such section "or who are receiving a supplemental security income payment under title XVI (as in effect after December 31, 1971) and who would, except for such payment, be eligible for medical assistance under the State plan" after "State plan", and

(E) by striking out in subparagraph (B)(ii) of such section "not receiving aid or assistance under any such State plan" and inserting "under clause (i) of this subparagraph" in lieu thereof;

(4) by inserting in section 1902(a)(13)(B) "XV," after "XIV," and by inserting "who are described in paragraph (10) with respect to whom medical assistance must be made available," after "IV,";

(5)(A) by inserting in section 1902(a)(14)(A) "XV," after "XIV," by inserting "or, after December 31, 1973, are required to be covered under section 1902(a)(10)(A) or who meet the income and resources requirement as specified in such section," after "appropriate,", and

(B) by inserting in subparagraph (B) of such section "or who, after December 31, 1973, are included

under the State plan approved under title XIX, pursuant to section 1902(a)(10)(B)" after "appropriate";

(6)(A) by striking out "who are not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV," in the portion of section 1902(a)(17) which precedes clause (A) and inserting in lieu thereof "other than those described in paragraph (10) with respect to whom medical assistance must be made available,", and

(B) by striking out "permanently and totally" in clause (D) of such section;

(7) by striking out "permanently and totally" in section 1902(a)(18);

(8) by striking out "referred to in section 3(a)(4)(A) (i) and (ii) or section 1603(a)(4)(A) (i) and (ii)" in section 1902(a)(20)(C) and inserting in lieu thereof "which the State agency administering the plan approved under title XV or XVI determines to make available or, after December 31, 1973, which the agency administering the program of supplemental security income benefits under title XVI (as in effect after December 31, 1973) determines to make available";

(9) by striking out "406(a)(2)" in section 1902(b)(2) and inserting in lieu thereof "411(a)(1)(A)(ii)";

(10) by striking out section 1903(a)(1) "money payments" and inserting in lieu thereof "aid or assistance", by inserting "XV," immediately after "XIV,", and by inserting "or supplemental security income benefits under title XVI of such Act (as in effect after December 31, 1973)" after "title IV";

(11) by inserting "XV," after "XIV," and "or supplemental security income benefits under title XVI (as in effect after December 31, 1973)," after "XVI";

(12) by striking out section 1903(c);

(13) by inserting in section 1903(f)(4)(A), "XV," immediately after "XIV," and "or supplemental security income benefits under title XVI of such Act (as in effect after December 31, 1973)," after "title IV"; and

(14)(A) by inserting in the matter preceding clause (i) in section 1905(a), "XV," immediately after "XIV," and "or supplemental security income benefits under title XVI of such Act (as in effect after December 31, 1973)," after "title IV,",

(B)(i) by striking out "406(b)(1)" in clause (ii) of such section and inserting in lieu thereof "411(b)(1)", and

(ii) by striking out "406(a)(2)" in such clause and inserting "411(a)(1)(A)(ii)" in lieu thereof;

(C) by striking out clauses (iv) and (v) of such section and inserting in lieu thereof the following:

"(iv) blind as defined in section 1614(a)(2),

(v) 18 years of age or older and disabled as defined in section 1614(a)(3), or",

(D) by inserting in clause (vi) of such section "XV," immediately after "XIV," and "or supplemental security income benefits under title XVI (as in effect after December 31, 1973)," after title "IV", and

(E) by inserting in the second sentence of such section "XV," immediately after "XIV," and "or supplemental security income benefits under title XVI (as in effect after December 31, 1973)," after "XVI".

(b) Section 1902(f) (as added by section 209(c)(1) of this Act) is amended by inserting "supplemental security income payment under title XVI and" after "such individual's."

CONFORMING AMENDMENTS TO TITLE XV

SEC. 545. Section 1505(a)(2) of the Social Security Act is amended by striking out "sections 407(b) and 1607(b);" and inserting in lieu thereof "section 407(b) and titles VI or XVI, as the case may be;".

EFFECTIVE DATE

SEC. 546. The amendments made by this part shall become effective January 1, 1974.

PART E—PUBLIC ASSISTANCE AMENDMENTS

EFFECTIVE JANUARY 1, 1973

SEPARATION OF SOCIAL SERVICES NOT REQUIRED

SEC. 551. (a) Section 2(a)(10)(C) of the Social Security Act is amended by inserting "(using whatever internal organizational arrangement it finds appropriate for this purpose)" immediately after "provide a description of the services (if any) which the State agency makes available".

(b) Section 1002(a)(13) of such Act is amended by inserting "(using whatever internal organizational arrangement it finds appropriate for this purpose)" immediately after "provide a description of the services (if any) which the State agency makes available".

(c) Section 1402(a)(12) of such Act is amended by inserting "(using whatever internal organizational arrangement it finds appropriate for this purpose)" immediately after "provide a description of the services (if any) which the State agency makes available".

(d) Section 1602(a)(10) of such Act is amended by inserting "(using whatever internal organizational arrangement it finds appropriate for this purpose)" immediately after "provide a description of the services (if any) which the State agency makes available".

MANUALS AND POLICY ISSUANCES NOT REQUIRED WITHOUT CHARGE

SEC. 552. (a) Section 2(b) of the Social Security Act is amended by adding at the end thereof the following new sentence: "At the option of the State, the plan may provide that manuals and other policy issuances will be furnished to persons without charge for the reasonable cost of such materials, but such provision shall not be required by the Secretary as a condition for the approval of such plan under this title."

(b) Section 1002(b) of such Act is amended by adding immediately after the first sentence thereof the following new sentence: "At the option of the State, the plan may provide that manuals and other policy issuances will be furnished to persons without charge for the reasonable cost of such materials, but such provision shall not be required by the Secretary as a condition for the approval of such plan under this title."

(c) Section 1402(b) of such Act is amended by adding at the end thereof the following new sentence: "At the option of the State, the plan may provide that manuals and other policy issuances will be furnished to persons without charge for the reasonable cost of such materials, but such provision shall not be required by the Secretary as a condition for the approval of such plan under this title."

(d) Section 1602(b) of such Act is amended by adding immediately after the first sentence thereof the following new sentence: "At the option of the State, the plan may provide that manuals and other policy issuances will be furnished to persons without charge for the reasonable cost of such materials, but such provision shall not be required by the Secretary as a condition for the approval of such plan under this title."

EFFECTIVE DATE OF FAIR HEARING DECISION

SEC. 553. (a) Section 2(a)(4) is amended by—

(1) deleting "provide" and inserting in lieu thereof "provide (A)", and

(2) inserting immediately before the semicolon at the end thereof the following: ", and (B) that if the State plan is administered in each of the political subdivisions of the State by a local agency and such local agency provides a hearing at which evidence may be presented prior to a hearing before the State agency, such local agency may put into effect immediately upon issuance its decision upon the matter considered at such hearing".

(b) Section 1002(a)(4) is amended by—

(1) deleting "provide" and inserting in lieu thereof "provide (A)", and

(2) inserting immediately before the semicolon at the end thereof the following: ", and (B) that if the

State plan is administered in each of the political subdivisions of the State by a local agency and such local agency provides a hearing at which evidence may be presented prior to a hearing before the State agency, such local agency may put into effect immediately upon issuance its decision upon the matter considered at such hearing".

(c) Section 1402(a)(4) is amended by—

(1) deleting "provide" and inserting in lieu thereof "provide (A)", and

(2) inserting immediately before the semicolon at the end thereof the following: ", and (B) that if the State plan is administered in each of the political subdivisions of the State by a local agency and such local agency provides a hearing at which evidence may be presented prior to a hearing before the State agency, such local agency may put into effect immediately upon issuance its decision upon the matter considered at such hearing".

(d) Section 1602(a)(4) is amended by—

(1) deleting "provide" and inserting in lieu thereof "provide (A)", and

(2) inserting immediately before the semicolon at the end thereof the following: ", and (B) that if the State plan is administered in each of the political subdivisions of the State by a local agency and such local

agency provides a hearing at which evidence may be presented prior to a hearing before the State agency, such local agency may put into effect immediately upon issuance its decision upon the matter considered at such hearing".

(d) Section 1602(a)(4) is amended by—

(1) deleting "provide" and inserting in lieu thereof "provide (A)", and

(2) inserting immediately before the semicolon at the end thereof the following: ", and (B) that if the State plan is administered in each of the political subdivisions of the State by a local agency and such local agency provides a hearing at which evidence may be presented prior to a hearing before the State agency, such local agency may put into effect immediately upon issuance its decision upon the matter considered at such hearing".

ABSENCE FROM STATE FOR MORE THAN 90 DAYS

SEC. 554. (a) Section 6(a) of the Social Security Act is amended by adding at the end thereof the following new sentence: "At the option of a State (if its plan approved under this title so provides), such term need not include money payments to an individual who has been absent from such State for a period in excess of 90 consecutive days (regardless of whether he has maintained his residence in

such State during such period) until he has been present in such State for 30 consecutive days in the case of such an individual who has maintained his residence in such State during such period or 90 consecutive days in the case of any other such individual."

(b) Section 1006 of such Act is amended by adding at the end thereof the following new sentence: "At the option of a State (if its plan approved under this title so provides), such term need not include money payments to an individual who has been absent from such State for a period in excess of 90 consecutive days (regardless of whether he has maintained his residence in such State during such period) until he has been present in such State for 30 consecutive days in the case of such an individual who has maintained his residence in such State during such period or 90 consecutive days in the case of any other such individual."

(c) Section 1405 of such Act is amended by adding at the end thereof the following new sentence: "At the option of a State (if its plan approved under this title so provides), such term need not include money payments to an individual who has been absent from such State for a period in excess of ninety consecutive days (regardless of whether he has maintained his residence in such State during such period) until he has been present in such State for thirty consecutive days in the case of such an individual who has maintained his

residence in such State during such period or ninety consecutive days in the case of any other such individual."

(d) Section 1605(a) of such Act is amended by adding at the end thereof the following new sentence: "At the option of a State (if its plan approved under this title so provides), such term need not include money payments to an individual who has been absent from such State for a period in excess of ninety consecutive days (regardless of whether he has maintained his residence in such State during such period) until he has been present in such State for thirty consecutive days in the case of such an individual who has maintained his residence in such State during such period or ninety consecutive days in the case of any other such individual."

RENT PAYMENTS TO PUBLIC HOUSING AGENCY

SEC. 555. (a) Section 6(a) of the Social Security Act (as amended by section 554(a) of this Act) is further amended by—

(1) striking out "such term" in the last sentence thereof and inserting in lieu thereof "such term (i)", and

(2) adding immediately before the period at the end of such sentence the following: ", and (ii) may include rent payments made directly to a public housing agency on behalf of a recipient or a group or groups of recipients of assistance under such plan".

(b) Section 1006 of such Act (as amended by section 554(b) of this Act) is further amended by—

(1) striking out "such term" in the last sentence thereof and inserting in lieu thereof "such term (i)", and

(2) adding immediately before the period at the end of such sentence the following: ", and (ii) may include rent payments made directly to a public housing agency on behalf of a recipient or a group or groups of recipients of aid under such plan".

(c) Section 1405 of such Act (as amended by section 554(c) of this Act) is further amended by—

(1) striking out "such term" in the last sentence thereof and inserting in lieu thereof "such term (i)", and and

(2) adding immediately before the period at the end of such sentence the following: ", and (ii) may include rent payments made directly to a public housing agency on behalf of a recipient or a group or groups of recipients of aid under such plan".

(d) Section 1605(a) of such Act (as amended by section 554(d) of this Act) is further amended by—

(1) striking out "such term" in the last sentence thereof and inserting in lieu thereof "such term (i)", and

(2) adding immediately before the period at the end of such sentence the following: ", and (ii) may include rent payments made directly to a public housing agency

on behalf of a recipient or a group or groups of recipients of aid under such plan".

STATEWIDENESS NOT REQUIRED FOR SERVICES

SEC. 556. (a) Section 2(a) of the Social Security Act is amended by inserting "except to the extent permitted by the Secretary with respect to services," before "provide" at the beginning of paragraph (1).

(b) Section 1002(a) of such Act is amended by inserting "except to the extent permitted by the Secretary with respect to services," before "provide" at the beginning of clause (1).

(c) Section 1402(a) of such Act is amended by inserting "except to the extent permitted by the Secretary with respect to services," before "provide" at the beginning of clause (1).

(d) Section 1602(a) of such Act is amended by inserting "except to the extent permitted by the Secretary with respect to services," before "provide" at the beginning of paragraph (1).

SAFEGUARDING INFORMATION

SEC. 557. (a) Section 2(a)(7) of the Social Security Act is amended to read as follows:

"(7) provide safeguards which permit the use or disclosure of information concerning applicants or recipients only (A) to public officials who require such information in connection with their official duties, or (B)

to other persons for purposes directly connected with the administration of the State plan;".

(b) Section 1002(a)(9) of such Act is amended to read as follows:

"(9) provide safeguards which permit the use or disclosure of information concerning applicants or recipients only (A) to public officials who require such information in connection with their official duties, or (B) to other persons for purposes directly connected with the administration of the State plan;".

(c) Section 1402(a)(9) of such Act is amended to read as follows:

"(9) provide safeguards which permit the use or disclosure of information concerning applicants or recipients only (A) to public officials who require such information in connection with their official duties, or (B) to other persons for purposes directly connected with the administration of the State plan;".

(d) Section 1602(a)(7) of such Act is amended to read as follows:

"(7) provide safeguards which permit the use or disclosure of information concerning applicants or recipients only (A) to public officials who require such information in connection with their official duties, or (B) to other persons for purposes directly connected with the administration of the State plan;"

EFFECTIVE DATE

SEC. 558. The amendments made by the preceding provisions of this part shall become effective January 1, 1973.

LIMITATION ON FUNDS FOR CERTAIN SOCIAL SERVICES

SEC. 559. (a) Title XI of the Social Security Act is amended by adding at the end of part A thereof (as so designated by this Act) the following new section 1130 (or, if on the date of enactment of this Act there is in effect a section 1130 of the Social Security, such section is amended to read as follows):

"LIMITATION ON FUNDS FOR CERTAIN SOCIAL SERVICES

"SEC. 1130. (a) Notwithstanding the provisions of section 3(a) (4) and (5), 412(a)(3), 1003(a) (3) and (4), 1403(a) (3) and (4), 1505(a)(2), or 1603(a) (4) and (5), amounts payable for any fiscal year commencing with the fiscal year beginning July 1, 1972) under such section (as determined without regard to this section) to any State with respect to expenditures made after June 30, 1972 for services referred to in such section (other than the services provided pursuant to section 409(f), other than family planning services, and other than services described in section 412(a)(3)(C)(ii) or 412(a)(3)(E)(i)) shall be reduced by such amounts as may be necessary to assure that—

"(1) the total amount paid to such State (under all of such sections) for such fiscal year for such services

does not exceed the allotment of such State (as determined under subsection (b)); and

"(2) of the amounts paid (under all of such sections) to such State for such fiscal year with respect to such expenditures, other than expenditures for—

"(A) services provided to meet the needs of a child for personal care, protection, and supervision, but only in the case of a child where the provision of such services is needed (i) in order to enable a member of such child's family to accept or continue in employment or to participate in training to prepare such member for employment, or (ii) because of the death, continued absence from the home, or incapacity of the child's mother and the inability of any member of such child's family to provide adequate care and supervision for such child;

"(B) services provided to a mentally retarded individual (whether a child or an adult), but only if such services are needed (as determined in accordance with criteria prescribed by the Secretary) by such individual by reason of his condition of being mentally retarded;

"(C) services provided to an individual who is a drug addict or an alcoholic, but only if such services are needed (as determined in accordance with

criteria prescribed by the Secretary) by such individual as part of a program of active treatment of his condition as a drug addict or an alcoholic; and

"(D) services provided to a child who is under foster care in a foster family home (as defined in section 411(d)) or in a child-care institution (as defined in such section), or while awaiting placement in such a home or institution, but only if such services are needed (as determined in accordance with criteria prescribed by the Secretary) by such child because he is under foster care,

not more than 10 per centum thereof are paid with respect to expenditures incurred in providing services to individuals who are not recipients of aid, assistance, or payments (under State plans approved under titles I, X, XIV, XV, XVI, or part A of title IV), or applicants (as defined under regulations of the Secretary) for such aid, assistance, or payments.

"(b)(1) For each fiscal year (commencing with the fiscal year beginning July 1, 1973) the Secretary shall allot to each State an amount which bears the same ratio to $2,500,000,000 as the population of such State bears to the population of all the States.

"(2) The allotment for each State shall be promulgated for each fiscal year by the Secretary between July 1 and

August 31 of the calendar year immediately preceding such fiscal year on the basis of the population of each State and of all of the States as determined from the most recent satisfactory data available from the Department of Commerce at such time; except that the allotment for each State for the fiscal year beginning July 1, 1972, and the following fiscal year shall be promulgated at the earliest practicable date after the enactment of this section but not later than January 1, 1973.

"(c) For purposes of this section, the term 'State' means any one of the fifty States or the District of Columbia."

(b) The amendment made by subsection (a) shall become effective January 1, 1973.

(c) Effective January 1, 1974, section 1130(a) of the Social Security Act, as amended (or added) by this Act (as the case may be), is amended to read as follows:

"LIMITATION ON FUNDS FOR CERTAIN SOCIAL SERVICES

"SEC. 1130. (a) Notwithstanding the provisions of section 412(a)(3), 603(a), or 1505(a)(2), amounts payable for any fiscal year (commencing with the fiscal year beginning July 1, 1972) under such section (as determined without regard to this section) to any State with respect to expenditures made after June 30, 1972 for services referred to in such section (other than family planning services, and other than services described in section 412(a)(3)(C)(ii)

or 412(a)(3)(E)(i)) shall be reduced by such amounts as may be necessary to assure that—

"(1) the total amount paid to such State (under all of such sections) for such fiscal year for such services does not exceed the allotment of such State (as determined under subsection (b)); and

"(2) of the amounts paid (under all of such sections) to such State for such fiscal year with respect to such expenditures, other than expenditures for—

"(A) services provided to meet the needs of a child for personal care, protection, and supervision, but only in the case of a child where the provision of such services is needed (i) in order to enable a member of such child's family to accept or continue in employment or to participate in training to prepare such member for employment, or (ii) because of the death, continued absence from the home, or incapacity of the child's mother and the inability of any member of such child's family to provide adequate care and supervision for such child;

"(B) services provided to a mentally retarded individual (whether a child or an adult), but only if such services are needed (as determined in accordance with criteria prescribed by the Secretary)

by such individual by reason of his condition of being mentally retarded;

"(C) services provided to an individual who is a drug addict or an alcoholic, but only if such services are needed (as determined in accordance with criteria prescribed by the Secretary) by such individual as part of a program of active treatment of his condition as a drug addict or an alcoholic; and

"(D) services provided to a child who is under foster care in a foster family home (as defined in section 411(d)) or in a child-care institution (as defined in such section), or while awaiting placement in such a home or institution, but only if such services are needed (as determined in accordance with criteria prescribed by the Secretary) by such child because he is under foster care,

not more than 10 per centum thereof are paid with respect to expenditures incurred in providing services to individuals who are not recipients of aid or payments under State plans approved under title XV or part A of title IV or of supplemental security income benefits under title XVI, or applicants (as defined under regulations of the Secretary) for such aid, payments, or benefits.

"(b)(1) For each fiscal year (commencing with the

fiscal year beginning July 1, 1973) the Secretary shall allot to each State an amount which bears the same ratio to $2,500,000,000 as the population of such State bears to the population of all the States.

"(2) The allotment for each State shall be promulgated for each fiscal year by the Secretary between July 1 and August 31 of the calendar year immediately preceding such fiscal year on the basis of the population of each State and of all of the States as determined from the most recent satisfactory data available from the Department of Commerce at such time; except that the allotment for each State for the fiscal year beginning July 1, 1972, and the following fiscal year shall be promulgated at the earliest practicable date after the enactment of this section but not later than January 1, 1973.

"(c) For purposes of this section, the term 'State' means any one of the fifty States or the District of Columbia."

Amend the title of the bill to read as follows: "An Act to amend the Social Security Act, and for other purposes."

Passed the House of Representatives June 22, 1971.

Attest: W. PAT JENNINGS,

Clerk.

Calendar No. 1175

92D CONGRESS
2D SESSION

H. R. 1

[Report No. 92–1230]

AN ACT

To amend the Social Security Act to increase benefits and improve eligibility and computation methods under the OASDI program, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis on improvements in their operating effectiveness, to replace the existing Federal-State public assistance programs with a Federal program of adult assistance and a Federal program of benefits to low-income families with children with incentives and requirements for employment and training to improve the capacity for employment of members of such families, and for other purposes.

JUNE 28, 1971
Read twice and referred to the Committee on Finance

SEPTEMBER 26 (legislative day, SEPTEMBER 25), 1972
Reported with amendments

SOCIAL SECURITY AMENDMENTS OF 1972

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to consider H.R. 1, which will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 1) to amend the Social Security Act, to make improvements in the Medicare and Medicaid programs, to replace the existing Federal-State Public Assistance programs, and for other purposes.

Mr. LONG. Mr. President, H.R. 1, as reported by the Committee on Finance, represents the most massive revision of the social security laws that the Congress has ever undertaken. The bill as reported would increase Federal expenditures by more than $14 billion. This is in addition to the $8 billion across-the-board social security benefit increase enacted into law July 1 of this year. The size of the bill, some 1,000 pages and the size of the report, about 1,300 pages, give an indication of the amount of work that has gone into this bill. I believe that the committee's efforts on this bill are the equal of the legislative efforts of any committee at any time in U.S. history. During this Congress, the committee has held 20 days of public hearings on all aspects of social security and welfare, hearings which fill 3,700 pages of seven volumes. The committee has met in executive session almost continually since February of this year, with 69 executive sessions devoted to H.R. 1.

At this point, Mr. President, I might note that a copy of the committee report and a copy of the bill have not yet been placed on each Senator's desk. A copy of each will be placed on the desk of each Senator as soon as they are available from the printer. The delay has been caused by the large volume of work involved.

The bill is monumental in terms of legislative effort, and it is monumental in terms of cost. In addition to the $8 billion of social security benefits enacted earlier this year, H.R. 1 as reported by the Committee on Finance would raise social security cash benefits another $3½ billion. It is estimated that at least 10 million social security beneficiaries will be affected by these provisions of the committee bill, and another 900,000 persons will become entitled to benefits thanks to the bill.

Medicare benefits would rise $3 billion by 1974, due principally to extension of medicare coverage to the disabled and to the inclusion of payment for lifesaving drugs among the benefits provided under the program, 22 million medicare beneficiaries, including 2 million disabled persons, would benefit by the improved protection.

It is estimated that more than 5 million aged, blind, and disabled persons would receive supplementary security income under the bill, which would set a Federal minimum guaranteed income at an added cost of $3 billion in 1974.

But perhaps the most significant features of the bill are those seeking to reform the program of aid to families with dependent children. The committee bill offers a bold new approach to the problem of increasing dependency under this program. Under the committee bill, if the family is headed by a father or if it is headed by a mother whose youngest child has reached school age, the family would not be eligible to receive its basic income from welfare but instead would be given an opportunity to become independent through employment, including a guaranteed job and substantial economic incentives to move into regular jobs. The cost of this new guaranteed job program would be borne entirely by the Federal Government, and its cost together with the substantial increase in Federal funds for the remaining AFDC program would amount to an estimated increase of more than $4 billion, in Federal expenditures in 1974, with more than half of this amount—over $2 billion—representing

increased income to low-income working families.

AIMS OF COMMITTEE BILL

When a bill is as complicated as H.R. 1 and deals with so many complicated issues affecting as many programs as H.R. 1 does, it is difficult to characterize its aims in just a few categories. But most of the committee's actions on the bill do fit within these few broad purposes:

First. To reward work effort for those who can be expected to work;

Second. To improve the lives of children;

Third. To assist those who cannot work because of age, blindness, or disability;

Fourth. To assure program integrity through administrative control where this has been shown to be needed; and

Fifth. To provide fiscal relief to the States and to give them more latitude to run their own programs.

REWARDING WORK EFFORT FOR THOSE WHO CAN WORK

When people look at the rapid growth in welfare in recent years, their concern is primarily with the program of aid to families with dependent children. The number of recipients under this program has more than doubled since January 1968, and the need to pay for AFDC has forced States to shift funds into welfare that would otherwise go for education, health, and housing and other pressing social needs.

The rising AFDC rolls show that there are many children who are needy in this country. But more importantly from the standpoint of social policy, the rising rolls show an alarming increase in dependency on the taxpayer. The proportion of children in this country who are receiving AFDC has risen sharply, from 3 percent in the midfifties to 9 percent today. This means that an increasing number of families are becoming dependent on welfare and staying dependent on welfare.

A major cause of the growth of AFDC is increasing family breakup and increasing failure to form families in the first place. Births out of wedlock, particularly to teenage mothers, have increased sharply in the past decade.

Several generations ago, before there was any AFDC program, poor families improved their economic conditions by taking advantage of this country's opportunities through a commitment to work, and through the strengthening and maintenance of family ties. The social compassion that gave rise to the AFDC program—particularly in those States in which benefit levels are highest—appears to have had the effect of undermining these routes to economic betterment, with dismal consequences, particularly for the poor on welfare themselves. The House bill, with the major expansion of welfare it contemplates, would move a giant step further along a road that has proven so unsuccessful up to now.

But another approach is possible to improving the lives of low-income families. As President Nixon has stated:

In the final analysis, we cannot talk our way out of poverty; we cannot legislate our way out of poverty; but this Nation can work its way out of poverty. What America needs now is not more welfare, but more "workfare" a new work-rewarding program.

The committee agrees with the President that work should be rewarded and its value to the worker increased. Under the committee bill, over $2 billion in additional income would be paid to low-income working persons in 1974. A number of other provisions are included in the committee bill which reflect the committee's aim of increasing the benefits of working.

TEN PERCENT WORK BONUS

Low-income workers in regular employment who head families would be eligible for a work bonus equal to 10 percent of their wages taxed under the social security—or railroad retirement—program if the annual income of the husband and wife is $4,000 or less. For families where the husband's and wife's annual income exceeds $4,000, the work bonus would be equal to $400 minus one-fourth of the amount by which their income exceeds $4,000. The work bonus, administered by the Internal Revenue Service, would cost about $1 billion in 1974, and would provide work bonus payments to about 5 million families.

WAGE SUPPLEMENT

Persons in jobs not covered by the Federal minimum wage law, in which the employer paid less than $2 per hour but at least $1.50 per hour, would be eligible for a wage supplement. Any employee who is the head of a household with children and who is working in one of these jobs would be eligible for a wage supplement equal to three-quarters of the difference between what the employer pays him and $2 per hour—for up to 40 hours a week. Thus if an employer pays a wage of $1.50 an hour, the Federal subsidy would amount to 38 cents an hour, three-quarters of the 50-cent difference between $1.50 and $2. In addition, the 15-cent work bonus the employee receives would bring the value of working 1 hour from the $1.50 presently paid by the employer up to $2.03. No supplement would be paid if the employer reduced the pay for the job; no jobs presently paying the minimum wage would be downgraded under the committee bill, and the minimum wage law itself would not be affected.

GUARANTEED JOB OPPORTUNITY

Since welfare programs are based on need as measured by income, decreased work effort results in a higher welfare benefit. This is not the case under the work bonus or the wage supplement under the committee bill, which are directly related to work effort. Similarly, the third basic feature of the committee's employment program rewards work efforts directly. This third element is the provision of a guaranteed job opportunity for persons not able to find employment in a regular job. Persons considered to be employable—able-bodied male heads of families, as well as mothers with school-age children only—would no longer be eligible to receive their basic income under the welfare system that has failed both them and society, but instead would be guaranteed an opportunity to earn $2,400 a year. An individual could work up to 32 hours a week at $1.50 per hour and would be paid on the basis of hours worked. A woman with school-age children would not be required to be away from home during hours that the children are not in school, unless child care is provided. She may be asked, however, in order to earn her wage, to provide afterschool care to children other than her own during the hours she is at home.

Unlike the present welfare program and the House-passed bill, the committee bill would not penalize participants for outside employment. An individual who is able to find part-time employment in addition to hours worked in the guaranteed job will be able to keep 100 percent of his or her earnings with no reduction in the wages earned in the guaranteed job.

STATE SUPPLEMENTATION

To assure that the work incentives proposed under the committee bill are not undermined by State welfare programs, the committee bill would require States with welfare benefits of more than $200 monthly to supplement wages earned by families headed by women participating in the employment program. Furthermore, in determining the amount of the supplementary payment, the State would not be permitted to reduce the payment on account of any earnings between $200 a month and $375 a month—the amount an employee would earn, including the work bonus, working 40 hours a week at $2 an hour—to insure that the incentive system of the committee bill is preserved.

FOOD STAMPS

Individuals participating in the employment program would not be eligible to participate in the food stamp program. However, States would be reimbursed the full cost of adjusting any supplementary benefits they might decide to give to participants so as to make up for the loss of food stamp eligibility. In order to avoid having States provide assistance to an entirely new category of recipient not now eligible for federally shared aid to families with dependent children, the committee provided that the Work Administration, which administers the guaranteed job program, would pay families headed by an able-bodied father the amount equal to the value of food stamps, but only to the extent that the State provides cash instead of food stamps for families which are now in the aid to families with dependent children category.

CHILD CARE

Lack of availability of adequate child care represents perhaps the greatest single obstacle in the efforts of poor families, especially those headed by a mother, to work their way out of poverty. It also represents a hindrance to other mothers in families above the poverty line who wish to seek employment for their own self-fulfillment or for the improvement of their family's economic status. The committee bill incorporates a new approach to the problem of expanding the supply of child care services and improving the quality of these services through the establishment of a Bureau of Child Care within the Work Administration. In addition to arranging to make child care available, the committee bill would authorize appropriations to subsidize the

cost of child care for low-income working mothers.

OTHER SUPPORTIVE SERVICES

Services needed to continue in employment, including family planning services, would be provided participants in the employment program by the Work Administration.

MEDICAL CARE

Under the committee bill, families participating in the employment program who would be eligible for medicaid except for their earnings from employment would remain eligible for medicaid for 1 year. At that time they could choose to continue their medicaid coverage by paying a premium equal to 20 percent of their income—excluding work bonus payments—in excess of $2,400 annually. Families participating in the employment program who would be ineligible in any case for medicaid could also voluntarily elect to receive medicaid benefits by paying a premium equal to 20 percent of their income—including work bonus payments—above $2,400. The committee bill includes an estimated $200 million in additional Federal payments representing the difference between the value of health care received by these working persons and the cost of the premiums they would actually pay.

TRANSPORTATION ASSISTANCE

The committee recognizes that a major reason for jobs going unfilled in metropolitan areas is the difficulty individuals face in getting to the job. The committee bill would authorize the Work Administration to arrange for transportation assistance where this is necessary to place its employees in regular jobs.

DEVELOPING JOBS

In order to develop job opportunities in the private sector, the committee bill would extend—in a modified form—the present tax credit, for employers who hire participants in the work incentive program, to employers who hire persons in guaranteed employment. In order to create additional employment opportunities, the committee bill would extend the credit to private persons hiring participants.

SPECIAL MINIMUM BENEFIT FOR LONG-TERM WORKERS UNDER SOCIAL SECURITY

For longtime low-income workers, the committee bill contains a provision guaranteeing a minimum social security benefit equal to $10 per year for each year in covered employment in excess of 10 years. Thus, a worker with 30 years of covered employment would be assured of a social security benefit of at least $200 a month; the minimum payment to a couple would be $300 a month. A worker retiring in 1972 who has worked all his life at the Federal minimum wage applicable during his employment would be eligible for a monthly benefit of about $160 today. Under the committee bill, his benefit would be increased 25 percent to $200, well above the poverty level. Thus, the committee bill would achieve the original aim of the Social Security Act of 1935, to provide regular long-term workers with an income that would free them from dependency on welfare. Under this provision of the committee bill, an estimated 700,000 persons would get increased benefits beginning next January, and $152 million in additional benefits would be paid in the first full year.

INCREASE IN THE EARNINGS LIMIT

Under the committee bill, the amount that a social security beneficiary under age 72 may earn in a year and still be paid full social security benefits for the year would be increased from the present $1,680 to $2,400. For each $2 of earnings above $2,400, benefits would be reduced by $1. An estimated 1.2 million beneficiaries would receive higher benefit payments under this provision, and 550,000 persons would become entitled to benefits for the first time. About $1.1 billion in additional benefits would be paid in 1974.

INCREASED BENEFITS FOR DELAYED RETIREMENT

The House bill provides for an increase in social security benefits of 1 percent for each year after age 65 that an individual fails to receive social security benefits because he continues to work instead of retiring. The House bill would apply only to persons beginning to receive social security after the enactment of H.R. 1. The committee felt that the principle of increasing benefits for delayed retirement should apply as well to persons already receiving social security. Under the committee bill, 5 million persons would get increased benefits totaling about $200 million in the first year.

INCOME DISREGARD FOR LOW-INCOME AGED, BLIND, AND DISABLED PERSONS

Under present law, each dollar of social security benefits received generally reduces welfare payments by $1. The committee felt that persons receiving social security should receive an economic benefit for the taxes that they paid when they worked to earn entitlement to social security benefits. Accordingly, under the new supplemental security income program in the committee bill, aged, blind, and disabled persons who receive social security would be assured a minimum monthly income of at least $180 for an individual and $245 for a couple—as compared with $130 and $195 for individuals and couples with no income other than supplemental security income. In addition to providing a monthly disregard of $50 of social security or other income, the committee approved an additional disregard for aged, blind, or disabled persons of $85 of earned income plus one-half of any earnings above $85. This will enable those persons who are able to do some work to do so without suffering a totally offsetting reduction in their supplemental security income.

IMPROVING THE LIVES OF CHILDREN

The program of aid to families with dependent children began and remains a program to help needy children; the basis of eligibility for AFDC payments was and remains the presence of a child. The committee bill seeks to improve the lives of children in a number of areas: by providing a higher income for low-income working families with children; by providing for improved health care; by arranging for better child care; by increasing support for child welfare services designed to strengthen family life and to keep the family together; by supporting foster care for children when the child's home is not suitable; by arranging for protective payments to insure that funds are used in the best interests of the child; by providing a mechanism to insure the child's right to have the paternity of his father established and to obtain support payments; and by making special provision for emergency assistance to children in families of migrant workers.

HIGHER INCOME FOR WORKING FAMILIES

The provisions of the committee bill outlined in the preceding section show how the committee bill would provide more than $2 billion, in additional income to low-income working families. In addition, ending the cycle of dependency that now links generation to generation is a major goal of the committee bill, and one which should have a profound effect on the lives of children.

HEALTH CARE FOR CHILDREN

Under the committee bill several million low-income working persons now eligible for Government health benefits would be eligible to buy subsidized health care protection for their families. Their premium, equal to 20 percent of their income—excluding work bonus payments—in excess of $2,400 annually, would pay part of the cost of this protection, with the Federal Government paying the remaining $200 million in estimated cost. Some million children not now covered under the medicaid program could receive health protection under this provision if their parents elect coverage.

Another provision of the committee bill extends for 2 years the program of special project grants for maternal and child health. The project grant program has been utilized primarily to bring comprehensive health care to children of low-income families in urban areas.

In 1967 the Congress required that States begin screening all children under age 21 for handicapping conditions. States have failed to meet this requirement, and HEW regulations require States to provide health care screening only to children under age 6. The committee added a provision to the bill reiterating that screening services must be provided to all eligible children between ages of 7 and 21 by July 1, 1973. To insure that children receive the screening the Congress intends, the committee provision would reduce Federal grants for AFDC by 2 percent beginning July 1, 1974, if a State fails to inform parents receiving AFDC or participating in the employment program of the availability of child health screening services; to actually provide or arrange for such services; or to arrange for or refer for appropriate corrective treatment, the children disclosed by such screening as suffering illness or impairment.

MEDICAID COVERAGE OF MENTALLY ILL CHILDREN

Under present law, Federal matching fo rthe treatment of mentally ill persons under the medicaid program is limited to persons 65 years of age or older. The committee bill would for the first time extend Federal financial participation to inpatient care in mental institutions for children eligible for medicaid. Federal matching would only apply if the care consisted of a program of active treatment, was provided in an accredited

medical institution, and provided that the State maintains the level of expenditures it is now making for mentally ill children.

CHILD CARE

The committee bill will significantly improve the care that thousands of children receive while their parents work. Care provided under the committee bill will have to meet Federal standards designed to assure that adequate space, staffing, and health requirements are made. In addition, facilities used will have to meet the life safety code of the National Fire Protection Association.

PROTECTION OF CHILDREN

The committee bill would require, rather than merely permit, States to assure that welfare payments are being used in the best interests of the children for whom they are intended. When a welfare agency has reason to believe that the aid to families with dependent children payments are not being used in the best interests of the child, it must provide counseling and guidance services so that the mother will use the payments in the best interests of the child. This failing, the agency must make protective payments to a third party who will use the funds for the best interests of the child.

Failure to pay rent leads to eviction and disruption of a child's life. The committee therefore provided that if the parent of a child receiving AFDC has failed to make rent payments for 2 consecutive months, the welfare agency may, depending on the circumstances of the case, make a rent payment directly to the landlord if he agrees to accept the amount actually allowed for shelter by the State as total payment for the rent.

Under the employment program, mothers in families with no children under age 6 would generally be ineligible to receive their basic income from the aid to families with dependent children program. It is possible that a few mothers will ignore the welfare of their children and refuse to take advantage of the employment opportunity. To prevent the children from suffering because of such neglect, the Work Administration would be authorized to make payment to the family for up to 1 month if the mother is provided counseling and other services aimed at persuading her to participate in the employment program. Following this, the mother would either have to be found to be incapacitated under the Federal definition—that is, unable to engage in substantial gainful employment—with mandatory referral to vocational rehabilitation agency; or, if she is not found to be incapacitated, the State would arrange for protective payments to a third party to insure that the needs of the children are provided for.

CHILD WELFARE SERVICES

The committee bill would increase the annual authorization for Federal grants to the States for child welfare services to $200 million in fiscal year 1973, rising to $270 million in 1977 and thereafter. These figures compare with a $46 million appropriation in 1972. While it is expected that a substantial part of any increased appropriation under this higher authorization will go toward meeting the cost of providing foster care, the committee carefully avoided earmarking amounts specifically for foster care so that wherever possible States and counties can use the additional funds to expand preventive child welfare services with the aim of helping families stay together, thus avoiding the need for foster care. The additional funds can also be used for adoption services, including action to increase adoption of hard-to-place children.

The committee bill also provides for establishing a national adoption information exchange system designed to assist in the placement of children awaiting adoption and to make it easier for parents wishing to adopt children to do so.

CHILD SUPPORT

Family breakup and failure to form families in the first place are major factors in the very rapid growth in the AFDC rolls in recent years. New provisions were written into the law in 1967 which unfortunately have proven ineffective in stemming the trend. The committee believes that an effective mechanism for assuring that fathers meet their obligation to support their children, in addition to the immediate effect of reducing welfare costs, will provide a strong deterrent to fathers who might otherwise desert—a deterrent that will keep families intact and will thus have a significant impact on improving the lives of children in the families.

Under this mechanism a mother, as a condition of eligibility for welfare, would assign her right-of-support payments to the Government. Under the leadership of the Attorney General, States would establish programs of obtaining child support—including the determination of paternity where this is necessary. State expenses for the collection unit established under the committee bill would be provided 75 percent Federal matching instead of 50 percent as under present law. Any information held by the Internal Revenue Service, the Social Security Administration, or other Federal agency would be available to help locate the absent father. This location service could be used by any mother seeking support from a deserting father, even if the family does not receive welfare.

The State collection unit would generally find it desirable to encourage the father to reach a voluntary agreement for making regular support payments. Where the voluntary approach is not successful, the committee bill provides for stronger legal remedies including the collection mechanisms available to the Federal Government such as the use of the Internal Revenue Service to garnishee the wages of the absent parent. The welfare payments to the family would serve as the basis of a continuing monetary obligation of the deserting parent to the United States.

If the civil action to obtain support payments is unsuccessful, the committee bill provides for Federal criminal penalties for an absent parent who has not fulfilled his obligation to support his family when the family receives welfare payments in which the Federal Government participates.

CHILD'S RIGHT TO HAVE PATERNITY ESTABLISHED

The committee believes that a child born out of wedlock has a right to have his paternity ascertained in a fair and efficient manner and that society should act on the child's behalf to establish paternity even where this conflicts with the mother's short-term interests. As part of its comprehensive approach to obtain child support, the committee bill includes several provisions designed to lead to a more effective system of establishing paternity.

First, a father not married to the mother of his child would be required to sign an affidavit of paternity if he agreed to make support payments voluntarily in order to avoid court action. Most States do not permit initiation of paternity actions more than 2 or 3 years after the child's birth; the affidavit would serve as legal evidence of paternity in the event that court action for support should later become necessary.

Second, there is evidence that blood-typing techniques have developed to such an extent that they may be used to establish evidence of paternity at a level of probability acceptable for legal determinations. Moreover, if blood grouping is conducted expertly, the possibility of error can all but be eliminated. Therefore, the committee adopted a provision to authorize and direct the Department of Health, Education, and Welfare to establish or arrange for regional laboratories that can do blood typing for purposes of establishing paternity, so that the State agencies and the courts would have this expert evidence available to them in paternity suits. No requirement would be made in Federal law that blood tests be made mandatory. The services of the laboratories would be available with respect to any paternity proceeding, not just a proceeding brought by, or for, a welfare recipient.

EMERGENCY ASSISTANCE TO MIGRANT FAMILIES WITH CHILDREN

Under existing law, emergency assistance may, at the option of the States, be provided to needy families in crisis situations, and it may be provided either statewide or in part of the State. Emergency assistance programs have been adopted in about half of the States, and they receive 50 percent Federal matching. Under the law, assistance may be furnished for a period not in excess of 30 days in any 12-month period in cases in which a child is without available resources and the payments, care, or services involved are necessary to avoid destitution of the child or to provide living arrangements for the child. The committee bill requires that all States have a program of emergency assistance to migrant families with children; requires that the program be statewide in application; and provides 75 percent Federal matching for emergency assistance to migrant families.

SOCIAL SECURITY PROVISIONS RELATED TO BENEFITS FOR CHILDREN

The committee bill contains several provisions related specifically to children's benefits, which would: Extend social security coverage to certain grandchildren not adopted by their grandparents; provide childhood disability bene-

fits if the disability began before age 22 rather than before age 18 as under present law; and liberalize the eligibility requirements for children adopted by social security beneficiaries.

AIDING AGED, BLIND, AND DISABLED PERSONS

The committee continues to place primary reliance on the social security system to provide income to aged, blind, and disabled persons, and as in the past considers it appropriate for workers to contribute during their productive working years as they build up entitlement to retirement, disability, and survivor benefits. The social security program has succeeded remarkably well in its original intention of replacing old age assistance. The proportion of aged persons receiving social security has mounted steadily since 1940 until the program is now nearly universal, while at the same time the proportion of the aged population receiving welfare has declined from 23 percent of the elderly 30 years ago to 10 percent today. Building on the 20 percent benefit increase already enacted into law, the committee bill would create a new supplemental security income program, administered by the Social Security Administration, which would set a Federal guaranteed minimum income level for aged, blind, and disabled persons, with higher incomes guaranteed for those entitled to social security benefits.

BENEFITS FOR WIDOWS

The committee bill would provide benefits for a widow equal to the benefit her deceased husband would have received if he were still living. Under the bill, a widow who begins receiving benefits at age 65 or after would receive 100 percent rather than 82½ percent of the amount her deceased husband was receiving at his death, or the amount he would have received if he had begun getting benefits at age 65. Under this provision, $1 billion in additional benefits would be paid to 3,800,000 persons in 1974.

EXTENSION OF MEDICARE TO THE DISABLED

The major provision in the committee bill affecting blind and disabled social security beneficiaries would extend medicare coverage to 1,700,000 disabled social security beneficiaries at a cost of $1 billion in the first full year for hospital insurance and $350 million for supplementary medical insurance.

REDUCTION IN WAITING PERIOD FOR DISABILITY BENEFITS

Under present law, an individual must be disabled throughout a full 6-month period before he may be paid disability insurance benefits. Under the committee bill, the waiting period would be reduced 2 months to a 4-month period. An estimated 950,000 beneficiaries would become entitled to $274 million in additional benefits under this provision in 1974.

DISABILITY BENEFITS FOR THE BLIND

The committee bill substantially liberalizes the provisions of present law relating to blind persons. In particular, the committee bill would make blind persons with at least six quarters of coverage eligible for disability benefits, and permit blind persons to qualify for benefits regardless of their capacity to work and whether they are working.

COVERAGE OF DRUGS UNDER MEDICARE

The cost of outpatient prescription drugs represents a major item of medical expense for many older people, especially those suffering from chronic conditions. The cost of such drugs are not presently covered under the medicare program. The committee bill would cover under the medicare program the cost of certain specified drugs purchased on an outpatient basis which are necessary in the treatment of the most common crippling or life-threatening chronic disease conditions of the aged. Beneficiaries would pay $1 toward the cost of each prescribed drug included in the reasonable cost range for the drug involved.

LIMITING THE PREMIUM FOR SUPPLEMENTARY MEDICAL INSURANCE

During the first 5 years of the supplementary medical insurance program it has been necessary to increase the monthly premium almost 100 percent—from $3 per person in July 1966, to a $5.80 rate in July 1972. The Government pays an equal amount from general revenues. This increase and projected future increases represent an increasingly significant financial burden to the aged living on incomes which are not increasing at a similar rate.

The committee bill would limit the premium increase to not more than the percentage by which the social security cash benefits had been generally increased since the last premium adjustment. Costs above those met by such premium payments would be paid out of general revenues in addition to the regular general revenue matching.

MEDICARE COVERAGE FOR SPOUSES AND SECURITY BENEFICIARIES UNDER AGE 65

Under present law, medicare coverage is restricted to person age 65 and over, but persons age 60 through 64—including retired workers, their spouses, widows, or parents—find it difficult to obtain adequate private health insurance at a rate which they can afford. The committee bill would make medicare protection available at cost to spouses age 60 to 64 of medicare beneficiaries and to other persons age 60 to 64 entitled to benefits under the Social Security Act.

EXTENDED CARE FACILITIES AND SKILLED NURSING FACILITIES

Serious problems have arisen with respect to defining and providing the skilled nursing home benefit under medicaid and the extended care benefit under medicare. To remedy these problems, the committee bill would establish a single definition and set of standards for extended care facilities under medicare and skilled nursing homes under medicaid. The bill also redefines the medicare extended care benefit to make it more equitable and suitable to the posthospital needs of older citizens, as well as to avoid the problem of retroactive denials of coverage. Additionally, by July 1, 1974, States would be required to have proper cost finding systems whereby skilled nursing and intermediate care facilities would be reimbursed under medicaid on a reasonable cost-related basis. To assure compliance with statutory requirements as to conditions of safety and quality of care, the Secretary of Health, Education, and Welfare would have final authority to certify facilities for participation in both medicare and medicaid.

WAIVER OF BENEFICIARY LIABILITY FOR CERTAIN DISALLOWED MEDICARE CLAIMS

Under present law, whenever a medicare claim is disallowed, the ultimate liability for services rendered falls upon the beneficiary. Under the committee bill, a beneficiary could be "held harmless" in certain situations where claims were disallowed, but where the beneficiary was without fault. In such situations, the liability would shift either to the Government or to the provider of services—dependent upon whether, for example, the provider exercised due care in applying medicare policy.

PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS

Certain large medical care organizations seem to make the delivery of medical care more efficient and economical at times, than the medical care community at large.

Medicare does not currently pay these comprehensive programs on an incentive capitation basis, and consequently any financial incentives to economical operation in such programs have not been incorporated in medicare.

The committee bill provides the potential for greater usage of these organizations, with qualified organizations being eligible for incentive reimbursement. The committee bill includes provisions designed to assure that only health maintenance organizations with a capacity to provide care of proper quality would be eligible to participate under the incentive reimbursement approach. These provisions are designed primarily to protect medicare beneficiaries and to avoid indiscriminate expenditure of public trust funds.

PROTECTING AGED, BLIND, AND DISABLED WELFARE RECIPIENTS FROM LOSS OF MEDICAID ELIGIBILITY

The committee bill includes a provision to assure that aged, blind, and disabled welfare recipients who are currently eligible for medicaid will not lose their eligibility for medicaid benefits solely because of the recent 20 percent social security benefit increase. The amendment will protect about 180,000 aged, blind, and disabled welfare recipients against loss of this valuable protection.

SUPPLEMENTARY SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED

Under present law, aged, blind, and disabled persons are eligible for welfare benefits under the various State assistance programs, with the State setting the payment levels. The committee bill would substitute instead a new federally administered program of supplemental security income for aged, blind, and disabled persons. Under this program, aged, blind, and disabled individuals would be assured a monthly income of at least $130 or an individual or $195 for a couple. In addition the committee bill would provide that the first $50 of social security or other income would not cause any reduction in amount

of the supplementary security income payment.

As a result, aged, blind, and disabled persons who also have monthly income from social security or other sources—which are not need related—of at least $50 would, under the committee bill, be assured total monthly income of at least $180 for an individual or $245 for a couple.

USE OF TRUST FUNDS FOR REHABILITATION

Under present law, up to 1 percent of the amount of social security trust funds paid to disabled beneficiaries in the prior year may be used to pay for the costs of rehabilitating disabled beneficiaries. In order to provide additional funds for rehabilitating these disabled persons, the committee bill would increase by 50 percent the percentage of the trust funds which could be used for rehabilitation.

REHABILITATION OF ALCOHOLICS AND ADDICTS

The committee is particularly concerned that persons who are disabled because of alcoholism or drug addiction be provided rehabilitative services under a program of active treatment rather than simply being provided income with which to support their addiction or alcoholism. Accordingly, alcoholics and drug addicts under the committee bill would be able to receive maintenance payments only as part of a program of active treatment.

IMPROVING PROGRAM INTEGRITY AND ENHANCING QUALITY OF CARE

The committee bill includes a number of provisions designed to improve administrative control and quality of care assurance in the medicare and medicaid programs and to restore the integrity of the welfare programs.

ESTABLISHMENT OF PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS

The committee has found susbtantial indications that a significant amount of health services paid for under the medicare and medicaid programs would not be found medically necessary under appropriate professional standards. In some instances, the services provided are of unsatisfactory professional quality.

The committee bill would establish professional standards review organizations, sponsored by organizations representing substantial numbers of practicing physicians in local areas, to assume responsibility for comprehensive and ongoing review of services covered under the medicare and medicaid programs. The purpose of the amendment would be to assure proper utilization of care and services provided in medicare and medicaid utilizing a formal professional mechanism representing the broadest possible cross section of practicing physicians in an area. Appropriate safeguards are included so as to adequately provide for protection of the public interest and to prevent pro forma assumption in carrying out of the important review activities in the two highly expensive programs. The amendment provides discretion for recognition of and use by the PSRO of effective utilization review committees in hospitals and medical organizations.

Mr. President, at this point I particularly wish to pay tribute to the statesmanship, the diligence, and the patience of the Senator from Utah (Mr. BENNETT), and for the many constructive suggestions he made in every phase of the bill, including its workfare aspects, which bear his mark as much as that of any member of the committee, as does almost everything in the bill.

This particular provision on peer review, however, is one which he had the courage to sponsor and to educate the public on, as well as the doctors and officials, to the point that today this proposal has general acceptance, whereas in the beginning there was strong opposition to it, and great fears, which in my judgment have been largely resolved. It is my judgment that any fears remaining on the part of doctors or others will prove to be groundless, as most of those in the past have been.

INSPECTOR GENERAL FOR MEDICARE AND MEDICAID

There is at present no independent reviewing mechanism charged with specific responsibility for ongoing and continuing review of medicare and medicaid in terms of the efficiency and effectiveness of program operations and compliance with congressional intent. While HEW's Audit Agency and the General Accounting Office have done helpful work, there is a need for day-to-day monitoring conducted at a level which can promptly call the attention of the Secretary and the Congress to important problems and which has authority to remedy some of these problems in timely, effective, and responsible fashion.

The committee bill would create the Office of Inspector General for Health Administration in the Department of Health, Education, and Welfare. The Inspector General would be appointed by the President, would report to the Secretary, and would be responsible for reviewing and auditing the social security health programs on a continuing and comprehensive basis to determine their efficiency, economy, and consonance with the statute and congressional intent.

LIMITATIONS ON COVERAGE OF COSTS UNDER MEDICARE

The committee bill authorizes the Secretary to establish limits on overall direct or indirect costs which will be recognized as reasonable for comparable services in comparable facilities in an area. He may also establish maximum acceptable costs in such facilities with respect to items or groups of services—for example, food costs, or standby costs.

The beneficiary is liable for any amounts determined as excessive—except that he may not be charged for excessive amounts in a facility in which his admitting physician has a direct or indirect ownership interest. The Secretary is required to give public notice as to those facilities where beneficiaries may be liable for payment of costs determined as not necessary to efficient patient care.

LIMITATION ON PREVAILING CHARGE LEVELS

Under the present reasonable charge policy, medicare pays in full any physician's charge that falls within the 75th percenitle of customary charges in an area. However, there is no limit on how much physicians, in general, can increase their customary charges from year to year and thereby increase medicare payments and costs.

The committee bill recognizes as reasonable, for medicare reimbursement purpose only, those charges which fall within the 75th percentile. Starting in 1973, increases in physician's fees allowable for medicare purposes, would be limited by a factor which takes into account increased costs of practice and the increase in earnings levels in an area.

With respect to reasonable charges for medical supplies and equipment, the amendment would provide for recognizing only the lower charges at which supplies of similar quality are widely available.

PUBLIC DISCLOSURE OF INFORMATION REGARDING DEFICIENCIES

Physicians and the public are currently unaware as to which hospitals, extended care faciilties, skilled nursing homes, and intermediate care facilities have deficiencies and which facilities fully meet the statutory and regulatory requirements. This operates to discourage the direction of physician, patient, and public concern toward deficient facilities, which might encourage them to upgrade the quality of care they provide to proper levels.

Under the bill the Secretary of Health, Education, and Welfare would be required to make reports of an institution's significant deficiencies or the absence thereof—such as deficiencies in the areas of staffing, fire safety, and sanitation—a matter of public record readily and generally available at social security district offices. Following the completion of a survey of a health care facility or organization, those portions of the survey relating to statutory requirements as well as those additional significant survey aspects required by regulations relating to the capacity of the facility to provide proper care in a safe setting would be matters of public record.

LIMITATION ON FEDERAL PAYMENTS UNDER MEDICARE AND MEDICAID FOR DISAPPROVED CAPITAL EXPENDITURES

A hospital or nursing home can, under present law, make large capital expenditures which may have been disapproved by the State or local health care facilities planning council and still be reimbursed by medicare and medicaid for capital costs—depreciation, insert on debt, return on net equity—associated with that expenditure.

The committee bill would prohibit reimbursement to providers under the medicare and medicaid programs for captial costs associated with expenditures of $100,000 or more which are specifically determined to be inconsistent with State or local health facility plans.

DETERMINING ELIGIBILITY FOR WELFARE

Generally speaking, the usual method of determining eligibility for public assistance has involved the verification of information provided by the applicant for assistance through a visit to the applicant's home and from other sources. For persons found eligible for assistance,

redetermination of eligibility is required at least annually, and similar procedures are followed.

The Department of Health, Education, and Welfare has required States to use a simplified or declaration method for aid to aged, blind, and disabled, and has strongly urged that this method be used in the program of aid to families with dependent children. The simplified or declaration method provides for eligibility determinations to be based to the maximum extent possible on the information furnished by the applicant and without routine interviewing of the applicant and without routine verification and investigation by the caseworker. The committee bill precludes the use of the declaration method by law. It also explicitly authorizes the States in the statute to examine the application or current circumstances and promptly make any verification from independent or collateral sources necessary to insure that eligibility exists. The Secretary could not, by regulation, limit the State's authority to verify income or other eligibility factors.

RECOUPING OVERPAYMENTS

In 1970, the Supreme Court ruled that welfare payments could not be terminated before a recipient is afforded an evidentiary hearing. The Health, Education, and Welfare regulations based on the Court's decision permit the recipient to delay the hearing in order to continue to receive welfare payments long after he has become ineligible. Other regulations virtually preclude recovering overpayments.

The committee bill deals with this situation by requiring State welfare agencies to reach a final decision on the appeal of an AFDC recipient within thirty days following the day the recipient was notified of the agency's intention to reduce or terminate assistance. The bill would also require the repayment to the agency of amounts which a recipient received during the period of the appeal if it was determined that the recipient was not entitled to the money which he had already received.

Any other result, Mr. President, would seem to the committee to encourage fraud and improper applications for welfare benefits.

QUALITY OF WORK PERFORMED BY WELFARE PERSONNEL

In an effort to try to upgrade the quality of work performed by welfare personnel, the committee bill directs the Secretary of the Department of Health, Education, and Welfare to study and report to the Congress by January 1, 1974, on ways of enhancing the quality of welfare work, whether by fixing standards of performance or otherwise. In making this study, the Secretary could draw on the knowledge and expertise of persons talented in the field of welfare administration, including those having direct contact with recipients. He should also benefit from suggestions made by recipients themselves as to how the level of performance in the administration of the welfare system might be improved, with a view toward ending the wide variations in employee conduct which characterize today's system, and moderating the extremes to which some social workers go in performing their duties.

OFFENSES BY WELFARE EMPLOYEES

Under a present Federal law there is no provision particularly directed to the question of employee conduct in the administration of the welfare program. Under the committee bill, rules similar to those applicable to Internal Revenue Service employees would apply under the welfare laws. The committee is hopeful that this provision could lead to an upgrading of the quality of performance by welfare workers in general.

FISCAL RELIEF FOR STATES AND ADDITIONAL ADMINISTRATIVE LATITUDE

The committee is well aware that the growth of the welfare rolls since 1967 has been one of the significant factors in bringing about the fiscal crisis currently facing State and local governments. Much of this growth has been due to increased Federal intervention in the control of the AFDC program by the States. The committee feels that having the Federal Government take over the control of this program is not the step that should be taken. It believes that the correct approach is in the opposite direction. Accordingly, the committee carefully designed many parts of this bill so that the State's control of the AFDC program would be strengthened rather than weakened. The committee recognizes, however, that this represents a long-range solution and that many States feel an acute need for immediate relief from the pressures of swollen welfare budgets. Under the committee bill, therefore, the fiscal burden on the States will be substantially decreased through creation of the new Federal supplemental security insurance program in lieu of the present program of aid to the aged, blind, and disabled, through increases in the Federal funding of assistance payments to families, and through indirect fiscal relief resulting from improvements which the committee bill makes in the general structure of the AFDC program. These amounts are in addition to funds under the revenue sharing bill.

SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED

The committee bill establishes a new program of supplemental security income for the aged, blind, and disabled, with Federal administration and, with the Federal Government paying the full cost of the program as replacement of the present Federal-State programs of aid to the aged, blind, and disabled, this new program will save States about $800 million annually.

AID TO FAMILIES WITH DEPENDENT CHILDREN

In the aid to families, with dependent children program, the committee bill changes the funding mechanism from the present formula matching to a block grant approach. The new method of providing Federal funds for AFDC results in substantial immediate fiscal relief and is also consistent with the committee's desire to return to the States a greater measure of control over their welfare programs. For the last six months of calendar year 1972 and for 1973, the block grant would be based on the funding for calendar year 1972 under current law. Starting in 1974, the grant would be adjusted to take into account the effects of the work program. State savings are estimated at $400 million in 1972, $800 million in 1973, and $1.4 billion in 1974.

CHILD WELFARE SERVICES

Federal appropriations for child welfare services have remained at $46,000,000 for the past 7 years, representing about one-seventh of total State and local expenditures for child welfare services programs. The committee bill would increase the authorizations for child welfare services to $200,000,000 in fiscal year 1973, rising to $270,000,000 in fiscal year 1977 and thereafter.

STATE MEDICAID SAVINGS

The provisions of the committee bill extending medicare coverage to disabled social security beneficiaries, including prescription drugs under the medicare program and providing Federal medicaid matching for the first time for mentally ill children will save State substantial amounts under their medicaid programs.

LIMITING REGULATORY AUTHORITY OF THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE

The Social Security Act permits the Secretary of Health, Education, and Welfare to "make and publish such rules and regulations, not inconsistent with this act, as may be necessary to the efficient administration of the functions" with which he is charged under the act. Similar authority is provided under each of the welfare programs. Particularly since January 1969, regulations have been issued under this general authority with little basis in law and which sometimes have run directly counter to legislative history. Many States have attributed at least a part of the growth of the welfare caseload in recent years to these regulations of the Department of Health, Education, and Welfare.

A number of committee decisions deal with problems raised by specific HEW regulations. In addition, the committee agreed to modify the statutory language quoted above by limiting the Secretary's regulatory authority under the welfare programs so that he may issue regulations only with respect to specific provisions of the act and even in these cases the regulations may not be inconsistent with the provisions of the act.

PERMITTING STATES MORE LATITUDE UNDER MEDICAID

The medicaid program has been a significant burden on State finances. Two requirements of present law would be deleted by the committee bill. These requirements prevent a State from ever reducing medicaid expenditures and require that a State medicaid program ever expand until the program is comprehensive.

CONCLUSION

Mr. President, this concludes may prepared statement on the committee bill. It is a comprehensive bill, and I think it is the best piece of legislation the Finance Committee has recommended to the Senate during the 24 years I have been a Member of this body. I urge that it be approved.

Mr. President, I ask unanimous con-

sent that the committee amendments be agreed to en bloc and that the bill as thus amended be considered as original text for purpose of further amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BENNETT. Mr. President, as the ranking minority member on the Senate's committee, I should like to join the chairman in presenting opening statements with respect to this monumental and historic piece of legislation. Just within the last few minutes, a copy of the bill has been laid on the desk of each Senator. It disappoints me. It is only 989 pages long. I thought it might actually have reached and crossed the mark of 1,000 pages. By all odds, it is the longest bill that has ever been considered by either House of Congress. Its length is a factor of the extent to which it attempts to attack and solve the many, many problems that have grown up in the social security and welfare fields over the years.

It has been a number of years since these programs were instituted, and as time has passed and conditions have changed, we have either left the problems there to grow or we have attempted to solve them on a patchwork basis. This time the committee, working since last January, has undertaken a comprehensive review of both these areas. This bill represents the committee's recommendations to the Senate.

Mr. President, the chairman has just completed his comprehensive statement, in which he has reviewed and outlined the major provisions in H.R. 1 and has indicated to the Senate how these provisions relate in a manner touching, in one way or another, on almost every critical problem in the areas of social security, medicare, medicaid, and welfare.

Senator LONG has done a superb job of summarizing the bill. I should like, therefore, at this point to reemphasize the importance of a few of the key committee decisions in which I have been most closely involved on a personal basis.

The chairman has mentioned two of these, in the matter of the review of the quality and necessity for health care and an attempt to work out a provision which would encourage work, rather than welfare, for the family heads in families with dependent children. I am going to talk a little more in detail about these two features.

The bill deals extensively with medicare, medicaid, and welfare. In each of these areas, there have been key problems which need to be solved. In the welfare area, the principal problem involves the question of whether we should merely guarantee a welfare family, headed by a person who is capable of employment, a minimal income, or whether we should, instead, guarantee employable adults a job opportunity. I will discuss these welfare issues later in my statement.

In medicare and medicaid, the critical problem the committee has had to solve relates to the urgent need for effective utilization of medical facilities and the need for a peer review of the way these facilities are used.

The committee, after extensive hearings and deliberations, going all the way back to 1970, has again approved the professional standards review organization amendment, which I offered and which would establish a responsible and publicly accountable professional structure for carrying out peer review at local levels throughout the country.

Senators will recall that the PSRO amendment was strongly endorsed by the Senate in a rollcall vote during the debate on the Social Security amendments of 1970.

Let me take a few moments to again set the whole issue of utilization and peer review in context for the Senate. Until recently in our history, the Federal Government was not involved to any substantial extent as a third-party payer of medical and hospital bills.

With the advent of medicare and medicaid in 1965, the Federal Government almost overnight became the largest health insurer or third-party payer in the United States. The Government was now paying hospital and medical bills for millions of aged and poor citizens.

Medicare and medicaid have been good programs, which have enabled millions of citizens to meet their health needs. However, as most Senators are aware, the cost of the medicare and medicaid programs have skyrocketed far beyond the early estimates. In this fiscal year, alone, medicare and medicaid will cost the Federal and State Governments some $19 billion. Projected costs of the medicare hospital insurance program will exceed estimates made in 1967 by some $240 billion over a 25-year period. The total monthly premium cost for part B of medicare—doctors' bills—rose from $6 monthly per person in July of 1966 to $11.60 per person in July of 1972. Medicaid costs are also rising at precipitous rates.

Obviously, the costs of these programs represented a problem which must be dealt with. In addition, hearings revealed that a significant proportion of the health services provided under medicare and medicaid were not medically necessary and that some of the necessary services provided would not meet proper quality standards.

These were the problems—cost and quality—which the Finance Committee had to face in discussing medicare and medicaid. Part of the answer was relatively easy. The Ways and Means Committee and the Finance Committee both developed a number of provisions to control allowable unit charges for physicians' services and hospital per diem costs. These controls will not halt cost increases, but should moderate them substantially.

However, controlling the unit cost of services under medicare and medicaid solved only part of the problem. The committee still had to deal with the very difficult questions of whether the services were actually necessary and met proper quality standards. This is where utilization and peer review enters the picture. As I said, it is relatively easy to control the unit price of services, but without effective professional controls on utilization the costs of the programs will continue to soar.

An effective comprehensive professional review mechanism can materially ease problems of utilization and quality control. This is the area where a bridge was needed between medicine and Government. It was all too clear to those of us on the Finance Committee that an army of Government and insurance company employees checking on each medical service was not the answer. Past experience and commonsense indicated clearly that clerical personnel could not and should not make decisions as to the quality and necessity of medical services.

The bridge we needed between Government and medicine was a structure through which practicing physicians could, in an organized and publicly accountable fashion, professionally evaluate the quality and necessity of medical services in an area.

In 1970 I introduced an amendment to establish professional service review organizations throughout the United States. Under this provision, professional standards review organizations—PSRO's—would be established throughout the United States and would have the responsibility of reviewing—on a comprehensive and ongoing basis—whether the services provided under medicare and medicaid were necessary and met accepted professional standards. The Secretary of Health, Education, and Welfare would, after consultation with national and local health professions and agencies, designate appropriate areas through the Nation for which professional standards review organizations would be established. Areas may cover an entire State or parts of a State, but generally a minimum of 300 practicing doctors would be included within one area. As a practical matter, the average PSRO would average 700 or 800 physicians. This size should be sufficient to assure objective review and yet be essentially local in nature and timely in response.

Organizations representing substantial numbers of physicians in area, such as medical foundations and societies, would be invited to sponsor review organizations. It should be clearly understood—and this has been one of the debates over the past 2 years, one that has been most difficult to explain—that a medical society, per se, could not qualify as a PSRO because of the requirement that membership in the PSRO be open to all licensed doctors of medicine and osteopathy in an area without any society membership or dues requirement whatsoever. Where the Secretary finds that such organizations are not willing or cannot reasonably be expected to develop capabilities to carry out professional standards review organization functions in an effective, economical, timely and objective manner, he would enter into agreements with such other agencies or organizations with professional medical competence as he finds are willing and capable of carrying out such functions.

In other words, the job would be done one way or the other but it is the intention of the amendment to give a first

priority, a first opportunity to qualified organizations already existing who would be capable of sponsoring a PSRO to include all the practicing physicians in the given area.

The initial agreement would be made on a conditional basis, not to exceed 2 years, with the PSRO operating concurrently with the present review system. During the transitional period, medicare carriers and intermediaries are expected to abide by the decision of the professional standards review organization where the professional standards review organization has acted. This reliance will permit a more complete appraisal of the effectiveness of the conditionally approved professional standards review organization. Where performance of an organization is unsatisfactory, and the Secretary's efforts to bring about prompt necessary improvement fail, he could terminate its participation.

Provider, physician, and patient profiles and other relevant data would be collected and reviewed on an ongoing basis to identify persons and institutions which provide services requiring more extensive review. Regional norms of care and treatment would be used in the review process as routine checkpoints in evaluating when excessive services may have been provided. The norms would be particularly useful in determining the point at which physician certification of need for continued institutional care would be made and reviewed. Initial priority in assembling and using data and profiles would be assigned to those areas most productive in pinpointing problems—such as hospitalization—so as to conserve physician time and maximize the productivity of physician review. The PSRO would progressively assume more and more review responsibility as its capacity expanded.

The professional standards review organization would be permitted to employ the services of qualified personnel, such as registered nurses, who could, under the direction and control of physicians, aid in assuring effective and timely review. A PSRO, in performing its tasks, would also be required to accept the review findings of review committees in hospitals and medical organizations to the extent these in-house review activities are effective.

Where advance approval by the review organizations for institutional admission is required, such approval would provide the basis for a presumption of medical necessity for purposes of medicare and medicaid benefit payments. Failure of a physician, institution, or other health care supplier to seek advance approval, where required, could be considered cause for disallowance of affected claims.

In addition to acting on their own initiative, the review organizations would report on matters referred to them by the Secretary. They would also recommend appropriate action against persons responsible for gross or continued overuse of services, use of services in an unnecessarily costly manner, or for inadequate quality of services and would act to the extent of their authority or influence to correct improper activities.

I cannot emphasize too strongly, however, that the thrust of PSRO activities is educational and not punitive.

Mr. President, we have had some experience in this field. There are some PSRO organizations now operating. We have had ample demonstration of the educational value of the activity.

A National Professional Standards Review Council would be established by the Secretary to assist in developing, improving, and evaluating norms of care as well as to review the operations of the local area review organizations, advise the Secretary on their effectiveness, and make recommendations for their improvement. The Council would be composed of physicians, a majority of whom would be selected from nominees of national organizations representing practicing physicians. Other physicians on the Council would be recommended by consumers and other health care interests.

As I have noted, the amendment was approved by the Committee on Finance and the full Senate in 1970 and was again approved by the Finance Committee in its consideration of H.R. 1. The amendment has been carefully studied by and has the endorsement of the Department of Health, Education, and Welfare, subject to an understanding that there may be technical problems involved on which the Department of HEW might suggest different approaches. However, the basic principle has been completely and thoroughly endorsed by the Department. Most of these areas of disagreement on the limited technical features have been resolved, and I am sure that we can resolve all of them before we get through. In addition, the amendment is supported by many concerned organizations, including a substantial number of State and county medical societies.

I believe today, as I said when I introduced the PSRO amendment in this Congress early this year that:

> The relationship between the patient, the physician and the Government is at a crossroads in America today. The pressures for increased governmental involvement in the day-to-day practice of medicine are increasing continually as we move toward expanded Government financing of health care. Economics, commonsense and morally each demand that the Government take an increasingly active role in dealing with the cost and quality of medical care.
>
> The PSRO amendment represents the best, and perhaps the last, opportunity to fully safeguard the public concern with respect to the cost and quality of medical care while, at the same time, leaving the actual control of medical practice in the hands of those best qualified—America'S physicians.

Without an appropriate peer review mechanism to serve as a bridge between Government and medicine, I am afraid that the consequence will be increasing isolation between Government and medicine, working to the disadvantage of both, and, more importantly, to the disadvantage of the patient.

Mr. President, I would like to address my remarks to the second major area covered by this bill—the welfare area.

Mr. President, as the chairman has so adequately and splendidly demonstrated in his statement, one of the major concerns of the Nation today is the rapid increase in the aid to families with dependent children rolls in recent years. In 1955, there were 2 million recipients in the AFDC program. By the end of 1967, this had increased to 5.3 million recipients. Faced with this increase, the Congress in 1967 created the work incentive program. It was the hope of the Committee on Finance that this program would help employable welfare recipients to prepare for employment and get jobs.

The WIN program represented an attempt to cope with the problem of the rapidly growing dependency on welfare, by dealing with the major barriers which prevented many of the women who head AFDC families from becoming financially independent through their own work effort.

However, during its first 3 years of operation, the WIN program earned a reputation of being a horrendous failure.

The requirement for on-the-job training, highly desirable because of its virtual guarantee of employment upon successful completion of training, was largely ignored under the WIN program as it was administered. Public service employment, also aimed at providing actual employment for welfare recipients, was not provided; only one State had implemented this WIN provision in a substantial way by 1969, although all States were required to establish such programs. Insufficient day care created an inhibiting effect on welfare mothers participating in the program. Lack of coordination between welfare agencies and employment agencies also created problems.

Even though the WIN program in its first 3 years was ineffective, it did show that many more welfare recipients volunteered to participate in the program than could be accommodated. The welfare recipients wanted jobs, but were not being helped by the program.

In 1971, amendments initiated by Senator TALMADGE—also a member of the Finance Committee—were enacted, amendments designed to strengthen the WIN provisions to make the program work. But based on hearings the Finance Committee held in June of 1972, it appears that the Labor Department may not be trying as hard as we would like it to try to make the program effective.

Thus, the problem of the soaring AFDC rolls continued as a major problem that cried out for a workable solution. The President has recognized the magnitude of this problem, and has urged the Congress to move in the direction of "workfare," rather than welfare.

President Nixon has stated:

> In the final analysis, we cannot talk our way out of poverty; we cannot legislate our way out of poverty; but this Nation can work its way out of poverty. What America needs now is not more welfare, but more "workfare" . . . This would be the effect of the transformation of welfare into "workfare," a new work-rewarding program.

The committee agrees that the only way to meet the economic needs of poor persons while at the same time decreasing rather than increasing their dependency is to reward work directly by increasing its value. The committee bill

seeks to put the President's words into practice by:

First. Guaranteeing employable family heads a job opportunity rather than a welfare income; and by

Second. Increasing the value of work by relating Federal benefits directly to work effort.

All of us are aware today that many important tasks in our society remain undone, such as jobs necessary to improve our environment, improve the quality of life in our cities, improve the quality of education in our schools, improve the delivery of health services, and increase public safety in urban areas. The heads of welfare families are qualified to perform many of these tasks. Yet welfare pays persons not to work and penalizes them if they do work. Does it make sense to pay millions of persons not to work at a time when so many vital jobs go undone? Can this Nation treat mothers of school-age children on welfare as though they were unemployable and pay them to remain at home when more than half of mothers with school-age children in the general population are already working?

This is information I think the American people generally may not be aware of. More than one-half of the women with school-age children are now working.

It is the committee's conclusion that paying an employable person a benefit based on need, the essence of the welfare approach, has not worked. It has not decreased dependency—it has increased it. It has not encouraged work—it has discouraged it. It has not added to the dignity of the lives of recipients, but it has aroused the indignation of the taxpayers who must pay for it.

The committee bill will substantially increase Federal expenditures to low-income working persons, but the increased funds that go to them—about $2 billion—will be paid in the form of wages and wage supplements, not in the form of welfare, since the payments will be related to work effort rather than to need. Under the present welfare system and under the House-passed bill, an employed person who cuts his or her working hours in half receives a much higher welfare payment; under the committee bill, a person reducing his or her work effort by half would find the Federal benefits also reduced by half.

DESCRIPTION OF GUARANTEED EMPLOYMENT PROGRAM

Under the guaranteed employment program recommended in the committee bill, persons considered employable would not be eligible to receive their basic income from aid to families with dependent children, but would be eligible on a voluntary basis to participate in a wholly federally financed employment program. Thus, employable family heads would not be eligible for a guaranteed welfare income, but would be guaranteed an opportunity to work.

The description I will give on the guaranteed employment plan is based on the assumption of a minimum wage of $2 an hour since that is the same assumption used in the committee amendments to H.R. 1.

Employable family heads are families headed by an able-bodied father or an able-bodied mother with no children under 6.

The committee bill provides three basic types of benefits to heads of families:

First. A work bonus equal to 10 percent of wages covered under social security up to a maximum bonus of $400 annually with reductions in the bonus as the husband's and wife's wages rise above $4,000.

Second. A wage supplement for persons employed at less than $2 per hour—but at least at $1.50 per hour—equal to three-quarters of the difference between the actual wage paid and $2 per hour.

Third. A guaranteed job opportunity with a newly established work administration paying $1.50 per hour for 32 hours and with maximum weekly earnings of $48.

WORK INCENTIVES UNDER THE PROGRAM

The program would guarantee each family head an opportunity to earn $2,400 a year, the same amount as the basic guarantee under the House bill for a family of four. It also strengthens work incentives rather than undermining them.

These major points about the committee plan are—

Since the participant is paid for working, his wages do not vary with family size. Thus a family with one child would have no economic incentive to have another child. This feature also preserves the principle of equal pay for equal work.

As the employee's rate of pay increases, his total income increases.

The less the employee works, the less he gets. No matter what the type of employment, the employee who works half-time gets half of what he would get if he works full-time; he gets no Federal benefit if he fails to work at all.

The value of working is increased rather than decreased. Working 32 hours for the Government is worth $1.50 per hour; when a private employer pays $1.50, the value of working to the employee is $2.02 per hour; and working at $2 per hour is worth $2.20 per hour to the employee.

Earnings from other employment do not decrease the wages received for hours worked. Thus, an individual able to work in private employment part of the time increases his income and saves the Government money. Virtually no policing mechanism is necessary to check up on his income from work.

WORK DISINCENTIVES UNDER PRESENT LAW AND ADMINISTRATION PROPOSAL

By way of contrast, under present law, a mother who is eligible for welfare is guaranteed a certain monthly income—at a level set by the State—if she has no other source of income; if she begins to work, her welfare payment is reduced. Specifically, though an allowance is made for work expenses, her welfare payment is reduced $2 for each $3 earned in excess of $30 a month. Generally, then, for each dollar earned and reported to the welfare agency, the family's income is increased by only 33 cents.

The House bill uses the same basic approach as present law, but substitutes a flat $60 exemption plus one-third of additional earnings for the present $30 plus work expenses plus one-third of additional earnings. The disincentive effects of this are as follows:

The less the individual works, the more the Government pays.

An individual cutting back on his work effort decreases his income by a relatively smaller amount, or, said another way, the value of work is substantially lower under the House bill than under the committee bill.

The value of working is decreased rather than increased.

Earnings from any employment—as well as child support payments—if reported reduce the benefits received by the family.

ADMINISTRATION OF THE EMPLOYMENT PROGRAM

A new Work Administration would be created with the responsibility of administering the employment program and paying the wage supplement. The Work Administration's goals would be, first, to improve the quality of life of the children of participating families; second, to place participants in regular employment; and, third, until this is possible, to serve as transitional employer of participants with the objective of preparing participants for and placing them in regular employment at the earliest possible time.

On the national level, the Work Administration would be headed by a three-member board appointed by the President with the advice and consent of the Senate. A 15-member national advisory committee—with representatives from industry, organized labor, State and local governments, nonprofit employers, social service organizations, minority groups, and so forth—would make policy recommendations to the board.

The actual operations of the Work Administration would be locally based, with the bulk of the local employees being persons who are currently participating or who were former participants in the guaranteed employment program. On the local level, the Work Administration would be organized along the same lines as the national office. Coordination with other local service agencies, local government, and local employers, labor organizations, and so forth, and their cooperation would be critical to the success of local operations.

The local Work Administration office would hire individuals applying to participate, would develop employability plans for participants, engage in job development and job preparation activities, arrange for supportive services needed for persons to participate—utilizing the Work Administration's Bureau of Child Care to arrange for child care services—and operate programs utilizing participants in the employment program.

The Work Administration would place the program participants in three kinds of employment:

First. Regular employment in the private sector or in jobs in public or nonprofit private agencies. Participants who are ready for employment with little or no preparation would fall into this cate-

gory. These jobs would pay $2 an hour or more.

Second. Private or public employment with the employee's wage supplemented. These jobs would be jobs not covered by the Federal minimum wage law in which the employer paid less than $2 per hour, but at least $1.50 per hour. No wage supplement would be paid if the employer reduced pay for the job because of the supplement. Thus, no jobs presently paying the minimum wage would be downgraded under the committee bill, and the minimum wage itself would not be affected.

Third. Newly developed jobs with the Federal Government paying the full cost of the salary, including jobs developed for services to local communities in areas that the chairman has mentioned.

For persons who could not be placed in either regular, public or private employment—with or without a wage supplement—the Work Administration would provide employment which would pay at the rate of $1.50 per hour. An individual could work up to 32 hours a week—an annual rate of about $2,400—and would be paid on the basis of hours worked just as in any other job. There would be no pay for hours not worked.

However, a woman with school-age children would not be required to be away from home during hours that the children are not in school—unless child care is provided—although she may be asked, in order to earn her wage, to provide after-school care to children other than her own during these hours.

I am sure it is obvious that employees of the Work Administration could be used to provide child care services to make it possible for other employees to go out and accept jobs.

For these individuals who cannot be placed immediately in regular employment at a rate of pay at least equal to the minimum wage, or in employment with a wage supplement, the major emphasis would be on having them perform useful work which can contribute to the betterment of the community. A large number of such activities are currently going undone, because of the lack of individuals or funds to do them. With a large body of participants for whom useful work will have to be arranged, many of these community improvement activities could now be done. At the same time, safeguards are provided so that the program meets the goal of opening up new job opportunities and does not simply replace existing employees, whether in the public or private sector. To this end, the committee bill requires that the Work Administration observe the following criteria in making arrangements with State and local governments and with nonprofit agencies for work projects to be performed by participants in the guaranteed employment program: such work is performed on projects which serve a useful public purpose and do not result either in displacement of regular workers or in the performance of work that would otherwise be performed by employees of public or private agencies, institutions, or organizations.

For mothers with younger children particularly, the Work Administration would provide training and other activities designed to improve the quality of life for the children of participants through improvement of home, neighborhood, and other environmental conditions in which the children live. For example, mothers can be trained in skills to improve their homemaking and upgrade the physical conditions in which the children live. This would include cleaning up and beautifying their apartments or homes, perhaps in groups with other participant mothers, as well as training in consumer skills and providing a pleasing home atmosphere with child-centered activities in the home in which the child can join and have fun. Many of these activities could occur in the home and in the neighborhood with other participant mothers to provide a social life for participants as well. A major goal of this type of activity would be to impress upon participants that they have the ability to improve the living conditions of their children and to increase and reward their desire to do so. Participants engaged in this type of activity as part of their employment during the week would be required to report for work to a participant or regular Work Administration employee serving as a supervisor. Since expansion of child care will be an immediate need, a number of mothers will be trained initially in providing good child care.

Temporary employment could be arranged with private employers. During such temporary employment participants would continue to be transitional employees of the Work Administration; that is, they would continue to be paid by the Work Administration. The employee would be paid the prevailing wage for the job, however, and the Work Administration would bill the private employer for the employee's wages and other costs associated with making those services available. Unlike other forms of transitional employment by the Work Administration, such temporary employment with private employers would be covered under social security if the employment would be covered by social security when performed directly for the employer.

The Work Administration would attempt to the greatest possible extent to place participants in the transitional Government employment program into regular employment as rapidly as possible, which would include full-time employment as staff for the Work Administration.

It seems to me that if we are going to have local Work Administration offices operating to carry out these functions, they should look first to the participants as a source of their own employees, and, if necessary, upgrade the skills of these employees.

Employment in any of these categories would pay more than the $48 paid transitional employees for working a 32-hour week. In fact, it is my feeling that they should be paid at the same rate a person would be paid if he were brought in from the outside.

Though a number of the Work Administration's employees would have to be recruited from other sources, it is contemplated that a substantial majority would be drawn from participants in the guaranteed employment program itself.

TRANSPORTATION ASSISTANCE

In recognition of the fact that a major reason for low-skilled jobs going unfilled in metropolitan areas is the difficulty an individual faces getting to the potential job, the Work Administration would be authorized to arrange for transportation assistance where this is necessary to place its employees in regular jobs.

INSTITUTIONAL TRAINING

Participants in the guaranteed employment program would be eligible to volunteer for training to improve their skills under the training program administered by the Work Administration. The individual would be accepted for enrollment to the extent funds are available and only if the Work Administration is satisfied that the individual is:

First. Capable of completing training; and

Second. Able to become independent through employment at the end of the training and as a result of the training.

SUPPORTIVE SERVICES

Since the purpose of the proposal is to improve the quality of life for children and their families, any member of a family whose head participates in the guaranteed employment program would be provided services to strengthen family life or reduce dependency, to the extent funds are available to pay for the services. The agency administering the employment program would refer family members to other agencies in arranging for the provision of social and other services which they do not provide directly. Other services needed to continue in employment, including minor medical needs, could be provided by the Work Administration.

STATE SUPPLEMENTATION

In order to prevent the State welfare program from undermining the objectives of the employment program, the State would have to assume for the purposes of their AFDC program that families which include an employable parent—including a mother with no child under age 6—are actually participating full time in the employment program and thus receiving $200 per month.

Furthermore, the State would be required to disregard any earnings between $200 a month and $375 a month—the amount an employee would earn working 40 hours a week at $2 per hour—to insure that the incentive system of the employment program is preserved. The effect of this requirement would be to give a participant in the work program a strong incentive to work full time—since earnings of $200 will be attributed to him in any case—and it would not interfere with the strong incentives he would have to seek regular employment rather than working for the Government at $1.50 per hour.

JOB PLACEMENT STANDARDS

The committee bill is designed to stimulate job opportunities in the private sector; it also contains penalties for refusing to accept these jobs. The Work Ad-

ministration would prepare an employability plan for each transitional employee. Based on the transitional employee's skills, qualifications, experience, and desires, the Work Administration would attempt to direct the employability plan toward employment in an area of interest to the transitional employee, and employment which offers the greatest possibility of self-support. However, participants in the employment program would not be allowed to continue in guaranteed employment if an opportunity for regular employment is available. The penalty for failure to take available regular employment would be suspension of the right to participate in the guaranteed employment program, for 1 day for the first time, 1 week for the second—including a second rejection of the same opportunity—and 1 month for the third and succeeding times.

CHILDREN OF MOTHERS REFUSING TO PARTICIPATE IN THE EMPLOYMENT PROGRAM

Under the employment program, mothers in families with no children under age 6 would generally be ineligible to receive their basic income from the aid to families with dependent children program.

It is, of course, possible that in some few instances the mother will ignore the welfare of her children and refuse to take advantage of the employment opportunity. To prevent the children from suffering, because of such neglect on the part of their mother, the Work Administration would make payment to the family for up to 1 month during which time the mother would be provided counseling and other services aimed at persuading her to participate in the employment program.

Following this, the mother would either have to be found to be incapacitated under the Federal definition—that is, unable to engage in substantial gainful employment—with mandatory referral to a vocational rehabilitation agency; or, if she is not found to be incapacitated, the State would arrange for protective payments to a third party to insure that the needs of the children are provided for.

TAX CREDIT TO DEVELOP JOBS IN THE PRIVATE SECTOR

The provision of the present tax law under which an employer hiring a participant in the work incentive program is eligible for a tax credit equal to 20 percent of the employee's wages during the first 12 months of employment, with a recapture of the credit if the employer does not retain the employee for at least 1 additional year—unless the employee voluntarily leaves or is terminated for good cause—will be continued under the new guaranteed employment program.

Because the guaranteed job opportunity program, unlike the work incentive program, would be open to the head of any family with children, several limitations would be added to the provisions of the tax credit to insure that the credit meets the primary aim of expanding employment opportunities for participants in the committee's work program.

In order to create additional employment opportunities for participants in the guaranteed job program, the committee bill would extend the credit to private employers hiring participants in nonbusiness employment. Such a private employer taking the credit would not be eligible at the same time for the income tax child care or household expense deduction.

STARTING DATES FOR PROGRAMS

The effective date for the basic job opportunity program is January 1974. As of that date, families which include an employable adult—including a mother with no child under age 6—will no longer be eligible for welfare as their basic income. If unable to find a regular job, however, the family head will be assured of Government employment paying $1.50 an hour for 32 hours weekly, producing $2,400 of income annually, the same amount which would have been payable to a family of four under the House-passed family assistance plan.

The 10-percent work bonus and the wage supplement payment would become payable even before the full guaranteed employment program is operative. Specifically, the work bonus which will be paid quarterly to low-income workers will become effective starting in January 1973. The wage supplement for family heads in regular jobs not covered under the minimum wage law and paying less than $2 per hour will be effective July 1973, utilizing the services of the local employment service offices to make the payments until the Work Administration mechanism is functioning.

Mr. President, I have not dwelt at length on either of these highly significant programs which we bring before you. The professional standards review organization and the guaranteed job opportunity program are both highly innovative proposals designed to solve some of the most vexing problems we face in health and welfare. These provisions represent months of intensive work by the Committee on Finance and are worthy of the Senate's most understanding consideration.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BENNETT. I am happy to yield to the chairman of the committee.

Mr. LONG. Mr. President, I wish to congratulate the distinguished Senator from Utah for the magnificent statement he has made in opening this debate, and also to pay tribute to him for the tremendous contribution that he has made to this bill. On some occasions the committee workfare amendment has been referred to as the Long amendment because the Senator from Louisiana is chairman of the Committee on Finance, but the Senator from Utah (Mr. BENNETT) has contributed more detailed suggestions for this bill, and also more basic provisions, I should think, than anyone else on the committee, and at a minimum I would say that the committee amendment ought to be known as the Long-Bennett amendment.

I thank the distinguished Senator for his long hours of hard work on this bill and for his major contributions, as well as his statesmanship, although in some instances the measure might not have been popular with some people, and although in some instances what he was suggesting might have been a little ahead of public understanding of what he sought to achieve. As I mentioned earlier, he is especially deserving of credit for the amendment relating to professional standards review organizations.

I do not think the workfare provisions of the measure could have been put together without the many suggestions and the many answers that the Senator from Utah has provided. All of us on the committee are grateful to him for his contribution, and I believe the country will be grateful when it sees how well some of these provisions work out, because the Senator, time and again, has come up with the answers to specific problems that have arisen in connection with first one provision of the bill and then another.

Mr. BENNETT. Mr. President, I am very grateful and humbly appreciative of what the chairman has said. I am very honored to have it known as the Long-Bennett bill when it is being attacked, but when it is being praised I am perfectly willing to have it known as the Long bill, because the chairman cannot escape from the responsibility and the credit for the leadership that he has given to the members of the committee.

Those of us who work under him have come greatly to appreciate that quality of leadership, of understanding, and of support that he has given all of us, and I am delighted to work with him, to work at his side, and to work behind him as his supporter. I am happy if I have been able to make some contribution in ideas. Of course, none of us can claim that this particular section or that is our part of the bill, because we have the kind of committee that works as a unit, works cooperatively, and works hard on problems, and every member of the committee has made a contribution to the composite pattern which has emerged as H.R. 1.

I hope that the Senate will stand with us and approve it, thus justifying the many months of work we have put into it. I think it would be tragic if all of these efforts should now go down the drain, and I can assure the chairman that I am here to do everything I can to bring about its speedy passage.

Mr. LONG. Mr. President, if the Senator will yield for one further statement, I am satisfied that the Senate will agree with 90 percent of the language that the committee has proposed, and that the Senate will agree that, of the $14 billion of expenditures in this bill, everything we are trying to do for people is something worth doing.

The only question that will be in the minds of some people is whether we should, at some point, insist that able-bodied people who need help get that assistance through their own work efforts, and thus provide some benefit to society for the support they are drawing from society. In doing so, they will better themselves and will set a fine example for their children. That will make better human beings, better citizens, and will provide a better example for their children.

I have no doubt that in due course the

Nation will adopt the recommendation we have here for rewarding work effort.

The people of this Nation are not yet really aware of how liberal the committee provisions are with regard to the aged. Those provisions go far beyond anything that the House suggested, both in cost and the overall good it would do for people.

We feel that the aged have earned the right to retire and that right is fully guaranteed and protected, and to retire with an income that will permit them from living in poverty, when they decide they want to leave the labor force; but we do think that they should earn some right to retire through their work efforts prior to the time they reach age 65. I have no doubt that the majority of the people in the country agree with that philosophy and that when they have a chance to vote on it, they are going to make clear that this is what the majority of the people think.

There are many jobs that are asking for takers unsuccessfully today. We are not requiring someone to take one of those jobs. In addition, the committee bill provides for the creation of jobs so that every family head will be guaranteed a job. It may not be a high-paying job, but it will be one they are capable of doing and it will not be one that is too demanding upon them.

I have no doubt that the people of this Nation will approve the work ethic that is implicit in this bill.

I particularly appreciate the great contribution of the Senator, because he has been both a religious leader, as well as a business leader, and a leader in the public affairs in his State and in this Nation, and the work ethic has always been a part of him. He could not reflect any other philosophy if he tried, because it has been so much a part of his background and the philosophy of those who partake of his religion, as well as those who participate with him in his civic life in his own State. So the contribution he has made is in keeping with what his philosophy is and the philosophy of the people who have built this great Nation.

I applaud the Senator for the fine speech he has made today, and more so for the enormous contribution he has made in the last several years to the thinking that has gone into the making of this program.

Mr. BENNETT. I am still overcome and overwhelmed by the kind of things my chairman has had to say about me. Certainly, I believe with all my heart in the therapy and value of work. I believe that self-respect is probably as important, or more important, than self-maintenance. This is one of the things that comes to people who are able to support themselves.

As I made my speech, I stopped to emphasize—and I will just reemphasize again—that if, in our program, we were singling out heads of families with children of school age and expecting them to do what no other women in the United States were doing, I would be very much concerned. But when we realize again that one-half of the mothers whose children are of school age are today working, we are not asking these people who are now on welfare to do anything strange or unusual or asking them to suffer an unusual penalty. We are just asking them to do what 1 out of 2 of their sisters in the same situation have done voluntarily.

I will take a minute to remind the chairman and our friends in the Senate of an experience I have discussed in the committee.

A number of years ago, in my home city of Salt Lake, a woman who had been on welfare for a number of years, a mother with children in school, was offered a government job. She took it. Afterward, when talking to her, I got a new insight into the problem.

She said, "That was the most difficult decision I ever made in my life. On welfare, I had security. It's true I couldn't decide when my children would have milk, because the social worker decided that. She decided how much milk I could buy. She decided how my money was to be spent. I decided and made the choice and took the job. Now I am in control of my family, and I can make my own decisions."

Then she said that one day, as she was sitting in her home, working on some reports, in the summertime, by an open window, she heard her children and the neighbors' children arguing in the yard outside the window. One of the neighbors' children said:

I don't like to come over to your house anymore. Your mother is too strict.

She suddenly realized that since she had been employed and responsible, her concern for the well-being of her children has greatly increased and that she had been more strict. Prior to that time, she had sat around home and had let them go their own way, but now she was responsible and she was tightening up in the upbringing of her children.

She said she looked around her home and realized that it was better kept and that this experience of moving from the apathy of welfare to the responsibility of work had changed her whole attitude on life and had changed the atmosphere in which she was bringing up her children.

I think that would be the experience of practically all the women who might be worked into this new program. I think that the sense of satisfaction, the sense of accomplishment, the sense of achievement, as well as the sense of responsibility that come when people undertake to provide for themselves and their families, gradually erode and disappear under the constant dependence that exists when people live too long on someone else's bounty.

Mr. GOLDWATER. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER (Mrs. EDWARDS). The Senator will state it.

Mr. GOLDWATER. Is this bill now open to amendment?

The PRESIDING OFFICER. The bill is open to amendment.

Mr. GOLDWATER. Madam President, I send an amendment to the desk and ask that it be read and made the pending order of business.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read the amendment, as follows:

Amend section 105(a) relating to liberalization and automatic adjustment of the earnings test, by adding the following new paragraph at the end thereof:

(4) Paragraphs (c)(1), (d)(1) and (f)(1)(B), and (h)(1)(A), and subsection (j), of section 203 of the Social Security Act are each amended by striking out "seventy-two" and "72" and inserting in lieu thereof "sixty-five".

Amend the section heading of section 106, relating to exclusion of certain earnings, by striking out "72" and inserting in lieu thereof "65".

Amend section 106 by striking out "72" and inserting in lieu thereof "65".

Mr. GOLDWATER. Madam President, I have been asked by the distinguished Senator from Wyoming (Mr. McGEE) to yield briefly to him, which I am happy to do at this time.

Mr. McGEE. Madam President, I want to thank my colleague from Arizona for yielding to me.

SOCIAL SECURITY AMENDMENTS OF 1972

The Senate continued with the consideration of the bill (H.R. 1) to amend the Social Security Act, to make improvements in the medicare and medicaid programs, to replace the existing Federal-State public assistance programs, and for other purposes.

Mr. GOLDWATER. Madam President, before making a few remarks on my amendment I want to compliment both the chairman and the senior Republican member for what I think is a great improvement in the legislation they originally had before them. I like very much what I heard in their comments. I am not certain whether I will support the bill as it is finally ready to be acted on but I believe it is a fine improvement over what we had been expecting.

Now, Madam President, in keeping with the notice I gave during testimony before the Senate Finance Committee on January 31, I send to the desk an amendment to completely repeal the earnings limitation for all social security beneficiaries who are 65 and over, and their dependents. As the law now stands, this limitation takes away from each social security receipient $1 in benefits for every $2 he earns in excess of $1,680 per year. If his earnings go above $2,880, his benefits are cut off completely. The only exception is for persons 72 and older.

Madam President, this is wrong. It is wrong logically, and I particularly feel that it is wrong morally. It is an outrage against millions of citizens who have made years of contributions out of their hard-earned salaries. It is an affront to the working man who has lived faithfully by the best rules of the American system. These citizens have not been a burden on the welfare rolls. They have not been tearing up the flag, blocking traffic, or shouting obscenities in the streets. If there are any individuals in our society who deserve our top priority attention, it is these law-abiding, working persons.

Madam President, the earnings test is wrong morally because social security should not be a contract to quit work. It is wrong logically because the person who is penalized is most often the one with the greatest need for more income than his benefits can provide. Income from investments is not counted in determining whether benefits shall be reduced. It is only the individual who continues to work who is penalized. This means we have the utterly illogical situation where a really wealthy person might draw tens of thousands of dollars a year from his investments and still receive his full social security check. At the same time, the man who has worked for a salary all of his life and who might need to continue working as a matter of economic survival cannot do so without a penalty.

Madam President, I think, more and more, as we travel to our homes and listen to people who are in their sixties or seventies, we realize that the social security benefits most Americans receive are not really sufficient to meet their cost of living. More and more of these people feel that they have to turn to some other employment, or continue employment in order to live.

To show how these things can happen, I remember when I went to work back in 1929, I saw a beautiful ad on the back of a magazine, long since defunct, that pictured a couple sitting under palm trees, or orange trees, in Florida—of course, today that would be in Arizona, but then it was in Florida—selling an insurance policy that would allow you to do all those things on $100 a month. I bought one and I do not believe that that $100 a month will keep my wife in hairdo's. But I am stuck with it. I feel very strongly about the fact, for example, that when I retire, I can, if I wish, draw my full social security benefits, yet I will have a rather substantial income when I retire because I have been working on it all my life. But I do not want to be penalized one bit and neither do I think it is right to go the other route and penalize a man who has set aside money so that he can retire by taking away his social security, because social security is actually an insurance policy that has been handled by the Federal Government and the money is owed to us. I do not believe there is any reason why it should be restrictive.

Madam President, I should add that a person who loses his social security benefits on account of working suffers a reduction in his disposable income larger than the sum of his benefits. This happens because for each dollar in tax-free, social security benefits which the person loses, he earns a dollar which is reduced by Federal, State, and local taxes and by all the expenses incidental to his work, including continued payroll contributions for social security which he is not receiving.

Madam President, there are 10 million Americans, roughly, eligible for social security benefits who are aged 65 to 72 or are the dependents of such persons. At least 2.5 million of them are directly affected by the earnings ceiling. Nearly a million earn enough so that they receive no benefits at all. Another million earn enough so that their benefits are reduced. About a half million more earn amounts which are only $100 or $200 below the ceiling. They are getting their full social security benefits, but nearly everyone of them is intentionally holding his earnings down because of the earnings limitation. Government studies prove that the greatest deterrent to work occurs at just below the ceiling level. In all, I repeat, 2.5 million Americans aged 65 to 72 now suffer because of the earnings limitation.

Madam President, it is time, in my opinion, that this statutory shackle was removed—completely. In my opinion, workers who have contributed from their earnings over a lifetime of work are entitled, as a matter of right, to receive benefits when they reach the annuity age.

Madam President, I emphasize, social security beneficiaries are not wards of the Government. They are not on relief. They are not objects of charity. They are self-respecting Americans who, in substantial part, have paid for the benefits which they will receive in old age.

Social security payments are not gratuities from a benevolent central government. They are essentially a repayment of our own earnings, which we have deposited in trust as a regular contribution and which has been deducted from our salaries and from our employers. This method was designed from the start as a guarantee that benefits would be paid as a matter of right, not of charity. In fact, as the program was first reported by the Committee on Ways and Means in 1935, there was no earnings test at all. Thus, a total repeal of the test today would restore the program to its original form.

Madam President, the cost to eliminate the retirement test completely for workers aged 65 and over is estimated to be no more than $2.2 billion in the first year, just $1 billion more than if the ceiling were simply raised to $3,000. These figures were given to me by the Social Security Administration after I asked it in February to consider these two alternatives.

Madam President, I ask unanimous consent that my exchange of letters with the Social Security Administration be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. GOLDWATER. Madam President, in 1958, the Advisory Council on Social Security Financing concluded that—

> The fact that the worker pays a substantial share of the cost of the benefit provided, in a way visible to all, is his assurance that he and his dependents will receive the scheduled benefits and that they will be paid as a matter of right without the necessity of establishing need.

I propose that we make this promise a truth by repealing the earnings test entirely for all of our older Americans.

I might add that if this amendment is approved it would still be entirely in order for the Senate to consider an additional amendment, such as the Mansfield amendment which I endorse, to lift the earnings ceiling to $3,000 for the 11.6 million social security beneficiaries who are under 65.

Madam President, the committee very graciously heard me on this matter earlier this year. I know that they are not kindly disposed toward this, although I have yet to hear a member of the committee say that I was wrong on the moral rightness of my approach. I think the objections stem more from the cost. I do not agree entirely that the cost would approach $2.2 billion, because conceivably income tax could get into the act and the people who would be gainfully employed would be paying taxes instead of not paying taxes, as most of them are doing today.

I do not intend to ask for a yea-and-nay vote on the amendment. Nor do I intend that this will be the last time that this subject will be touched on by me.

I come from a State that has the second highest number of retirees percentagewise in the Nation. And I have watched people lose their purchasing power year by year by year. I have watched people, who felt they could get along on social security, start out doing it and then find slowly that they cannot hack it, as we say.

Madam President, this is not just for

those who are retired and live in my State. It is also for those people all over this Nation who cannot live on social security or cannot live well on social security or as well as they have been used to living with their earnings.

I would hope, of course, that the chairman of the committee would in his gracious wisdom and kindness agree with the junior Senator from Arizona and accept the amendment. However, I would like to hear what comments the Senator from Utah might care to make on the subject.

EXHIBIT 1

FEBRUARY 1, 1972.

Hon. ROBERT M. BALL,
Commissioner, Social Security Administration, Baltimore, Md.

DEAR COMMISSIONER BALL: On October 26, you were good enough to give me a very detailed answer relative to some questions of mine on repealing the earnings test. Since then, I have had some further thoughts on the issue and would appreciate it very much if you could provide me with answers to some new questions I have.

First, what is the total number of persons aged 65 and over but not yet 72 who were eligible for Social Security cash benefits on January 1, 1972? Second, what would the combined additional contributions have to be to support the program for the next 75 years if the retirement test were removed for everyone aged 65 and over? Third, what would such combined contributions have to be in order to support a lifting of the earnings ceiling to $3,000 instead of $1,680? Fourth, what would the combined additional contribution be if the earnings test were repealed for everyone aged 65 and over but the increased benefits for persons now age 65 or over were financed out of general appropriations?

This information is very important to me, and I would appreciate it if you would try to put together the data as soon as possible.

Sincerely,

BARRY GOLDWATER.

SOCIAL SECURITY ADMINISTRATION,
Baltimore, Md., April 7, 1972.

Hon. BARRY GOLDWATER,
U.S. Senate,
Washington, D.C.

DEAR SENATOR GOLDWATER: This is in further reply to your letter of February 1, requesting additional information about the cost of modifying the retirement test. Each estimate shown below is numbered in the same order that the corresponding question was presented in your letter. All estimates of cost represent costs over present law.

1. On January 1, 1972, there were an estimated 10.0 million persons eligible for social security cash benefits who either were (i) aged 65–71 on that date—some 9.1 million—or (ii) not aged 65–71, but were dependents of a worker aged 65–71 whose earnings would affect the receipt of benefits by the dependent—about 0.9 million.

2. The cost to eliminate the retirement test for workers aged 65 and over is estimated to be 0.66% of covered taxable earnings, over the next 57 years. Additional benefit payments in the first full year, assumed to be the 12-month period beginning July 1973, are estimated at $2.2 billion.

3. If the retirement test were modified, for all persons eligible for benefits regardless of age, as follows:

(i) increase the annual exempt amount of earnings from $1,680 to $3,000, and

(ii) withhold $1 for every $2 of earnings above the annual exempt amount (as provided in H.R. 1 as passed by the House of Representatives),

the cost over the next 75 years is estimated at 0.34% of taxable payroll. Additional benefit payments in the first full year are estimated at $1.2 billion.

If the changes were limited to workers aged 65 and over, the 75-year cost would be an estimated 0.32% of taxable payroll; and the first-year cost is estimated at $700 million.

4. If the retirement test were eliminated for workers aged 65 and over, and if the resulting additional benefit payments to those workers who are aged 65 and over on the effective date of the proposed change (and to their dependents) were to be financed from general revenues, the 75-year cost of the additional benefits payable to workers reaching age 65 after the effective date (and to their dependents) is estimated to be 0.63% of taxable payroll.

Sincerely yours,

ROBERT M. BALL,
Commissioner of Social Security.

Mr. BENNETT. Madam President, this is a problem that the Finance Committee has looked at every time we have had a social security bill. There is a lot of appeal to the proposal to eliminate the social security earnings limit. But there are some considerations here that I think the Senate should realize before it votes.

The amendment would eliminate the social security retirement test. If this amendment were to go into effect, every insured person, when he reaches the age of 65, would automatically qualify for social security, even though he goes on working.

Madam President, I have not checked the figure lately, but the last time that I checked it, the average age of retirement of social security recipients was around 68, rather than 65. So, this would eliminate the concept that social security is designed to take care of people after they retire. It would open instead the idea that whenever a person reaches the age of 65, he automatically qualifies for an annuity whether he retires or not.

I was a member of the Finance Committee when we changed the law to allow people to draw social security automatically when they reach the age of 72 on the theory that by that time not only would there be very few of them who were actually working and drawing salaries or wages, but also that the opportunity for people above the age of 72 to do temporarily part-time work was comparatively small.

The Senator from Arizona says that the main objection to this may be the cost. I think we should look at that. It will cost about $2½ billion. That is equivalent to 5 percent of the present cost of social security cash benefits.

We on the Finance Committee have always prided ourselves on the fact that whenever we have recommended increases in social security benefits, we have recommended increases in the tax to cover the cost.

When Congress increased social security benefits 20 percent just a few months ago, we increased the tax. However, in order to lighten the burden of the increase, we said that it would no longer be expected that the social security trust fund would be equivalent to 12 months' payments. We said that we would be satisfied if it were only 9 months' payments. So, we took advantage of this one-time shift in an attempt to save ourselves from having to increase the tax quite as much to cover the future cost of the 20-percent increase. But this was a one-time affair. It is not available to us now.

We have studied the measure before us, and with the additional benefis that the committee has written into the bill, beginning in January 1973, the social security tax will have to rise for each employee and his employer from 5.5 percent of the payroll under present law to 6 percent of the payroll.

If we adopt the amendment of the Senator from Arizona and fund it, we would have to push that up to 6.3 percent of the payroll. And this is part of the problem that people can face. Are the present employees who are paying into the social security trust fund willing to see their social security taxes increased by 5 percent so that people who do not quit working at the age of 65 can automatically add the social security payments to their earned income?

And I am one, Madam President, of a very limited group. I am still paying social security taxes because I am still drawing a salary. And I have passed the age of 72. So it comes both ways for me. I am getting a benefit that comes automatically. However, I am still paying a social security tax.

Under the proposal of the Senator from Arizona, not only would I continue to receive benefits, but all of my friends between the ages of 65 and 72 who have not retired would suddenly become social security recipients.

If we are going to talk about distributing the $2½ billion to social security recipients, is there a better way? This proposal would mean that approximately 800,000 people who have not retired at all would get most of this $2½ billion. There are 700,000 people who have retired partly who would get a little of the money. However, most of this would go to 800,000 people. That would be a real windfall for them since they are all still working.

If we can persuade ourselves that social security taxpayers are willing to increase their tax burden by 5 percent, do we think it is best to give it to 800,000 people or do we want to spread it across the board to all 28 million beneficiaries?

As the Senator from Arizona has already indicated, there is a bill before the Senate with 78 cosponsors that would increase the amount that a person can earn and still maintain his right to claim social security from the present $1,680 to $3,000. The committee recommended $2,400.

The additional $600, the difference between the committee bill and the Mansfield amendment, would cost $600 million, which is approximately one-fourth of what the amendment of the Senator from Arizona would cost. So we are talking now about alternatives.

I think if we were to adopt the amendment of the Senator from Arizona it is hard for me to believe that the Senate would then move back and take a $3,000

limit. I think we are talking about the ultimate and I would have hoped, although this is the privilege of the Senator from Arizona, that we could have voted on the lower one first and then face this one.

I would like to ask the Senator from Arizona whether he is willing to amend his amendment to increase the tax by 5 percent to cover this cost.

Mr. GOLDWATER. No. because, as I said in my statement, I am not convinced the figures supplied me and the figures the Senator from Utah used are correct. I think the income tax levied against income earnings in the wages we are talking about would offset this. I would not approve at this time of an amendment to my amendment. I do not think it would even be in order to raise the social security 5 percent. I recognize as well as the Senator from Utah that if we go beyond a certain point the entire social security system is going to fail. We did not think about these things when it started. Had we thought about these things when the program started maybe we would have made the program voluntary.

Let me point out that while we may say the age of 65 is a retirement age, the Senator from Utah knows full well, having been a businessman as I have been a businessman, that is a rather old age today in American business and it is very difficult to get a job in this country today when you are past the age of 40. So we are not talking about, in my opinion, something we know all about. It is very easy to say it is going to cost $2.2 billion on one approach or $1.6 billion on another approach, but the fact remains this is not a Government benefit. That is, we do not think it is. Maybe the social security funds are all out on I O U's. I do not know. I would like to think that the money I have put into social security is in a trust fund and is not being used for other purposes, but the fact that I and other Americans paid in an amount of money to provide ourselves with income after retirement, I do not think there should be any test that says, "You cannot have it."

This is the moral argument I am using. It involves two mistakes: One, we should not necessarily say when a man should retire. We assume 65 is the age, but I can remember when men were employed at 65, but that is not the rule today, and the rule is being changed very rapidly.

I get back to my basic argument. I think it is an illogical test, an immoral and unmoral test.

Mr. BENNETT. With respect to the Senator's statement that we should have thought about these things when the program was started, I remember that my father used to say, "We are faced with a condition, not a theory."

This is a retirement program. He cannot retire until he is age 65 and get the full benefit of social security. Under other provisions in the law he can retire at age 62 and get an actuarially reduced amount. This is his choice. But the Senator's proposal would turn this from a retirement benefit into a plain annuity.

I am interested in the Senator's use of the word "moral." I am not sure there is any moral content in the decision made 35 years ago to make this a retirement program rather than an annuity program. Of course, the Senator knows the money that he and I have paid into social security all these years is not sitting somewhere in the fund. As I explained earlier, as the result of changes we made in the social security law when we put in the 20-percent increase a few months ago, we reduced the amount that the Social Security System is required to keep on hand: the equivalent of three-fourths of a year's payout; it is a revolving fund. That is all it is.

We are paying out now approximately as much as we take in, but we are holding three-fourths of the year's dollars in there as a kind of contingency fund. So that is the way it is.

As much as I realize the emotional appeal of this amendment, I think there are some practical problems that lead the Senate not to adopt the proposal.

I realize when we get to the Mansfield amendment, with 78 cosponsors, that is going to be adopted. There is no question about that unless 29 of them have deserted and changed their minds.

I appreciate the fact that the Senator from Arizona is not asking for a record vote, and unless there is some further discussion I would be perfectly willing to go to a vote on it.

Mr. GOLDWATER. I have no further arguments to offer. It is a little amazing to me, though, to hear that the Senator does not feel there is a responsibility for each American to receive the money he has paid into what we like to think of as an actuarily sound annuity program. If I had the program with a private company and paid in every month, I would certainly expect to be paid back by that company in full when I reached the age of contract or the age of retirement. I realize the position of the committee, I realize the position of the House. I am a cosponsor of the Mansfield amendment. I joined that knowing that my approach, even though in my opinion it is needed and demanded by social security recipients across the country, might not pass.

So Madam President, if there are no further arguments, as far as I am concerned we can vote.

Mr. BENNETT. Madam President, I cannot resist the temptation to make one further comment. Just after the social security law was passed in late 1930's the Supreme Court had before it the question of whether or not under the social security law every person who paid into it had a specific claim on the money he paid, as one does when he pays into a privately financed annuity program. The Supreme Court decided there was no relationship between the amount of money one pays into social security and the amount one receives. One is a tax, the other is a benefit. On that basis there are single people who can pay into social security until they reach the age of 64, die, and get nothing back.

There are some people who can begin paying when they are 63½ pay the minimum number of quarters, and get benefits, while those of us like the Senator from Arizona and I, who have paid in ever since the first social security tax payment, may get more or less, because of the amount of time we have paid in.

This bill has the provision in another section which says that any person who has paid in for 30 years, regardless of the amount paid in, would be assured of an income of $200 a month, even though, under the present law, he might draw only the minimum benefit. So we have tried to recognize the equities of the person who has paid in for all his working life.

But the Social Security System is judged by the Supreme Court as a two-part system. It is a tax collection program and it is a program to pay out benefits, and the two are not necessarily dependent on each other.

Madam President, the Senator from Arizona has moved his amendment, and I think we are ready to vote on it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arizona (putting the question).

The amendment was rejected.

Mr. GOLDWATER. Madam President, I might say that is the way I like to lose—2-to-1. I am getting used to it.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. BENNETT. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Madam President, I ask unanimous consent that the name of the distinguished Senator from Louisiana (Mrs. EDWARDS) be added as a cosponsor—which makes the total number of sponsors, I believe, 79—of the amendment I am about to call up.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Madam President, I call up the amendment I originally introduced in the form of a bill (S. 4001) on behalf of the distinguished Senator from Louisiana now presiding (Mrs. EDWARDS), the senior Senator from Vermont (Mr. AIKEN), and the 76 others who have joined as cosponsors.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 89, lines 13, 17, and 24, delete "$200" and insert in lieu thereof "$250".

Mr. MANSFIELD. Madam President, there is little to say as to this amendment except that it is a long overdue amendment which would tie in with the proposal now before the Senate for consideration. There is in the bill a proviso raising the annual amount which can be earned as outside income by social security retirees, people who have earned their retirement, from $1,680 up to $2,400. My amendment would raise the amount

of income which could be earned without penalty to the sum of $3,000 per year.

This amendment would provide greater equity for older Americans whose existence is tied primarily to social security. It does so in two major ways. First, it increases from $1,680 to $3,000 the outside income a social security pensioner is entitled to receive without penalty. The second main feature is that it would reduce the amount by which the petitioner would be penalized should his outside earnings exceed the exemption.

The total effect of the amendment, Madam President, would be to bring greater relief to senior citizens, or at least those of them who happen to be subject to the social security laws. It is in line with past efforts of Congress to grant more equitable treatment to older Americans; and no one in this body has been more diligent in that respect than the distinguished Senator from Louisiana (Mr. LONG), the chairman of the Committee on Finance and the manager of the bill now pending.

In this regard, the Senate would do well to recall that it was Congress on its own—and I repeat that, it was Congress on its own, and especially the Senate—that granted a full 20-percent increase in benefits to social security pensioners this year. Those of us who have cosponsored this legislation believe that this amendment is in keeping with that outstanding record, and I would hope that the Senate would see fit to give its consent to this amendment, so that this glaring inequity which has existed for all too many years—I might and will say too many decades—could be corrected and be brought more in accord with the economic situation, as it affects our older citizens, which exists at this time.

Mr. LONG. Madam President, I think it might come as a surprise to Senators to find that of our 20 million citizens over 65 years of age, there would at most be about 1.9 million, or fewer than 2 million of those citizens, who would be favorably affected by the amendment. The rest of our aged citizens would not be benefited by it.

The reason for that is that after age 72, of course, there is no retirement test, and of those between age 65 and age 72 who are working, most of them receive little earnings. There are 6.5 million who have no earnings at all, and therefore would get no benefit from this provision.

The committee has placed the earnings test at $2,400; and therefore, of those who have earnings, since the number with earnings who would receive no earnings would be increased, the number who would benefit by the amendment is even less than that.

It can be argued, and is generally the view of the committee and of the administration, that the $600 million cost of this amendment could better be spent on other social security benefits that would benefit the entire 28 million persons drawing social security pensions, such as an increase in across-the-board payments, or providing drugs over and above the amounts provided in the bill, or providing more health benefits, or in reducing the price that aged people must pay under part B of medicare for the benefits they are enjoying. In other words, while this amendment has a great deal of appeal to recommend it, other provisions can be found where we could take the same amount of money, $600 million, and benefit a great number of other people who have greater need for it.

I am aware of the fact that a majority of the Senate has joined as cosponsors of the amendment. Therefore, I recognize the Senate would probably be disposed to agree to the amendment; but those of us on the committee have been persuaded by the Department that we could probably find a better way to spend the money, one that is more meaningful and more beneficial to a greater number of people.

Madam President, I ask unanimous consent that during the consideration of this bill, Dr. Laurence Woodworth and two other members of the staff of the Joint Committee on Internal Revenue Taxation be permitted on the floor in order to help us with the technical aspects of this bill under consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. I ask unanimous consent that Mr. Goeffrey Peterson and Mr. John Koskinen, who are assistants on the staff of Senator RIBICOFF, be permitted on the floor during consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MILLER. Madam President, I believe that the chairman of the Finance Committee, the distinguished Senator from Louisiana (Mr. LONG), has pointed out one of the reasons for the determination of the Finance Committee to increase the earnings limitation to $2,400 a year, rather than to $3,000.

Another aspect of this matter that should be brought to the attention of the Senate is that there is an inequity in the pending amendment, because it treats all social security recipients alike, and they are not all alike at all. Some of them receive the maximum social security and some receive the minimum. When it comes to earnings that are necessary to provide a minimal standard of living, let alone what we might call a decent standard of living, those who are receiving the minimum social security ought to be allowed to earn more without penalty than those who receive the maximum social security.

I believe that those who have cosponsored this amendment perhaps have not thought of this aspect of the matter, because I am quite sure that they want to recognize the differences among the social security recipients. They want to encourage them to work, and have meaningful income, in order to supplement their social security; but particularly they want to do this for those who need it.

I suggest that a social security individual with $1,000 a year in social security benefits is going to have to earn a great deal more in order to have a decent standard of living than someone who is receiving $2,400 a year.

What really ought to be done—and I regret that I did not realize this amendment was coming up at this time—is to increase this earnings limit to $3,000, but to do it in the case of the low-income social security recipient and then scale it down according to the degree of the increase in the social security benefits received by the individual. If $3,000 is our target, and one is receiving $1,000 in social security benefits, that is fine. If one is receiving $2,400 a year in social security benefits, then let them earn up to $1,680, as they can now, without penalty.

This amendment, I am afraid, has not been thought through and there is an inequity that is going to result from it. I think this should be pointed out to the Senate.

If this were modified to treat the differences in social security receipts in a way that would enable the earnings to be increased according to the amount of social security benefits, I would suggest that a very substantial savings would be made in the $600 million price tag on this amendment. This saving could well be put to some other areas of need, such as the drug costs to which the Senator from Louisiana has referred. I thought that I should bring this matter to the attention of my colleague.

Mr. PERCY. Madam President, I wish to indicate my support of the amendment to increase the amount of money a social security recipient can earn from $1,680 to $3,000.

The committee version of H.R. 1 raises the amount of money a social security recipient can earn without suffering a loss of benefits from $1,680 to $2,400. Beyond $2,400, a person suffers a $1 for $2 reduction in benefits.

This amendment raises the social security earnings limitation from $1,680 to $3,000 upon enactment of H.R. 1. This is the figure I recommended to the Senate Finance Committee in formal testimony on January 27 of this year.

Madam President, mail I have received indicates that there is no single aspect of social security which surpasses the earnings limitation in its unpopularity. Elderly Americans think it ludicrous—and so do I—that wealthy older citizens can receive $100,000 in dividends from stocks and bonds, and still retain their full social security benefits. Yet if they work, their payments are reduced if they earn more than $1,680 a year. If one is receiving an outside unearned income, he retains full benefits. If he is receiving earned income from working, he suffers a loss in benefits.

Now, if a recipient earns between $1,680 and $2,880 in 1 year, he suffers a $1 for $2 reduction in benefits. As proposed in the committee bill, this reduction would begin after $2,400. Under the pending amendment, there would be no $1 for $1 reduction. The reduction would remain $1 for $2 even beyond $3,000.

A full quarter of the 20 million elderly Americans live at or near the poverty level. Many of these people are poor for the first time in their lives and for reasons beyond their control. For instance, some have lost private pension rights due to plant shutdowns, even though they may have served a company for as

long as 15 or 20 years. Others have worked throughout their lives, but because their incomes were never more than marginal, they never could accumulate large savings or invest sufficiently in stocks and bonds to provide an adequate retirement income. Still others may have saved for their retirement years, but found their savings completely wiped out because of serious and prolonged illness.

The present system offers these people two choices: They can attempt to supplement their social security incomes by working, or they can try to do so by going on welfare. Those who are able and willing to work can retain only a modest portion of their earnings over $1,680.

In addition to economic need, we should also consider the need of all elderly people—indeed, of all people—to contribute to society through working, and to feel that one's contribution has a value. In this connection, I would like to cite some responses to a questionnaire I gave to the Illinois delegates to the White House Conference on Aging. The specific question I asked was this: Do you feel inadequate income is the most serious problem facing the aged? If not, what do you feel is the most serious problem? Some of the answers were:

Inadequate income is one of the most serious problems, but we might give almost equal weight to the problem of loss of one's role in society.

Insufficient income is a significant problem . . . but equally important are social interaction and work.

I agree that inadequate income is the most serious problem confronting many senior citizens today, but for many others, in almost equal numbers, lack of a satisfying role in their later years is most serious, and for them, finding a place in society will compensate for a lack of income or meet their needs more adequately than money can.

Among the less visible problems are loneliness, a feeling of purposelessness, a feeling of rejection, and other causes that contribute to mental deterioration.

The earnings limitation not only runs counter to the high value our society places on independence and the willingness of individuals to support themselves, but it also actively discourages many elderly persons from finding meaningful jobs.

I would like to see the earnings limitation abolished completely, but to be practical, I support the move to raise it immediately to $3,000.

Madam President, I am pleased that the Senate adopted this amendment that I have cosponsored by the overwelming vote of 76 to 5. I only regret that business in Chicago in connection with my official Senate business this morning prevented my return to Washington until shortly after the vote.

Mr. SPONG. Madam President, I am pleased to cosponsor the amendment offered by the distinguished majority leader to increase the earnings limitation under social security from $1,680 to $3,000 per year.

In a land with as many resources as ours, our retired citizens should be able to spend their retirement years in dignity. Retirement should not mean a reduction in their standards of living. It should not mean difficulties in meeting ordinary financial obligations. Yet, in all too many instances, this is exactly what it does mean.

One way of countering the financial difficulties faced by many of our retirees is to raise the existing earnings limitation—a limitation which is clearly inadequate for these times. I am pleased that the Senate is addressing itself to this today.

There are, however, other actions which should also be taken. In a recent speech prepared for delivery to a retired Federal employees meeting in Portsmouth, Va. I outlined some of these other actions which I believe should be taken to assist our senior citizens and I ask unanmous consent that a copy of that speech be placed at this point in the RECORD.

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

REMARKS BY SENATOR WILLIAM B. SPONG, JR.

During the last five and a half years, I have had the privilege of meeting with many senior citizens. Members of both the retired Federal employees and the association of retired persons have been helpful to me in formulating ideas and in understanding your needs.

I believe I do understand your needs and your problems. Your correspondence has been helpful also.

As a result of these conversations, I decided to concentrate my efforts on legislation affecting senior citizens in four general areas.

1. Tax relief
2. Cost-of-living increases
3. Health insurance costs
4. Realistic annuities

Retirement is a time when most people should be giving more of their time and efforts to community affairs. You have a right to maintain a standard of living comparable to that which you had achieved at the time of your retirement.

Instead, you have watched the cost of living go up and up while your standard of living has gone down and down.

I have concluded that property tax relief for senior citizens should be a first priority in tax reform.

It is unconscionable that our retired citizens—those who have worked long and hard for many years—should be forced to give up their homes or spend an excessive amount of their funds on property taxes. For many of our senior citizens, however, this is exactly what has happened. Faced with limited incomes, usually substantially reduced from what they were during working years, unable or incapable of continuing to work, and often plagued by increasing medical bills, many of our retired people find the property tax particularly burdensome—and continuously growing.

Property taxes have doubled in the past fifteen years. Partially as a result, it is now estimated that close to one million elderly homeowners with annual incomes below $3,000 are forced to turn over 10 percent or more of their total money income for property taxes. Others must restrict spending for needed items in order to meet the tax bills. It is also estimated that many elderly renters pay 25 percent of their rent for property taxes.

I have therefore cosponsored legislation to provide a tax credit against the Federal income tax for property taxes paid by elderly homeowners on owner-occupied dwellings and for that portion of rent resulting from property taxes.

I hope that all levels of government will work together to devise a workable and adequate system of property tax relief for the elderly, and I pledge my support to those efforts. In a nation as wealthy as ours, we should certainly take those actions necessary to see that our retired citizens live in dignity, that they are able to acquire those items they need, that they are able to have some of the pleasantries of life which will make their retirement years enjoyable ones.

In early 1971, I also cosponsored legislation to provide some relief from Federal income taxation for retired Federal employees.

Neither income from social security nor railroad retirement is taxable and equity demands that Federal employees be treated similarly.

As you well know, inflation and continuing increases in the cost of living fall hardest on those living on social security, pensions and other fixed incomes.

More than 532,000 Virginians should benefit from the social security increases recently enacted by Congress. The increases became effective September 1 and will be reflected in the checks which beneficiaries receive early in October.

The recent increase in social security benefits was a step in the right direction, but we must also take other actions. There is no reason why a man or woman—simply because he or she retires—should be forced to reduce substantially his standard of living. Among the other actions we should take is an increase in the earnings limitation under social security. Those who are able to work and want to work in their later years should not be unduly penalized for doing so. The existing earnings limitation of $1,680 is clearly out-dated and should be revised upward in light of increases in the cost of living. This is proposed in H.R. 1 and I urge final action on such an increase before this Congress adjourns.

Many of you are probably not covered by social security and may never be. For those of you who may have had some social security coverage and lost it, you will be interested in knowing that legislation is pending in the House Committee which is designed to correct this. It would provide for an interchange of social security and civil service credits to enable individuals who have some coverage under both systems to obtain maximum benefits based on combined service.

You are all familiar with the cost-of-living increases built into the retirement system. These cost of living increases are triggered by the consumer price index.

I have become increasingly concerned with respect to the application of the index. At worst, it may be the product of manipulation to convince the public that inflation is under control. At least it may be a misapplication of the statistics to accomplish the same purpose or to keep the costs down of those programs which are dependent upon the index. These include civil service as well as military retirement pay.

Early in May I recommended to the chairman of the Joint Economic Committee that an investigation be made of the consumer price index. I offered to introduce the resolution to authorize the study if legislation was needed.

It does not necessarily reflect the cost of living for a retired couple. Many types of costs are peculiar to senior citizens. The committee has assured me that it will take this into consideration during the statistical review.

One of those major costs relate to health care. At the same time I cosponsored a bill to provide tax relief, I cosponsored legislation to increase the Government's share of the premiums for Federal Health Insurance.

Until a few days ago, Federal employees and annuitants were optimistic about the prospects of the Government paying a bigger share of their health insurance costs than it is paying today. They had every reason

to be optimistic. A bill had passed both the House and the Senate.

Unfortunately, the bill is stymied over an issue unrelated to the 575,000 annuitants under the health insurance program. I hope that this stalemate may be broken before the Congress adjourns.

I know that you are interested in the legislation to increase annuities to a realistic figure. This is particularly important to those who retired prior to 1969 when annuities were based on the average of the high five years of employment. There are a number of bills pending in both the Senate and House which vary considerably. Some would provide graduated increases just for those who retired prior to 1969. This is on the assumption that the change to the high three year average along with the cost of living increases would take care of the rest of them. There are other bills which would provide higher increases for all those who retired between January 73 and 74 with reduced increases for those who retire after that time. This is on the assumption that the salaries will have picked up the slack in the meantime. There have been hearings held and I wish I could tell you that legislation would be enacted. You have probably heard me say that I thought one of the problems with people running for public office was over-promise; I do not want to be guilty of that. I am not optimistic abount annuity increases being enacted during this session.

I hope the prospects improve with respect to legislation which I know is important to you.

Thank you again for giving me the opportunity to meet with you.

Mr. MANSFIELD. Madam President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. MANSFIELD. Madam President, I ask unanimous consent that all those who cosponsored the bill S. 4001 be listed in the RECORD as cosponsors of the pending amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The list of the cosponsors is as follows:

Mr. AIKEN, Mr. ANDERSON, Mr. BAKER, Mr. BAYH, Mr. BEALL, Mr. BENTSEN, Mr. BIBLE, Mr. BOGGS, Mr. BROOKE, Mr. BURDICK, Mr. ROBERT C. BYRD, Mr. CANNON, Mr. CASE, Mr. CHILES, Mr. CHURCH, Mr. COOK, Mr. COOPER, Mr. CRANSTON, Mr. DOLE, Mr. EAGLETON, Mr. EASTLAND, Mr. GAMBRELL, Mr. GRAVEL, Mr. GRIFFIN, Mr. GURNEY, Mr. HARRIS, Mr. HART, Mr. HARTKE, Mr. HATFIELD, Mr. HOLLINGS, Mr. HUGHES, Mr. HUMPHREY, Mr. INOUYE, Mr. JACKSON, Mr. JAVITS, Mr. KENNEDY, Mr. MCGEE, Mr. MCGOVERN, Mr. MCINTYRE, Mr. MAGNUSON, Mr. MATHIAS, Mr. METCALF, Mr. MONDALE, Mr. MONTOYA, Mr. MOSS, Mr. MUSKIE, Mr. NELSON, Mr. PACKWOOD, Mr. PASTORE, Mr. PEARSON, Mr. PELL, Mr. PERCY, Mr. PROXMIRE, Mr. RANDOLPH, Mr. RIBICOFF, Mr. ROTH, Mr. SAXBE, Mr. SCHWEICKER, Mr. SCOTT, Mr. SPONG, Mr. STAFFORD, Mr. STEVENS, Mr. STEVENSON, Mr. SYMINGTON, Mr. THURMOND, Mr. TOWER, Mr. TUNNEY, Mr. WEICKER, Mr. WILLIAMS, Mr. YOUNG, Mr. FULBRIGHT, Mr. ALLOTT, Mr. COTTON, Mr. DOMINICK, Mrs. SMITH, Mr. ALLEN, Mr. GOLDWATER, Mrs. EDWARDS, and Mr. MCCLELLAN.

Mr. MANSFIELD. Madam President, I also ask unanimous consent that the Senator from Mississippi (Mr. STENNIS) be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Oklahoma (Mr. HARRIS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), and the Senator from Rhode Island (Mr. PELL) are necessarily absent.

I further announce that the Senator from North Carolina (Mr. JORDAN) is absent on official business.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Minnesota (Mr. HUMPHREY), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Oklahoma (Mr. HARRIS), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from Montana (Mr. METCALF) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senators from Tennessee (Mr. BAKER and Mr. BROCK), the Senator from Wyoming (Mr. HANSEN), the Senator from Illinois (Mr. PERCY) and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Vermont (Mr. STAFFORD) and the Senator from Ohio (Mr. TAFT) are absent on official business to attend the Interparliamentary Union meetings.

If present and voting, the Senator from Illinois (Mr. PERCY), the Senator from Ohio (Mr. TAFT), and the Senator from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 76, nays 5, as follows:

[No. 478 Leg.]

YEAS—76

Aiken	Eastland	Muskie
Allen	Edwards	Nelson
Anderson	Ervin	Packwood
Bayh	Fong	Pastore
Beall	Gambrell	Pearson
Bellmon	Goldwater	Proxmire
Bentsen	Gravel	Randolph
Bible	Griffin	Ribicoff
Boggs	Gurney	Roth
Brooke	Hart	Saxbe
Buckley	Hartke	Schweiker
Burdick	Hatfield	Scott
Byrd, Harry F., Jr.	Hollings	Smith
Byrd, Robert C.	Hruska	Sparkman
Case	Hughes	Spong
Chiles	Inouye	Stennis
Church	Jackson	Stevens
Cook	Javits	Stevenson
Cooper	Magnuson	Symington
Cotton	Mansfield	Talmadge
Cranston	Mathias	Thurmond
Curtis	McClellan	Tunney
Dole	McGee	Weicker
Dominick	Mondale	Williams
Eagleton	Montoya	Young
	Moss	

NAYS—5

Bennett	Jordan, Idaho	Miller
Fannin	Long	

NOT VOTING—19

Allott	Humphrey	Pell
Baker	Jordan, N.C.	Percy
Brock	Kennedy	Stafford
Cannon	McGovern	Taft
Fulbright	McIntyre	Tower
Hansen	Metcalf	
Harris	Mundt	

So Mr. MANSFIELD'S amendment was agreed to.

Mr. MANSFIELD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JAVITS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. THURMOND. Mr. President, I ask unanimous consent that John Napier, a member of my staff, be granted the privilege of the floor during discussion on the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAYH. Mr. President, I ask unanimous consent that a member of my staff, Gordon Alexander, be granted the privilege of the floor during the consideration of H.R. 1.

The PRESIDING OFFICER. Without objection, it is so ordered.

SOCIAL SECURITY AMENDMENTS OF 1972

The Senate continued with the consideration of the bill (H.R. 1) to amend the Social Security Act, to make improvements in the medicare and medicaid programs, to replace the existing Federal-State public assistance programs, and for other purposes.

Mr. LONG. Mr. President, those of us who serve on the Committee on Finance are ready to vote on further amendments. There may be an amendment offered by the Senator from Connecticut (Mr. RIBICOFF). I understand that it has not yet been drafted. I believe the Senator intends to explain his views tomorrow to the Senate on this issue. I am not aware of other amendments that Senators may wish to offer at this time. I can understand why they are not prepared to offer amendments. They could not gear their amendments to specific language in the bill, and the bill was not available in print until noon today.

If there are no amendments that Senators wish to offer at this time, I think the Senate would be well advised to turn to another measure. If Senators wish to offer amendments to H.R. 1 now and vote on them, I am ready to go forward.

Mr. RIBICOFF. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. RIBICOFF. Mr. President, I agree with the chairman of the committee that probably one of the most controversial parts of this huge bill, with its overwhelming number of pages, sections, and provisions, will be title IV, the question of welfare reform.

I will have my speech and explanation ready tomorrow morning when the Chair recognizes me. I will be on the floor to explain it. The amendment, which combines the conversations I have had over the last few months with the administration to see if we could work out an agreement, will be the amendment I will put in, the substitute amendment No. 559.

As I explained to the chairman of the committee and the leader, there is no reason whatever to drag this debate on. Under no circumstances would I have this amendment stand in the way of the passage or adoption of the many fine parts of the bill which the Committee on Finance worked on so long and so hard over many, many months in order to achieve.

I have in mind probably calling up the amendment Tuesday morning, and when I get recognition and make it the pending business I am sure that with an agreement between the chairman of the committee and the ranking minority member we could arrive at an expeditious understanding as to when we would vote on my substitute for title IV. There will be ample time to discuss it. But I say to the majority whip, who is here, that we could work expeditiously on this important measure.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. ROBERT C. BYRD. Would the Senator, in view of the fact that there will undoubtedly be a sizable number of amendments offered to the substitute, be prepared to offer his amendment on Monday rather than on Tuesday?

Mr. RIBICOFF. I do not know at the present time if there will be a sizable number of amendments.

Mr. ROBERT C. BYRD. There may be.

Mr. RIBICOFF. There my be. My feeling is if this is going to develop it will end up as a basic choice between my proposal and the committee proposal. To my knowledge, unless the ranking minority member is aware that someone will offer the original welfare proposal of H.R. 1, to date no one is prepared to do this.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. BENNETT. I understand that the original H.R. 1 will be offered.

Mr. RIBICOFF. Very well.

Mr. BENNETT. I am not completely sure who will offer it, but it will be offered. Whether it will come as a substitute for the Senator's or ahead of the Senator's, I do not know, but at least a time pattern could be worked out.

Mr. RIBICOFF. My objective is to bring this issue to a vote in the Senate. I am more than willing to work with the leadership, the chairman, and the distinguished Senator from Utah to see if we can expeditiously dispose of this issue that has been around for 3 years.

Mr. BENNETT. It is my understanding that other alternatives will be offered, so there will be three alternatives to look at.

Mr. RIBICOFF. The Senate should have an opportunity to make up its mind which proposal it wishes to adopt. I know the distinguished Senator from Delaware (Mr. ROTH) has worked hard on a proposal that is similar to what we discussed in the Committee on Finance in 1969. I know he will want an opportunity to present his point of view.

My point of view is that if we debate this with thought and concern and the objective, "Let us decide this issue this session," I am positive we can do it expeditiously.

Mr. ROBERT C. BYRD. Would the Senator be ready and willing to lay down his amendment on, say, Monday, rather than on Tuesday?

Mr. RIBICOFF. Monday night. I think I might be able to work that out so that it would be laid before the Senate on Monday night and made the pending business and start to work on it Tuesday morning. I think this could be worked out. I will be in touch with the minority leader, the ranking minority leader, and the Senator from West Virginia to see if we can come to an understanding.

Mr. ROBERT C. BYRD. Mr. President, as to further amendments to be called up at this time, does the ranking member of the committee know of any?

Mr. BENNETT. We know of none.

ORDER FOR CONTINUATION OF SOCIAL SECURITY AMENDMENTS OF 1972 TOMORROW MORNING

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, at the conclusion of the routine morning business, the Senate resume the condition of H.R. 1 and that the unfinished business be then temporarily laid aside and remain in a temporarily laid-aside status until an hour tomorrow to be determined by the distinguished majority leader or his designee.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1618

(Ordered to be printed and to lie on the table.)

OLDER AMERICANS SHOULD RECEIVE THE FULL AMOUNT OF SOCIAL SECURITY BENEFIT INCREASES WITHOUT CUTBACKS

Mr. HUMPHREY. Mr. President, I am today introducing legislation that would enable those older Americans receiving social security and other old-age assistance to obtain the full benefit of the social security increase that becomes effective on October 1, 1972.

This bill is designed to close a loophole in the Social Security Act that mandates a dollar-for-dollar reduction in public assistance payments and program benefits in the event that a recipient of these programs is also receiving social security.

Mr. President, in October, over 511,200 Minnesota social security recipients will find their benefits increased as a result of Congress passing the 20-percent social security increase. Yet, because the increase did not carry with it a "pass through" provision, many of these recipients actually stand to lose benefits as a result of the increase. Thus, over 3,000 people in Hennepin County who receive both old-age assistance and social security will find that the old-age assistance has been cut back dollar for dollar to take into account the social security increase. The same effect will be felt by those persons and families who receive medical assistance, food stamps, public housing, and veterans pensions.

Mr. President, last year when the Congress passed the 10 percent social security increase, many older Americans faced the same problem then as they do now—the Federal Government is giving with one hand and taking the increase away with the other hand. Last year, as this year, it is a case of invisible hands moving from invisible pockets.

Almost to the day last year, on September 24, 1971, I introduced S. 2576—this legislation is currently pending before the Finance Committee—and its purpose is the same as the legislation I am introducing today: to pass through for old-age assistance and Federal assistance programs such as food stamps and veterans pensions.

Mr. President, I call the attention of the Senate to this previous legislation precisely because I believe that we must now move to end the necessity to return to the Congress immediately after a social security increase is passed to seek a rider that would allow benefits to be "passed through."

The legislation I am introducing today would be that kind of legislation. It would prevent any loss in benefits by requiring that social security increases be disregarded when determining benefits for other assistance programs.

Mr. President, it is my hope that when the social security provisions of H.R. 1 are considered by the Senate that the Senate will close this loophole and injustice to older Americans.

AMENDMENT NO. 1621

(Ordered to be printed and to lie on the table.)

Mr. MONDALE. Mr. President, the Finance Committee's version of H.R. 1, which we have before us, is an important step forward in our efforts to treat the elderly fairly in America.

When taken together with the 20-percent social security increase which the Congress passed on June 29, it represents a major and long overdue recognition of our obligations to our senior citizens.

Title XVI of the Finance Committee bill deals with assistance to the aged, blind, and disabled. These are the poorest of the poor—the ones who need help the most. When title XVI goes into effect in January 1974, it will guarantee a minimum $130 old age assistance standard to every elderly citizen.

And because it allows elderly citizens to have $50 in social security or other similar income without losing any of the $130 in assistance, the passage of title XVI will mean that an elderly person with a small amount of social security income will be guaranteed $180 a month.

This is a great improvement over the old age assistance standard which now prevails in many States.

But it will be 15 months before the major changes incorporated in title XVI can be put into effect. The problem is what to do for these poverty stricken senior citizens until January 1974, when title XVI becomes law. Unless we act, thousands of elderly people, who receive both small social security checks and old age assistance may not receive 1 penny of additional benefits for 15 months. For these people who could benefit substantially from the 20-percent social security increase which was passed in June, there may be no increase at all for this whole period of 15 months.

Let me read parts of two letters I have received from Minnesota concerning this pitiful and cruel situation.

One poverty stricken widow wrote to me saying that:

> The Minneapolis Housing Authority is raising my rent as a result of my increase in Social Security . . . and I will be losing my food stamps also. The way I figure it, I would be better off without the raise.

Another elderly couple in Cushing, Minn., sent me the notice of a rent increase they had received from the housing authority and said that their old-age assistance check was being reduced dollar for dollar to take away every cent of the social security increase. The elderly wife wrote:

> Senator, I just haven't been able to keep up as it is and now to get a cut in our Old Age checks. Living is so terribly high. Everything is so terribly high. We pay taxes, insurance, we have payments. We don't begin to have what we need.
>
> My husband is a cripple from arthritis and 79. We are two people that just don't like to beg. We have no other income, just our Social Security and Old Age Assistance . . . and now giving more on Social Security but taking away Old Age Assistance . . . we aren't getting any raise. What can be done?

These are typical letters. Recipients of old-age assistance and aid to the blind and disabled, those with veterans' pensions, people receiving food stamps, the medically indigent, and many people in public housing are finding that the 20-percent social security increase will mean a reduction or even a loss of these other benefits.

They may lose all or part of the 20-percent social security increase because present law allows the States to cut old-age assistance levels dollar for dollar to absorb that raise.

They may lose food stamp benefits.

Some—the "medically indigent"—may lose part of their medicare benefits.

Some will see their public housing rents raised to cut deeply into the 20-percent social security increase which we wanted for them.

So our immediate problem is to develop a formula to guarantee the elderly the increase in benefits right now. The provisions of title XVI will be effective in 15 months—but 15 months is a very long time for an elderly citizen to wait for some small improvement in his standard of living.

On September 21, I introduced a bill to guarantee that all social security recipients receive the full benefit of the 20 percent social security increase. The amendment which my colleague (Mr. HUMPHREY) and I are offering now adapts that bill to the changes made by the Finance Committee in H.R. 1. But the object is still the same—to make it absolutely certain that the elderly receive the full 20 percent social security increase which we passed in June.

The proposal in my amendment could and should be put into effect immediately because it is very simple. What it does is to tell all the State agencies to continue

benefits to the elderly as though there had been no 20-percent increase. In this way no benefits are cut and the full 20 percent is "passed through" to the elderly.

Although this "pass through" does not have the identical results of the approach used in title XVI, it is largely consistent with that approach—and it could be implemented now.

In Minnesota, 60 percent of the 23,000 of the elderly citizens who receive old age assistance—about 14,000 senior citizens—will lose all or part of their social security increase until January 1974 unless we provide for a passthrough, such as I am proposing.

Another 2,000 elderly Minnesotans will lose all entitlement to old age assistance as a result of the 20-percent social security increase. The committee's bill protects this category of elderly citizens against a loss of their medicaid benefits, but it does not keep them from losing food stamps as my amendment does.

In Minnesota, there are about 13,000 elderly in the "medically indigent" category. They receive no cash old age assistance, but they are covered by medicaid. Many of these people will lose all or part of their 20 percent social security increase unless action is taken along the lines I am proposing.

My amendment also protects social security recipients with veterans or other Federal benefits, as well as those in federally supported public housing programs from having part or all of the 20 percent increase taken away from them.

The Congress intended them to have the whole increase, and I think they should have it.

Mr. President, I know that the distinguished Senator from Louisiana (Mr. LONG) is aware of the need for a "pass through" in some form. He recognized its importance on the Senate floor on September 12th in a discussion with several Senators. He has shown a deep understanding of the problem because title XVI of the Finance Committee bill—by providing for a $50 disregard of social security or other similar income—has its own formula for a "pass through." It is a generous formula, but the problem is that it does not take effect for 15 months.

I think that my formula is a good one for meeting the interim problem. I urge its adoption.

SOCIAL SECURITY AMENDMENTS OF 1972

The PRESIDING OFFICER (Mr. WILLIAMS). Under the previous order, the Chair now lays before the Senate H.R. 1, the Social Security Amendments of 1972, which the clerk will state.

The legislative clerk read as follows:

H.R. 1, to amend the Social Security Act, to make improvements in the Medicare and Medicaid programs, to replace the existing Federal-State Public Assistance programs, and for other purposes.

The Senate resumed the consideration of the bill.

AMENDMENT NO. 1614

A FINAL CHANCE FOR WELFARE REFORM

Mr. RIBICOFF. Mr. President, President Nixon can have welfare reform this

year if he wants it. The question facing the Senate and the country is whether the President will take the opportunity to match deeds with his words about the need to reform this country's welfare systems. Unfortunately, it is not clear whether the President really wants welfare reform.

In August of 1969 President Nixon went to the American people in a major televised address and said that "the present welfare system has failed us." At that time he proposed a new approach to public assistance embodied in the family assistance plan.

The President's initiative in 1969 had my support and the endorsement of others who thought welfare reform long overdue. As I noted then and in the intervening years, the President deserved great credit for focusing the attention of the country on this problem.

Two years ago, after the House had passed a modified version of FAP, the Senate adjourned before action could be completed on the bill. Today, 3 years after welfare reform was first introduced in Congress, and 1 year after it passed the House for a second time, the Senate is beginning debate again on welfare reform.

Over the past 3 years supporters of welfare reform have had their differences about specific provisions. After long study, I introduced 1 year ago a proposal that would have substantially improved the House-passed version of the President's proposal, H.R. 1.

My proposal was developed after lengthy consultation with Senators, Governors, State welfare administrators, welfare organizations and other public assistance experts. We believed that the proposal represented a reasonable and constructive approach to reforming the welfare system; 22 Senators, including 4 Republicans, and 15 Governors together with interested groups such as Common Cause, the AFL-CIO, the League of Women Voters all announced their support for the Ribicoff amendment.

While the President opposed my amendment, many of its provisions actually restored elements of the President's original legislation offered in 1969. This was the first indication that the President was having second thoughts about this commitment to welfare reform.

Developments during the months since the introduction of my proposal have made it clear that none of the approaches—neither the Finance Committee proposal, the Ribicoff amendment, nor the President's program contained in H.R. 1—can command a majority in the Senate. Therefore, in an attempt to work out a fair accommodation between the President's position and my own, my staff and I began a long series of negotiations with the administration several months ago. We finally reached agreement on a proposal containing all the principles we consider prerequisites for meaningful welfare reform.

The Secretaries of Health, Education, and Welfare and the Department of Labor urged the President to support this agreement.

On June 16 of this year, the President took the Ribicoff-administration agreement under advisement. A group of 19 Republican Senators sent a letter to the President urging him to join with me in fashioning a "humane and decent compromise reform measure that would be acceptable to a majority of the Congress and to the administration." Recognizing the inadequacies of the Finance Committee proposal then being developed, this bloc of Senators stated that:

> Without that compromise and a final effort now by the Administration and those members of both parties, certainly including Senator Ribicoff . . . we firmly believe welfare reform is almost certain to die.

The President rejected the Ribicoff-administration agreement as well as the concept of working with the Senate to fashion an acceptable welfare reform proposal. The President's position substantially diminished the possibility of enacting welfare reform this year.

Nonetheless, in the spirit of trying to reach a constructive solution to this problem, I am today introducing an amendment to the Finance Committee version of H.R. 1, striking the committee's welfare proposal—title IV—and substituting the Ribicoff-administration agreement. This is our last, best chance for action in this Congress.

If the Senate fails to act this year, it is unlikely that the Congress will consider welfare reform at all in the next Congress, after the years of fruitless effort already devoted to this subject. The tragedy of this failure will be more than a poltical one. It will be a human failure—a failure to help millions of Americans who subsist in poverty.

Most of these Americans do not vote. They do not speak up. They do not lobby in Washington. They lead lives of quiet desperation in city slums and rural wastelands throughout America.

These Americans want to work but have no jobs. Their children go hungry, shoeless, and cold. And all around them is the affluence that most of us know as America. For them the American dream is a nightmare.

In the middle of a presidential election, words often obscure deeds and rhetoric substitutes for action. But 25 million Americans have a right to expect more from their elected representatives. They have a right to expect the President to follow through on 3 years of speeches about the need for welfare reform. And they have a right to expect the Senate to meet the President halfway. I think the RIBICOFF-administration agreement is the vehicle that will allow us to meet those expectations.

The details of this proposal are best viewed in the context of the inadequacies of our present welfare system and the failure of the Finance Committee to deal with that system in a realistic way.

INADEQUACIES OF THE PRESENT WELFARE SYSTEM

If there is agreement on nothing else, everyone can agree that our present welfare system is a total disaster. No one supports it and it supports no one adequately.

The current public assistance program, Aid to Families with Dependent Children—AFDC—is made up of 54 different State anl territorial programs. Each is administered by a separate jurisdiction under broad Federal guidelines. Including the county-administered programs, there are at least 1152 separate operating welfare systems. The efficiency of these units ranges from bad to worse.

Payments for a family of four are inadequate—ranging from $60 a month in Mississippi to $335 in Connecticut. Federal guidelines are so broad that there are as many different interpretations as there are interpreters. In effect neither the State nor the Federal Government has the last word on how the system should operate. No one has the last word.

If we had set out to devise an unworkable and undesirable welfare system, we could not have done a better job than to invent the present structure.

The present system provides no benefits when a father is present thereby encouraging family disintegration and desertion.

The present system destroys work incentives for families. Why work when you can have more money being on welfare? Why try to get off welfare when every dollar you earn is taxed away by a poorly devised welfare structure?

For those who can work, a multitude of training programs have been devised to cut the welfare rolls. But the rolls keep rising, poverty keeps increasing, and States and localities keep pouring more and more money into an open-ended program that promises relief for no one.

The welfare mess fails the taxpayer as well as the welfare recipient. Costs to the States are rapidly growing out of control. At the present rate the cost of the AFDC program will double every 3 years.

In calendar year 1971, 14.8 million people received assistance under the principal welfare programs—AFDC, Aid to the Aged and Aid to the Blind and Disabled. Of this total, 10.6 million people—7.7 million children and 2.9 million adults—received AFDC payments. This represented an increase of 10.3 percent over the preceding year.

In the same year welfare costs amounted to $10.8 billion, of which $6.2 billion was spent on AFDC. These costs were up 14.7 percent over the preceding year.

Despite the increase in costs, the beneficiaries of the welfare system were no better off. In fact, welfare payment cutbacks were taking place all over the country. Payments to recipients in almost half the States have been decreased in the last 2 years.

Other problems abound in the welfare system. Single people and childless couples are completely ineligible for AFDC, thus providing a great incentive to have children.

Men who work part-time are discouraged from seeking full-time employment because their families are eligible only when they work part-time. The "working poor"—that is, those who work full-time but still live in poverty—are not helped at all. And yet 40 percent of the poor in this country live in families headed by a full-time worker.

INADEQUACIES OF THE FINANCE COMMITTEE PROPOSAL

The Finance Committee proposal offers more of the same workfare programs which have failed in the past.

The program approved by the Senate Finance Committee represents a long step backward on the road to welfare reform.

The Finance Committee proposal retains the existing, widely discredited State AFDC programs for mothers with young children, and adds on top of it another program for families with an overlapping jumble of wage subsidies, social security tax rebates, work disincentives, and subpoverty wage programs.

Rather than coordinate and improve the operation of our welfare program, the committee proposal compounds the lack of coordination by scattering new programs throughout the Federal Government. The new "workfare" programs would be administered by the Departments of Health, Education, and Welfare, Treasury, and a new Federal administration in addition to the 1,152 administrative units at the State and local level which already handle the AFDC program.

The committee's proposals supposedly increase work incentives but the combined effect of the disparate array of income supplements, tax rates, and job programs is to discourage people from working. Welfare recipients will be in a continuing state of confusion about how to relate to all the offices and programs involved.

Even more importantly, the committee bill does nothing to improve the level of benefits AFDC recipients receive or to move in the direction of nationally uniform eligibility standards and payment levels.

The costs of the committee proposal would exceed those of H.R. 1 by over $4 billion and would cover some 30 million people. Yet much of the money for the program would not be concentrated on the poorest of the poor. Instead, large amounts would go to those earning relatively more money. Administrative costs would also be increased since records would have to be maintained and transferred between many different Federal, State and local agencies.

A more detailed analysis of the committee proposal illustrates the confusion and inequites inherent in the plan.

WAGE SUBSIDY

A wage subsidy would be paid by the newly created Work Administration equalling three-fourths of the difference between a low wage in private industry and the minimum wage. The committee report assumes that the Federal minimum wage is $2. Thus it uses the figure $1.50 when referring to three-fourths of the minimum. But since the bill itself speaks in terms of three-fourths of the minimum wage—presently $1.60—I will assume that present law is in effect. Thus if a worker is making $1.20 per hour, the wage subsidy would be 30 cents an hour—three-fourths of the difference between $1.20 and $1.60. Such a subsidy would encourage employers to pay low wages since they could expect the Federal Government to pick up the costs of higher wages. In addition to this wage depressant effect, workers would be better off only if they worked longer hours. Nothing would be done to upgrade hourly wages.

This Nation should avoid a policy of encouraging workers to work for subpoverty wages. Raising wage levels would be wiser. Furthermore, recipients would not be automatically eligible for the wage subsidy. They would have to apply to the local employment service—agencies which have consistently fallen down on the job of providing jobs and services to the poor.

The wage subsidy would only apply to jobs paying between $1.20 and $1.60 per hour. Thus, the most impoverished workers—those in jobs which pay less than $1.20—would not be aided. This group, comprising well over half a million individuals, is in dire need of assistance.

10 PERCENT PAYMENT

Participants referred to private sector jobs would receive an additional subsidy of 10 percent of wages covered by social security. This payment, made by the Internal Revenue Service, would only apply to the base hourly wage, not to the wage subsidy portion of hourly income. This payment would be phased out as income rises above the poverty line at a 25-percent rate, thus dampening any incentives to move above the poverty line.

Such a proposal rewards a family with $4,000 of earnings twice as much as a family with $2,000 and thus provides the least to those with the greatest need.

Administratively this proposal would involve the keeping of a huge volume of records and the maintenance and transfer of records between IRS, the Work Administration, and perhaps other agencies. Millions of tax records would become a part of the welfare maze.

While I share the view of the committee that it is desirable to relieve the poor of the burden of paying social security taxes and I commend our chairman for this concept—I have publicly supported a social security rebate to impoverished working Americans—I cannot accept the committee proposal since it is part and parcel of an unworkable and inequitable overall plan.

The legislation I have developed would provide relief from both social security and income taxes through the earnings disregard feature. That is, in determining what is income for the purposes of computing the welfare payment, my proposal disregards the first $720 of income, 40 percent of additional income, and amounts paid for social security and income taxes.

WORK ADMINISTRATION

While the vast majority of welfare recipients are unemployable, the Finance Committee proposal concentrates heavily on the small minority who are employable. The main structure of the program for families with an employable individual is the Federal Work Administration.

The Work Administration would attempt to provide job placement, job development, employability plans and manpower training. All employable adults registering for welfare would be required to become employees of the Work Administration as a condition of receiving assistance. The Work Administration would attempt to place registrants in private jobs at the minimum wage or "subsidized" public or private jobs at less than the minimum wage. The 10 percent supplement would be provided for those taking private jobs and for the nonsubsidy portion of subsidized public or private jobs.

Those not so placed in "regular" jobs would become direct employees of the Work Administration at $1.20 an hour, far less than either the poverty line or the Federal minimum wage. These employees would receive no wage subsidy or 10 percent supplement. In fact, the Work Administration employees would be in limbo between Federal and private employment—ineligible for social security, unemployment compensation or workmen's compensation.

These direct Work Administration employees would be required to perform "useful work which can contribute to the betterment of the community." For mothers with younger children, training to improve the quality of life—improve homemaking, beautifying apartments, acquiring consumer skills—would be provided. The Work Administration would also provide temporary employment with reimbursement to the Work Administration. In effect, the Federal Government would be maintaining a subpoverty wage manpower pool at the disposal of the business community.

The concepts embodied in the Work Administration are confused and often erroneous. While the basic idea of making the Federal Government the employer of last resort is a sound one, the downgrading of public service jobs relative to private sector employment is unfortunate. The emphasis on providing "incentives" for workers to move into "regular" private employment by paying Work Administration employees only $1.20 an hour is misplaced at best.

A major problem that I find with the committee's proposal is that the private sector does not have sufficient jobs. In fact, over 5 million Americans are unemployed. Thus, even with extraordinary motivation, a Work Administration employee cannot escape his $1.20 an hour job if there are no other jobs. He is doomed to remain at a menial $1.20 an hour salary—$1,500 below a poverty level wage on an annual basis. And the Work Administration, by paying only $1 an hour for those in manpower training, is discouraging rather than encouraging participants to upgrade their skills and increase their income.

Rather than discouraging public service employment we should be fostering it. It has been estimated that State and local government could utilize as many as 4 million people in public service activities of all kinds—conservation, education, health, consumer protection, recreation, sanitation, criminal justice, child care. It should be obvious to all that our inner cities are decaying, our air and water getting dirtier, and our public services becoming increasingly unable to meet the challenge of providing us with the manner of existence we as Americans

desire. Public service jobs should provide workers with at least a poverty-level wage. In this way we can both fight poverty and improve our communities.

ASSISTANCE TO UNEMPLOYABLE ADULTS

Under the committee bill those unable to work would continue to participate in the widely discredited AFDC system. Generally each State would decide the level of assistance it will provide. But Federal financial participation in the program would be changed from the present matching formula to a bloc grant approach. By putting a ceiling on Federal aid, the committee bill will discourage the States from raising welfare payments. The bloc grant approach would allow only low benefit States to raise their benefit levels. Under the committee bill a State's grant for 1973 would equal the 1972 Federal share, plus an additional amount equal to as much as one-half of the 1972 State's share. But less than one-half the State share would be provided if that amount were sufficient to bring family income up to a level of $1,600 for a family of two, $2,000 for three, or $2,400 for four Alternatively, a State could opt for 110 percent of the 1972 Federal share. In future years the bloc grants would be reduced under the assumption that the committee's workfare program is reducing the welfare rolls. Given the past failure of welfare-workfare programs it appears that the reduced size of the payments will mean only smaller and smaller assistance payments to families in need rather than stable payments to a shrinking welfare population.

THE RIBICOFF-ADMINISTRATION AGREEMENT

The new agreement which I introduce today as a substitute for title IV of H.R. 1 incorporates much that has been learned from the past 3 years of analysis and debate about welfare reform. This amendment retains the basic elements of the original family assistance plan as it applies to those who cannot work but improves the benefit levels, protects current recipients against benefit cutbacks, contains the procedural safeguards of the original Ribicoff amendment, and provides the States with significant fiscal relief.

Today's amendment also contains a pilot program for the new concept of providing assistance to the working poor and those who can work but are unemployed. This will give the administration and the Congress the opportunity to assess the full impact of this program.

Even with the full implementation of the working poor program, this amendment will only cost $600 million more than the costs of H.R. 1 as it passed the House and $3.2 billion less than the unwieldy structure established by the Finance Committee proposal.

Mr. President, I ask unanimous consent to have printed in the RECORD a table which illustrates the costs of the various proposals for fiscal year 1975.

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

FULL-YEAR COSTS, PAYMENTS AND SERVICES: 1ST FISCAL YEAR

[In billions of dollars]

	Current law	H.R. 1	Ribicoff-administration agreement	Finance Committee bill
Payments to families	5.3	6.2	7.2	[1] 6.7
Payments to adults	2.4	4.6	4.6	4.2
Payments for food stamps	2.9	.2	.1	1.8
Hold-harmless; fiscal relief		1.1	.8	
Subtotal: Payments	10.6	12.1	12.7	12.7
Child care	.6	.9	.9	.8
Training	.3	.5	.5	
Public jobs		.8	1.2	4.1
New employment service		0.1	0.1	
Administration	0.6	1.1	1.1	1.3
Support services				.7
Subtotal: Related and support activities	1.5	3.4	3.8	6.9
Impact on other programs		—.1	—.1	—.1
Grand total	12.1	15.4	16.4	19.5

[1] Includes: wage subsidy, 1.9; 10 percent rebate, 1.1; residual AFDC, 3.7; total, 6.7.

Mr. RIBICOFF. Mr. President, the Ribicoff-administration agreement consists of two facets: Aid to those unable to work; and aid to the working poor including a preliminary pilot program of this concept.

ASSISTANCE FOR THOSE WHO CANNOT WORK

This category includes children under 16, mothers with children under age 6, the elderly, ill or incapacitated, or their caretakers, caretakers of a child where the father or other adult relative in the home is working or registered for training, the caretaker of a child where suitable day care is unavailable, and unemployed, male-headed families for whom jobs are unavailable.

PAYMENT LEVEL

Those unable to work will be assured a basic Federal payment to a family of four of $2,600. The payment will increase as the cost of living rises.

MAINTENANCE OF BENEFITS

In those States where payment levels exceed $2,600, States would be required to make supplemental payments to assure that no recipient receives a smaller payment than he or she receives under the present law. To alleviate the harmful effects of State welfare cutbacks of the last few years, the States would be required to supplement up to the higher of their January 1971 level or any higher previous or subsequent level.

STATE FISCAL RELIEF

Under the provisions of my amendment, every State would receive substantial fiscal relief. Under present law States receive matching funds from the Federal Government ranging from 50 to 83 percent of a State's costs. Under my proposal the Federal Government will pay 100 percent of the first $2,600 of cost.

In addition, while my amendment requires a State with a higher payment level to make supplements, the States would be "held harmless" from additional costs once their payments reached the levels for calendar year 1971.

Total savings to State and local governments in the first fiscal year will amount to $2.8 billion compared to $2.4 billion under H.R. 1 and $2.3 billion under the committee proposal. Fiscal relief would also be provided on an emergency interim basis. The States would receive $1 billion in fiscal relief in the interval before the new welfare program takes effect.

UNIFORM STANDARDS AND PROCEDURES

National, uniform benefit levels, eligibility rules and Federal administration would be established.

Procedures of the original Ribicoff amendment to assure fairness, including right to counsel, written opinions in welfare adjudication, elimination of punitive and cumbersome reporting and checking procedures are also included as are protection of employee rights, elimination of State residency requirements and determination of eligibility based on current need.

CHILD CARE

The proposal I introduce today provides $1.5 billion for the creation of child-care services and $100 million for the construction of child-care facilities to assist working mothers.

Mothers with children under age 6 are exempt from the work requirements. Mothers with children over age 6 would register for work only if adequate day care were available and close to their place of residence or employment. Adequate day care is defined to mean child care services no less comprehensive than those provided for by the 1968 Federal interagency day care requirements.

ASSISTANCE TO THOSE ABLE TO WORK: A PILOT PROGRAM

The most innovative portion of our welfare reform proposal is the opportunities for families—OF—program. It would provide income supplements to those people who work but still have low incomes to insure that it is always financially more profitable to work than simply receive welfare. Such a proposal would also remove the incentive for fathers to leave their families.

In addition, one of the basic tenets of this proposal is that all those who are able to work should be required to do

so. Every able-bodied applicant who applies for welfare, including those already on welfare, would have to register for employment or training with the Department of Labor. The only exemption from this requirement would be for those responsible for the care of aged, ill or incapacitated family members or children under age 6. Failure to report for work or training would result in a loss of benefits unless the recipient could show that jobs or day care were unavailable.

Those deemed employable would immediately be referred to suitable employment paying at least the Federal minimum wage. If no jobs were available the Department of Labor would develop employability plans and provide the necessary job training. In addition, in recognition of the fact that the private job market does not have sufficient jobs available for all those able to work, my proposal creates 300,000 meaningful public service jobs in the first year of the program.

Because of the innovative nature of the OFF program, my amendment would require that aid to the working poor be tried out on a limited basis to test out its structure and theories. It is time to try out on a pilot basis any new major social program before committing the resources of the Federal Government to total implementation.

We need to know more about the effect of various earnings disregards on those who work as well as the effect of OFF on work habits and families. We also need to study the possibility of covering single people and childless couples under the OFF program and to develop appropriate administrative procedures.

Upon completion of the pilot programs and an evaluation of its results, the full OFF program would be implemented unless either House of Congress objected within 60 days.

Full implementation of the OFF program would insure that those able to work would always find it more profitable to do so rather than to rely solely on public assistance.

All of us can find parts of this program we would change or vary to some extent. However, I firmly believe that this entire proposal makes a significant step forward in our fight to eliminate poverty in this country and I urge the Senate to adopt it.

I ask unanimous consent that the following tables showing State payment levels under present law be printed in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

STATE PAYMENT LEVELS UNDER PRESENT LAW

The following States have payment levels above the $2,600 level (27 States plus D.C.):

Alaska	$3,600
California	3,360
Colorado	2,820
Connecticut	4,020
District of Columbia	2,934
Hawaii	3,216
Idaho	2,892
Illinois	3,276
Iowa	2,916
Kansas	3,348
Massachusetts	3,816
Michigan	3,696
Minnesota	$3,888
Nebraska	2,712
New Hampshire	3,528
New Jersey	3,888
New York	3,756
North Dakota	3,600
Oregon	2,688
Pennsylvania	3,612
Rhode Island	3,060
South Dakota	3,240
Utah	2,688
Vermont	3,828
Virginia	3,132
Washington	3,288
Wisconsin	3,372
Wyoming	2,724

The following States have payments levels below the $2,600 level (23 States):

Alabama	$972
Arizona	2,076
Arkansas	1,272
Delaware	1,896
Florida	1,608
Georgia	1,788
Indiana	2,100
Kentucky	2,316
Louisiana	1,248
Maine	2,016
Maryland	2,400
Mississippi	720
Missouri	1,560
Montana	2,472
Nevada	2,112
New Mexico	2,148
North Carolina	2,064
Ohio	2,400
Oklahoma	2,268
South Carolina	1,248
Tennessee	1,548
Texas	1,776
West Virginia	1,656

Mr. RIBICOFF. Mr. President, under my proposal all States with payment levels below $2,600 a year for a family of four would have their entire welfare costs assumed by the Federal Government. For those States with benefit levels above $2,600, the Federal Government would pay the first $2,600 and hold the States harmless for any welfare expenses in excess of their calendar 1971 expenses.

Mr. LONG. Mr. President, the Senator has very ably stated his views on this subject. I think it deserves the attention of all of us. In due course I shall respond to the Senator's statement. I would like to read it and then explain basically why, as one Senator, and I think as one of a majority of the Committee on Finance, I believe that what we recommended is a far better answer than what the Senator is suggesting with regard to this problem.

The Senator, I believe, plans to offer his amendment some time next week and we will be discussing it well before we vote on it.

Mr. RIBICOFF. Mr. President, will the Senator yield so I may respond?

Mr. LONG. I yield.

Mr. RIBICOFF. Mr. President, it becomes apparent that we have reached a time to make a decision one way or the other. We have been involved with this matter for 3 years.

Perhaps the distinguished Senator from Louisiana, for whom I have the highest respect, has been involved in a piece of legislation that had more problems and headaches than this, but I would say that in my experience in various segments of public life I have never been involved in a piece of legislation as controversial, which is more diverse, and contains as many emotional, philosophical, economic, and social problems as this piece of legislation.

We have been up and down with this bill. It has had a checkered history. As the history of legislation is written, I think the distinguished chairman and I and every member of the Finance Committee can look back at a missed opportunity.

When this legislation first came to us, it was as controversial then as it is now, and the controversies have not been eliminated. We tried hard in the Finance Committee, with all the diverse thinking in that committee, to come to some solution. And in the committee, in the late fall of 1969, we had reached unanimity and an understanding that we would pilot out this type of program on a 2-year basis. The distinguished chairman, I, Senator Williams of Delaware, and every member of the committee was willing to pilot this out.

We were willing at that time to give the administration whatever it wanted, up to $500 million, to pilot out the various proposals that were in the committee—and there were many constructive ideas, some of them contained in the Senator's proposal, some in my proposal, some in the administration's proposal—to try them in diverse communities—throughout America, in rural areas, suburbs, and big cities—to see whether this program would work.

At that time the administration said it had to have all or nothing.

The irony of it is that 3 years later we are still on the bill. The pilot program could have been completed. If the pilot program were successful, it would have sailed through the Senate in a breeze. If the pilot program proved worthless, the program could have been altered or jettisoned. Now we find ourselves, 6 months after the pilot program would have been finished, arguing this major piece of legislation. What a lost opportunity.

During the course of this time, as the Senator knows, I found myself in a lonely position. I was isolated. I had no allies in the Finance Committee. The allies I thought I had in the administration constantly looked the other way. I tried to get commitments from the administration. They were not forthcoming. I found myself in the ironical position of having to sit by in the Finance Committee and watch while H.R. 1, the President's own proposal, was presented to the Finance Committee and not a single member of the President's party in the Finance Committee voted for the President's proposal.

The irony of it is that if those members of the Finance Committee were men who were consistently independent from the administration, I could understand it, but if there were ever a group of loyalists in this body to the President of the United States, they could be found in the Finance Committee. I would say that if one searched the records as we vote in this body, he could not find a group that has more consistently followed the administration's line. And yet H.R. 1 suddenly became an orphan, and I found myself, as a Democrat, fighting for the

administration proposal, opposing the proposal of the man I nominated as the Democratic nominee for the Presidency.

Now I see an opportunity, as the time for the election campaign comes to a close, to take welfare out of the political arena, where it does not belong. It is saddening and tragic that in this great Nation there are 25 million Americans who are poor. And it is even more tragic that these impoverished citizens have no spokesman.

The President of the United States has the duty to be the moral leader of this country. The President of this country has a moral obligation to speak up for those who do not have voices. And yet the President of the United States continually runs away from his own child—the orphaned welfare reform bill.

I would say the most innovative idea of the President of the United States in his 4 years in office was the family assistance plan. I approved of that program and admired him for it, but I must say, after 3 years, I have misgivings as to whether he meant it or wanted it. There is no question that Pat Moynihan, who was his assistant, brought it out as his idea, and I can imagine the conversation, when he was discussing it with the President. He must have said, "Mr. President, you have an opportunity to go down in history as a President who will plow new ground, new thoughts, and new ideas to alleviate one of the great social and economic problems of this Nation. Here is your opportunity. The country calls you conservative or reactionary. You be the leader. You do what no other President has dared to do."

I can imagine the President leaning back in his chair and saying, "You know, they have always kicked President Nixon around. Now I am going to show I am a leader for social justice in this Nation." He went forward and presented his proposal. I remember praising him wholeheartedly when this proposal was put forward.

But as the months went by, his thinking became withdrawn. It became confused. It became contradictory. He started to step back, because he suddenly realized that one of the popular issues in this country was the development of and the continuing of the myth that there are 25 million Americans who are just a bunch of no-good bums. It is very easy to kick around people for whom no one will cast a word—25 million people living in poverty, 25 million people who cannot speak for themselves.

What a lost opportunity there was for the President of the United States. He went to Moscow—and I commend him for it. He went to Peking—and I commend him for it. But I would like to know what the President of the United States is doing for the poor and the dispossessed of the United States. Here is an opportunity, President Nixon, in the closing days of this Congress, which you blame for inaction. You said time and time again that welfare reform is No. 1 on your agenda.

If the President of the United States really means it, let the President of the United States today, wherever he is, say he supports this proposal. This proposal is a brainchild that came from his administration, and my staff and I worked on it, with Secretary Richardson, Secretary Hodgson, and they recommended it and it went down to the White House. His adviser, Mr. Erlichmann, said, "Thumbs down. Let us make welfare another football to be kicked around in an election campaign."

So I call upon the President of the United States today, wherever he is: Are you for welfare reform, Mr. Nixon? If you are, say so. If you are not, say so, too. But it is time for the President to be heard. That is the message I send from the Senate floor to the President of the United States today.

Mr. LONG. Mr. President, the Senator from Louisiana, when he first read the press reports of the proposed family assistance plan, was very enthusiastic about the proposal. In that respect I suppose that my history has been somewhat like that of Governor Hearnes of Missouri, who came before the Finance Committee representing the Governors' Conference. He said, "If you read the press reports on this family assistance proposal, you would be for it. If you read the bill, you would be against it." And I regret to say that this is the way it worked out with the Senator from Louisiana.

After I first read the press reports, I was happy to have had an opportunity to discuss it with the President. I said, "Mr. President, I have read about the family assistance plan in the press. I think it is a good idea. There is one thing wrong about it, and that is that you are proposing a guarantee of $2,400 for every family for starters. You would like to see it higher, but because, after all, the Federal Government has to think about money problems as everybody else must, you will start at $2,400 and hope to make it more later on."

I said, "That all sounds fine to me, on one condition. I think you ought to be paying them this $2,400 to do something useful, that you should not be paying it to them to do nothing."

It seemed to me at that point as though we really had very little in disagreement.

In the early days when the so-called family assistance plan was proposed—and the Senator's suggestion is, to say the least, a first cousin to it—we found that the opposition was not coming from the Senator from Louisiana; it was coming from persons like former Senator John Williams of Delaware who were conservative Republicans, who probably had had a chance to study it and think about it more than this Senator had, because, after all, like most Democrats, I had had no prior information about what the administration was thinking about, as did the ranking Republican member of the committee at that time.

When I first heard about the proposal, I was much more inclined to be favorable to it than after I had studied it and had been exposed to the arguments, the shortcomings, and the problems with the plan proposed.

As time went by and we discussed and studied problems with our existing welfare programs, the more we thought about it the more we concluded that under the existing welfare programs, in altogether too many cases, we are paying out money encouraging people to do the wrong things—that we did not intend it that way, but that was how it was working out.

We found that the welfare program made it to the cash advantage of a man not to marry the mother of his children, not to live with his family and assume the burden of supporting that family.

It is that sort of undesired effect of this kind of program that can discourage marriage between people who have children, that can encourage family breakup, that can give the welfare programs a bad name despite their intent of helping people.

If the family assistance plan was going to move in the other direction and reward people for doing the sort of things society values, it would have found strong support from the Senator from Louisiana, and I am sure from a majority of the Committee on Finance. It certainly would have found some support on the Republican side of the aisle. But when we analyzed it and found that more and more, it was going to be a guaranteed income for doing nothing, and it was going to work out in such a fashion that it would discourage people from doing the right thing and encourage them to do the wrong thing, this Senator as well as a majority on the committee concluded that while we were willing to spend the amount of money the President had recommended—and we have tried to confine ourselves to something that would cost about the same amount of money—we thought the money ought to be spent in terms of encouraging people to take a job and encouraging people to acknowledge their own children and assume the responsibility of supporting them. We thought we ought to spend it in ways that would encourage mothers to seek support from the fathers of their children, rather than encourage the mother to cooperate with the father in denying the paternity of his own children.

It is this sort of problem, which unfortunately is a part of the present system, and which has caused the system to gain a name which is not too savory today, it is this kind of thing that would be multiplied by the family assistance program, and that is what caused the Committee on Finance to choose to move in another direction instead.

Let us see how some people would make out under this family assistance program. New York has, I suppose, as nearly what one would call a family assistance program as any State at this time. In terms of payment levels, it is even more liberal than the family assistance program would be. Their welfare program has virtually bankrupted New York State. It might have helped elect a Governor up there, and it might have helped elect a mayor of the city of New York, but it has virtually bankrupted New York State, and brought about a taxpayer revolt and a revolt against the welfare system, which one can understand when he realizes that the people who are paying for all this fiercely resent seeing their money spent on things that bring about all the wrong sort of results.

Having let their welfare program get completely out of hand, New York sent people down to advocate to us that we take their welfare problem off their hands, and that the Federal Government take the whole thing over and save New York from the results of that State's own folly.

We do not think we ought to do it that way, Mr. President. It is our view—and I am satisfied that this is the view of the average man on the street—that we should provide adequately to care for people who are aged. We do not have any real argument about that. The committee decision was overwhelmingly that we should provide a very generous level of benefits to the aged, the disabled, and the blind; and I do not think there will be much argument about that. Those are expensive programs, but they do tremendous amounts for people, and in that area there is no real argument worthy of the name, because I am satisfied that the Senate and the House of Representatives also will be willing to go along with a proposal that provides that people who have done the best they could with what they had to work with would be assured of a level of income which would more or less lift them out of poverty. We are willing to provide for those who are unable to work, and we are willing to provide adequately for children.

Where we come to a difference of opinion is where we look at this situation where a program encourages fathers to deny the paternity of their own children and a program that makes welfare more attractive than work, and tends to make work, by comparison, offer very little reward indeed.

We can demonstrate situations where a person has a larger income working half-time than he can make full-time. We can demonstrate how it is very much to a couple's cash advantage for the couple just to decline to marry, to live together without the formal arrangement of marriage, because to do so would cause them to lose their welfare entitlement.

We have seen cases where families receive far more than anyone anticipated because the father is living with a family that is his but for which he acknowledges no legal responsibility.

There have been cases where people were able to get on welfare two and more times.

When we have a program which is in that bad a shape, we have got to correct its deficiencies, not just double the number of welfare recipients and call it reform. We have to try to correct what is wrong with it.

In his statement, the Senator from Connecticut made reference to the fact that very few of these people on welfare could be expected to work. On that matter I have a difference of opinion. More than half of the mothers whose children are of school age in this country do work and bring home income to help support the family. Mr. President, that 50 percent-plus figure includes wives where there is a working father in the home.

There is a higher percentage of wives in middle income families working to supplement the family income than there is of wives in lower income families.

It is simple enough to explain this—that is why those are middle-income families. Those wives are making a contribution to supplement the family income, and that is why it is a middle-income family.

But it is suggested by those in the Department of HEW, and the Senator's speech indicates that he agrees, that out of all these people on welfare, only about 1 or 2 percent could be expected to work to help earn their keep or to do something for society in return for what they are getting from society. That causes me to ask why.

We are perfectly content to put the family on welfare and not ask them to do anything if the mother can be classified as disabled. But if the mothers we are talking about, those with schoolage children, are almost all fully able to work, mentally competent, and sound of body, then why is it that only 1 or 2 percent of mothers who apply for public welfare assistance can be called employable, when more than 50 percent of the mothers with schoolage children in this country in fact choose to work? They prefer to work in order to increase the family income.

Why is it to be said, then, that only about 1 or 2 percent of the mothers of families who prefer to live on the family's welfare could be called employable? What makes them so different from their sisters who choose to work? It is very difficult to understand. Those of us who represent the majority on the Committee on Finance do not understand it.

It has been argued that we ought to do everything that we can to help low-income working persons with families. So we suggest in effect to return to them not only the social security tax that is being collected from them but also return most of what is being collected from the employer in social security taxes. We propose to do this on the theory that it makes sense to relieve low-income persons of taxes before starting to offer them new benefits.

This, Mr. President, might be considered as the equivalent of a refund of a heavy tax burden to a poor family. But we find the Secretary of Health, Education, and Welfare and his cohorts in the Department down there protesting about the refund of this social security tax to the poor. He said the committee plan is an administrative monstrosity. Why would he be complaining? He is not the one who has to collect the tax. He is not the one who would have to refund it. It presents no problem at all in his Department. The people who would have to do this are not complaining about it being an administrative monstrosity. They have not said anything like that. They have not made it known to those on the committee staff with whom we have worked in putting together the technical aspects of this language.

So far as I have been able to determine up to this point, the people who would return this billion dollars of taxes to the poor, from whom it has been collected, find it no particular administrative problem, no more than it is to handle any other tax credit, tax rebate, or tax refund provision of a similar amount of money suggested by Congress or by one of the committees.

Now why would the Secretary of Health, Education, and Welfare be so worried about this proposal, when his Department does not have to do any of the work? I assume it is only because in the Department of Health, Education, and Welfare they are anxious to pay out a similar amount of money, but in ways that are not work-related. They prefer to pay a reward for doing nothing, a reward for denying the paternity of one's own child, a reward for not having married the mother of that child. They seem to be outraged to see someone pay the money to the poor in a way that is work-related, because their thinking just does not run in those channels.

Then we propose to pay supplement to low-income people who are making less than the minimum wage.

Why would the Department of Health, Education, and Welfare be upset about that? It would not be their problem. Somebody else would take care of it. When one wants to design a program to say money should be paid out in ways that encourage people to work, where they get more money the more they work, it does not fit in with HEW's proposal.

Mr. President, I am not one who thinks in disparaging terms of people who are poor, doing the best they can, who, through no fault of their own, find their income very low. We want to help those people. We have a bill before us that seeks to help people who meet that description. It would pay out $14 billion of additional benefits. This is in addition to the $8 billion of increased social security benefits for which most of us voted, and for which I voted in the committee and on the floor. Together the two bills add up to a total overall increase in income maintenance funds and aid to the poor of $22 billion. The taxpayers are going to have to pay for that—$22 billion of additional funds paid to the aged, the little children, the sick, the disabled.

What is the big difference between those of us who advocate the committee bill and those who take the approach suggested by the Department of Health, Education, and Welfare, which has been in its incubation stage down there for a great number of years? What is the big difference in point of view? It is just the difference between those who think all the problems of this country can be solved just by giving somebody money—the theory that people are poor because they do not have money; therefore, give them money, and that ends all poverty, and those of us who say, we must exercise great care in the way we give people money so as not to do a great disservice to them as well as a disservice to their country. We will make dependent people out of independent people. We will rob them of their self-sufficiency, pride, and independence.

That is the difference in philosophy between those of us who say that the

benefits paid to poor persons capable of working should be paid in a work-related fashion, where the more they work the more they get, rather than doing it the other way around, as the family assistance plan would propose, that is, the less they work the more they would get. We should respond to the natural desire of a father to improve the conditions of his children and accept responsibility for them.

It is a question of approach. Those who speak for a majority on the committee are unwilling to pay more money to aggravate the problems the welfare system already has by having the Government guarantee everyone a certain minimal amount of income even though it might undermine what are their strengths today.

That sort of approach, Mr. President, we on the majority of the committee do not think is in the national interest or in the interest of the proposed beneficiaries.

That is why we say, let us do everything that can be done to give financial advantage to a poor man to help him go to work. Let us do everything that can be justified by any reasonable stretch of the imagination that will encourage a man to admit the paternity of his children and to accept the responsibility for his children. Let us do everything that can be done to encourage the formation of families rather than to spend money in ways which will encourage the family to break up. Let us do everything that can be done to encourage an employer to hire a poor person who has children to support, even if that means giving him preference over a single person who does not have that responsibility.

Those are the things that we should do that make for the right answer.

Admittedly, what we have proposed in the committee has several facets to it. I make no apology for the fact that we have proposed to subsidize the low-income working persons, to give them a tax advantage to supplement their income, and to give the employer an advantage if he will hire them and provide training programs for them. Any reasonable thing that the mind of man would propose, this Senator would favor to help the low-income working persons to improve their condition and work their way out of poverty.

I thought that was what we were trying to do around here. The last thing on earth we want to do is to spend the hard-earned tax dollars of the American people to pay people to turn down honest employment which, I regret to say, has altogether too often been the way the existing program worked, and the way we think the family assistance plan and all the variations of that program would work. That is why some of us on that committee have moved away from that approach rather than toward it.

It is interesting to note that practically all the President's declarations on the subject have been in favor of the work ethic. Every time the Senator from Louisiana has discussed this program with the President, everything he has had to say—and I say this without exception—has indicated his belief in the work ethic. He is just as firm, just as determined, and just as sincere about that as he was with his Labor Day speech this year. He was never said anything to conflict with that.

It only leads me to conclude that when it is said that if we are for the President we must vote for the family assistance plan the way it came down here, it was not the President of the United States that brought up this thing, this scheme for a negative income tax under which the Government pays you the most if you do nothing at all.

This idea of the negative income tax was proposed long before President Nixon ran for President and won that job. That is a thought that someone believed would solve all problems, that if we work and make money, we pay an income tax on what we make, but if we do not work then the Government will pay us for what we do not make. This means the Government pays us for not working.

The family assistance plan is a mere variation of the negative income tax which now goes by the name of guaranteed income. I refer to it as a guaranteed income for not working. Everyone, of course, gets an income for working. But if we pass the Ribicoff amendment centering around the family assistance plan, it will be a guaranteed income for doing absolutely nothing. That is what we do not want to agree to.

I think that helps to explain why we have not heard any outrage or explosion. No one—that is, the conservative, or moderate, or even the liberal Republicans on the Finance Committee—seems to have had their arms twisted out of joint by doing what their consciences dictated. The probabilities are that if the President had been in that same committee room, hearing the same arguments, listening to the same discussions, and the same witnesses, and the same evidence day after day and week after week, I can say with complete confidence that the President, would have voted the same way as the Republicans on the committee voted with regard to this problem. He would have voted consistent with his declarations, even thought it might have occasioned to some little degree the lifting of eyebrows for someone to show that this does not seem to meet with exactly the fine points of the family assistance plan.

In the last analysis, Senators are not elected to represent the Department of Health, Education, and Welfare. They are not elected to represent the President of the United States. They are elected to represent the people who sent them here. Their duty and responsibility is to represent the people and report back to them. If a Senator finds it disappointing that Members of the Republican side of the aisle have not bowed down to the party lash, let it be said that those men are well aware of the basis upon which this Nation was formed.

A Senator does not represent the President of the United States. He comes down here to represent the people, to represent his own conscience and to vote his conviction of what he thinks is good for the entire United States, as well as for his particular State. Those convictions are reflected in the bill we have here.

I am pleased to say, Mr. President, that the people who came before the committee who advocated that we enthrone the work ethic like this bill. They approve of it. They think that this is the way we should go about it. I regret that the chamber of commerce people have some reservations about it at this time. They are concerned about the costs, but they are equally concerned about the cost of any proposal of any nature. When they see one where the overall cost in a bill will be $14 billion, they know that it must be paid for by taxes which will be levied on them to pay for. I can well understand their concern. But for those of us who think of it as a program to help the poor and those of us who know the harm that has been done to the poor under the current welfare program do not want to see that continue as it has in the past.

We think we have proposed the best answer that the Senators on this committee could work out to this problem.

I do want to express my disappointment that the administration—and I do not blame the President about this because this would be the Department of Health, Education, and Welfare, Secretary Richardson in particular, as well as his advisers there—did not see fit 2 years ago to take us up on the proposition that was proposed to them, when it was proposed to them, and was opposed by the strongest proponents of Secretary Richardson's proposal, that we provide him with whatever it took to give it a fair test.

I, for one, wanted to see us test the kind of thing that we have in the committee amendment as well, so that we could judge from the tests how both of them were going.

The Secretary, I think, thought that if he held out long enough, he could obtain some sort of arrangement whereby he could conduct some tests, and having done that, he could put into effect by his own volition, without anyone having the power to keep it from happening, the family assistance plan. That could not be agreed upon.

In view of the fact that that type of assurance could not be given to the Secretary of Health, Education, and Welfare, he told us that he did not want any tests. So there was no test in that bill.

Now, here we have before us almost a thousand pages of legislation and at least half of it could have been enacted and would have been enacted 2 years ago if the Secretary of Health, Education, and Welfare was willing to say that all these good things in the bill, that everybody could agree should become law, should be enacted at that time.

I could not persuade him or the President of the United States or those who spoke for the administration to use their influence to persuade Chairman MILLS to go to conference with us and act favorably on the bill that, at that time, would have provided about $7 billion of additional benefits under the social security and welfare programs, including medi-

care and medicaid. I am convinced at this point that one of the principal reasons that Chairman MILLS did not meet with us in the conference was that the administration did not want him to do that and they were encouraging him to do just the opposite, not to go to conference and save the social security increases as leverage to force the Finance Committee to bend its knee to the family assistance plan.

If this was their plan, it did not succeed. It is very unfortunate that all of these good proposals which are in this bill and do not have one whisper of oppositon have been held up for two long years because of the adamant determination and dogged insistence of those down at the Department of Health, Education, and Welfare that nothing should be done to help the poor, nothing should be done to help the aged, nothing should be done to help the blind, nothing should be done to help the disabled, and nothing should be done to help those on medicare and those on medicaid—that all the provisions to help them should be held hostage to the family assistance plan.

That si what has happened for the last 2 years. And they have had their way. However, I should think that when we have a showdown, it will be fairly clear that they should have taken advantage of this opportunity that we offered them 2 years ago under which they could have had all of the money they wanted to go and try their welfare assistance plan, providing they would experiment with some workfare proposals as well as with some nonworkfare proposals and experiment with things to reward those who are working while they experiment with the negative income tax proposals,, or guaranteed income proposals, so that they can prove to themselves and to everyone else that they would work.

I for one proposed to them—

Why don't you try this idea in the District of Columbia where everyone can see how it would work?

When I proposed that, the representative of the department told me that that was the last place in the world they would try it, in the District of Columbia where everyone could see what happened. They did not want it tried and demonstrated unless they could have the power to put it into effect so that it would become law and so that we could not pass a resolution, either in both Houses or in one House at a minimum, after they had experimented with this so that we could prevent it from becoming the law of the land.

Those of us who tried to cooperate with them found that they were too determined, too adamant, and too unreasonable and that the program lacked merit and therefore could not be sold to the Congress. So, we tried to cooperate with them to the greatest extent we could 2 years ago and in years prior to that. I said to them, and also said on the Senate floor, that from that point forward, when the House refused to go to conference with us 2 years ago, because the Department of Health, Education, and Welfare did not want a bill that would provide $7 billion to assist the poor and the disabled and the sick of this country because they wanted to keep all of those good things as hostage for the family assistance plan, that as far as I was concerned I wanted it clearly understood that starting in the following year, I felt no commitment to this proposal whatever, and I did not expect to support it thereafter.

So, we will have the opportunity to vote on it, Mr. President, and that I welcome. We will also have an opportunity to vote to provide $14 billion of assistance to the poor, the sick, the aged, and the little children of this Nation in a way that we think is calculated to do them the most good.

Mr. President, as the manager of the bill, it does not upset me one bit if a Senator might want to add some additional provisions in here that would help people where we think it might benefit them.

However, I propose to resist—and I am sure that the Senator in charge of this bill on the minority side, the Senator from Utah (Mr. BENNETT), as well as the others on the Finance Committee—will resist strenuously efforts to spend more money in ways that we think will do more harm than good.

And we would hope very much, Mr. President, that the Senate, having heard the arguments, would study them and give us an answer in the fashion that the Senate feels most advances the public interest.

Mr. BENNETT. Mr. President, I am sorry I was not here to hear the entire statement made by the chairman of the committee, but I heard enough to be very much impressed with all he had to say, and I am very grateful for his leadership in saying it.

As a member of the Republican Party and the group of Republican Senators on the Committee on Finance that more or less supplied the basis for the majority which reported the workfare approach in title IV of this bill, I am glad we have the support, understanding, and enthusiastic efforts of the chairman, because without him we never would have been able to face up to what I think is the fundamental problem the United States faces today, the question of welfare.

I am leaving out the aged, blind, and the disabled. The committee has tried to be very generous to them and to raise their income in such a way that they would be free as far as possible from any stigma of being dependent on welfare. But we all feel that those people who are getting welfare, who are physically and mentally able to contribute something to their own support and the support of their families, should have the opportunity to make that contribution rather than that we should simply shuffle the present pattern around and provide a new pattern under which more and more people could move into the situation, which the chairman so adequately and emphatically described, where they are not expected to make a single effort in their own support.

A great deal has been made about the family assistance plan. It came to us from the Department of Health, Education, and Welfare. It has been approved twice on the House side, where their opportunity to examine it is not as great as the opportunity we have on this side.

The chairman has clearly expressed his interpretation of the attitude of the President as he has felt it in conference. I have had the same experience. I feel that the President, both in private discussions and in his public statements, is anxious to find some kind of program under which people can be encouraged, almost required to make a contribution to their own support if they are capable of doing it, and if their personal problems can be solved on a reasonable basis.

For instance, women with children of school age are going to need some kind of provision for child care. There may be other conditions that have to be handled. But it seems to me, to quote the oldest cliche in legislation or in politics, we are at a kind of crossroads in this situation. After all the effort that has been made, if we go forward on the same old path of financial support without personal responsibility, it is going to be a long time before there will be another opportunity to face up to the problem, and if the welfare rolls increase at the rate they have been increasing, the burden will be so heavy it may be impossible to lift it in the ways we believe it can be lifted now.

Fundamentally we are talking about the problem of single parent-headed families whose children, under the present circumstances, are on the program known as aid to dependent children. Ninety-two percent of them are women; the other 8 percent are men. There is a great emotional feeling that we should not require the mother of children to leave the home to earn a living. It is interesting, and I made it clear yesterday and I will repeat for the RECORD today, that one-half of the women in America with children of school age are already voluntarily working. So we are not putting a special burden only on the women who are now dependent on welfare; we are not asking them to do some strange thing that no other women in similar circumstances are willing to do. We are simply trying to make it possible for them to make the same contribution that one-half of the mothers in the United States have chosen voluntarily to make.

In a case of women not on welfare, it is probably to increase the family income, to get a few luxuries or benefits the family could not afford otherwise, or perhaps it is necessary to help the husband carry a burden which for some reason or other he cannot carry himself. But it is done, and it is accepted.

Therefore, in suggesting a way by which these women now on welfare can find the kind of employment that will enable them to contribute to the support of their children, I do not think we are doing a terrible or unusual thing.

The family assistance plan, as it came from the Department of Health, Education, and Welfare, is another in a series of proposals which come to a certain point and then stop without getting to the point where there is a practical solution.

The family assistance plan, in effect, states that women under certain circum-

stances will be required to register for work—I repeat, required to register for work. In other words, they would fill out a form, they go to an office, and having done that, they are then qualified to sit home as they have been doing under the previous plan.

I do not know what added virtue there is in saying that a woman must register for work over the fact it is said she has no responsible work. We have had a lot of programs, WIN has been one, where we tried to develop programs for people who wanted to work without any job at the end.

We have felt that we made an important step but we stopped short of the practical solution which depends on either an incentive or requirement for work, and the responsibility to provide a job. That is what we have done in our version of title IV of this bill.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. BENNETT. I am happy to yield to the distinguished chairman of the committee.

Mr. LONG. We have tried down through the years with the work incentive program to provide training for people and to require that they accept training, and that they again register to work, and we have had the frustrating experience that only a small percentage of those people found jobs through that program.

So in this bill we have something that really challenges the sincerity of those people who talk about registering, calling that a work requirement. We provide the job. It is fine to talk about registering for work and then saying that the job is not suitable, it is too easy, it is demeaning; or if the person does not want the job, he goes there with a very poor appearance, bloodshot eyes and breath that would knock someone down, hoping he would not be hired in the first instance, and if he is hired, to proceed to conduct himself with such a disdainful and abrasive attitude toward that fellow's employees that they do not keep the job for a day.

We have seen how easy it is for people to get past the work requirement without taking a job, which is why we say we will provide a job.

If you are going to pay somebody, why not pay them the amount of money you were going to pay them on welfare anyway and ask them to do some simple little thing for their own betterment or the betterment of their community?

Mr. BENNETT. Mr. President, I agree with the chairman of the committee. It is my feeling that this bill not only has a requirement for work and provides a job, but it has provisions in it which also open the way so that the person involved can find a kind of job in which he will be happy and make the transition from welfare to workfare.

I have had enough experience to realize that this is probably the toughest psychological decision that a person who has been on welfare for some time has to make. Welfare, with all its faults, is security. If he does not make the social worker angry, if he does what he is told, if he lives within the limits, then the money will keep coming in, even though those limits are not the best things for her or her children. But when that person steps over the line and moves into a position where he or she has to accept responsibility for his own support, then he accepts a little risk. He accepts the risk that he has to put out in order to succeed at the job. He has to meet the requirements. He has to meet the standards. It is this movement from security to risk that is hard to do.

Mr. LONG. And then, of course, if a person has failed to do the job satisfactorily and loses his job, he is off welfare for a while, until he can try to get back on again.

Mr. BENNETT. Our bill has been written to minimize that risk, as far as we can minimize it. Under our bill, a person in the program who is given a job or takes a job and, for some reason or another that can be defended, the job is not satisfactory, he comes back immediately onto the program and is considered to be an employee of the Government—he is not on welfare—and the Government goes to work to try to find him another job. We have tried to minimize the risk.

The Senator was talking about the fact that because they had to so register, they could never find a job that was suitable. I have told this story a number of times in committee, but I would like to share it with the Senate. About 10 years ago I was in Germany. This was before the Iron Curtain went down in Berlin. There were several thousand persons a day coming across from East Germany to West Germany. The West German Government had a real problem in finding housing and caring for these people and getting them jobs. In the process they had developed a transition system.

They had a housing system into which these people were put immediately, and then, as fast as they could find them jobs, the people were moved out of that housing into housing where they paid something, and so on.

Since I had been in the Housing Committee in the Senate, I was interested in that type of housing. We went into a room where there was a family, I think a father and a mother and three or four children. They had been in West Germany for quite awhile, but they had never made the transition from the first step into the second step. I asked the man who was with me, my interpreter, to ask the man why he could not move to a job. He said, "They have no job that is suitable for him." I said, "What kind of job did you do in East Germany?" He said, "I was employed as a laboratory assistant to a professor who taught beekeeping. There are no professors in West Germany teaching beekeeping. Therefore, I am entitled to wait here until somebody finds that kind of job for me."

It is just that kind of ridiculous situation that can be set up under the family assistance plan. That is the kind of pattern that has existed under the previous program.

I went to work when I was young, and I have worked all my life, and I am still at it. I do not think work has damaged me. I do not think work is demeaning. I do not think when we make it possible for these women to contribute to the support of their children we are tearing them down either morally or economically or socially.

Mr. President, I think I have made my point, which is that the Republicans on the committee certainly support the bill as it came out.

The chairman is right in saying that we have helped develop it and support it. We believe that we are proceeding in the spirit of the statements of the President. There may be some details in our approach that could be criticized, but I do not think the spirit or attitude can be criticized, and I will join with the chairman, and I am sure my other Republican committee members, too, in defending title IV of this bill against all attempts to emasculate it and take out of it any responsibility to work on the part of people who are going to benefit from the payments.

Now I yield the floor.

Mr. PERCY. Mr. President, I send to the desk an unprinted amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

Mr. PERCY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of title I of the bill, add the following new section:

On page 18, line 4, strike out ", AND THE EARNINGS TEST".

Beginning on page 30, line 23, strike out all through page 33; line 10.

STUDY OF EARNINGS TEST

SEC. —. (a) The Secretary shall conduct, either directly or by way of grant or contract, a full and complete study of the matter of earnings of individuals entitled to monthly insurance benefits under section 202 of the Social Security Act with a view to determining the feasibility of the elimination or extensive revision of those provisions of title II of such Act which provide for deductions from such benefits on account of earnings. Such study shall give special attention to (A) the extent to which life expectancy is increasing, and the resultant need of individuals to extend the period of their working life; (B) the extent to which individuals entitled to monthly insurance benefits under such section 202 are not eligible for benefits under private pension plans, and the resultant need for individuals to continue work after retirement age; and (C) the desirability of relating any deductions from benefits under such section on account of earnings to the annual income needs of the individuals entitled to such benefits.

(b) The Secretary shall complete the study authorized by subsection (a) and shall submit to the Congress, not later than January 1, 1974, a full and complete report on such study and the findings resulting therefrom, together with such recommendations for the elimination or revision of the provisions of title II of the Social Security Act relating to deductions from benefits on account of earnings as the Secretary deems appropriate.

Mr. PERCY. Mr. President, first, I would like to make a comment on H.R. 1 and the Senate committee's work in this area. I wish to express my deep appreciation for the dedication of the Senate Finance Committee in once again addressing a tremendous problem. We have differences of opinion on many

phases of the problem, but we all agree on one thing—something has to be done. The present system is not working. I think the Senate Finance Committee, both the able chairman of the committee and our ranking Republican member, are due great credit for bringing this matter to a head and bringing to us this bill now so that we have time to deliberate on and debate it.

The reason why I am calling up my amendment is simply that the time is here; let us get down to business and bring such refinements, improvements, or changes that we can get—in terms of groundwork toward eliminating the retirement test—and do it as expeditiously as possible. For that reason, I commend the distinguished majority leader (Mr. MANSFIELD) for presenting to the Senate an amendment which raised the amount of money a social security recipient can earn without losing benefits, from $1,680 to $3,000. As a cosponsor of this amendment and a longtime advocate of a liberalization in the retirement test, I was most pleased with the overwhelming margin by which the Senate approved this proposal.

In December of 1970, I offered a floor amendment to the Social Security Amendments of 1970 to raise the earnings limitation from $1,680 to $2,400. My amendment passed the Senate, but unfortunately died later when the bill failed to go to conference. I, therefore, reintroduced a two-step revised version of this amendment during the 92d Congress. The revised version sought to raise the earnings limitation to $2,400 upon enactment of H.R. 1, and a year later, to $3,000. In the meantime, my proposal called upon the Department of Health, Education, and Welfare to conduct a study on the feasibility of eliminating the retirement test entirely, and to report back to Congress on January 1, 1974, with specific recommendations for revising the retirement test.

The Senate acted yesterday not only to raise the earnings limitation from $1,680 to $3,000, but it also defeated an amendment to eliminate the retirement test entirely, offered by the junior senator from Arizona (Mr. GOLDWATER). As the record of yesterday's debate indicates, there is considerable support for eliminating the retirement test altogether, but the primary obstacle is the high cost involved.

The Social Security Administration estimates the cost at $2.2 billion the first year. The Senate Finance Committee says the cost might be as high as $2.5 billion the first year. Furthermore, the committee maintains that only about 80,000 people would benefit from elimination of the test.

It is hard for me to accept without question either of these arguments. With respect to the cost figures of $2.2 to $2.5 billion, it seems to me that there must be certain offsetting factors. For one thing, allowing social security recipients to work without any penalty could mean increased social security revenues derived from the taxes they would pay into the trust fund as well as into the general treasury. For another, allowing people over age 65 to keep all their earnings might mean a decrease in Federal welfare expenditures—particularly after—enactment of H.R. 1 welfare reform, as many social security recipients also receive welfare.

With respect to the estimate that only about 800,000 people would be affected, I am convinced that the number is much higher. Within only a few days, one of my constituents, on her own, collected over 5,000 signatures on a petition urging that the retirement test be abolished. My own mail runs more heavily on this issue than any other, and this has been true over an extended period of several years.

All this notwithstanding, I believe the Congress does need more complete and more accurate information than it now has on the cost of eliminating the retirement test and the number of people affected. In addition, I believe the entire concept of the retirement test should be reevaluated in light of private pension plan deficiencies, and the resultant need for individuals to continue work after retirement. A further factor to consider is the extent to which life expectancy is increasing, and the consequent need and/or desire of individuals to extend the period of their working life.

I have long felt that the whole philosophy of the retirement test is wrong, that it is wrong to penalize people for working—particularly when they need to supplement a meager retirement income. For many people who could never afford to invest in stocks and bonds during their working years, or whose savings were wiped out by prolonged and catastrophic illnesses in their families, working after may be the only method available to them to acquire more than a poverty-level income.

But it is clear that eliminating the retirement test immediately would mean a radical and perhaps costly departure from the present program. If we are to take such a step, we clearly need a more accurate estimate of the cost involved—including offsetting factors—and of the number of people affected. To give the hard, cost-analysis data that we need, I propose an amendment which would mandate the Secretary of Health, Education, and Welfare to conduct an in-depth review of the retirement test, giving special attention to the above two factors—cost and number of people affected—as well as to inquire into such questions as:

First, the extent to which life expectancy is increasing, and the resultant need of individuals to extend the period of their working life;

Second, the extent to which individuals are not eligible for benefits under private pension plans, and resultant need for individuals to continue work after retirement age; and

Third, the desirability of relating the retirement test to the annual income needs of individuals over age 65.

My amendment requires that the Secretray report back to Congress by January 1, 1974, with specific recommendations on the feasibility and desirability of eliminating the retirement test altogether.

Mr. President, I urge the adoption of my amendment as a preliminary step necessary to enable us to eliminate the retirement test completely.

Mr. BENNETT. Mr. President, the suggestion embodied in the amendment of the Senator from Illinois has been around a long time. Every time it has been considered, we come up against the question of cost. We also come up against what is to me an interesting problem: we think in terms, generally, of the man who is retired and then goes out and gets another job. If we eliminate the retirement test, we start to pay social security at age 65 and the man need not retire; he can stay on his job.

The average age at which people claim social security retirement benefits is not 65; it is 68. If that does not change, and we completely eliminate the retirement test, we are going to pay social security, on an average, for 3 years for all employees while they continue to work at the same jobs, in addition to affording the opportunity people will have who have retired to work at any job they please.

I am sure the Senator from Illinois knows that some years ago the committee provided that privilege at age 72; so what we are talking about now is really what we are going to do about people between the ages of 65 and 72.

I agree with the Senator from Illinois that it probably would be helpful for the committee and for Congress as a whole, as well as for the administration, if we could settle once and for all on what real costs are involved, the money and the number of people, and, if we could have a study on the sociological effects of a situation which makes it possible for a man to know that at 65 he can quit work and if he can persuade his employer to continue him on the job, he automatically gets social security. It ceases, then, to be social security and becomes a guaranteed annuity at the age of 65, with no other requirements.

But under the circumstances and since this question has been raised and the figures have been challenged, representing the judgment of the committee and with their specific approval, I am prepared to say to the Senator that we will be happy to accept the amendment, take it to conference, and see what happens to it.

Therefore, Mr. President, I move that the amendment be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois.

The amendment was agreed to.

Mr. PERCY. Mr. President, I again wish to express my deep appreciation to the committee and to its very able ranking minority member. The basic thrust of this amendment is simply to give us the hard, accurate cost analysis in order to provide the groundwork for eliminating the retirement test.

It is my understanding that the advisory council on social security will be convening shortly, and I think this issue would be a very good issue for that Council to take up.

Mr. BENNETT. I thank the Senator.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. PERCY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, I ask unanimous consent that either of two members of my staff, Mrs. Julia Bloch or Mrs. Constance Beaumont, be permitted to be present in the chamber during the remainder of the debate on H.R. 1.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SOCIAL SECURITY AMENDMENTS OF 1972

The Senate continued with the consideration of the bill (H.R. 1) to amend the Social Security Act, to make improvements in the medicare and medicaid programs, to replace the existing Federal-State public assistance programs, and for other purposes.

Mr. PELL. I ask unanimous consent that Richard Smith, of the staff of the Committee on Labor and Public Welfare, be accorded the privilege of the floor during the consideration of my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PELL. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. PELL. Mr. President, I ask unanimous consent that further reading of the amendment be waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment reads as follows:

On page 268, line 11, insert the following:

EYEGLASSES, DENTURES, HEARING AIDS AND PODIATRIC SERVICES

Sec. 215A. (a) Section 1861(s)(8) of the Social Security Act is amended by striking out "(other than dental").

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

(1) in clause (7) thereof, by striking out "eyeglasses or eye examinations for the purpose of prescribing, fitting, or changing eyeglasses, procedures performed (during the course of any eye examination) to determine the refractive state of the eyes, hearing aids or examinations therefor,"; and

(2) by inserting "or" at the end of clause (10), and striking out clauses (12) and (13) thereof.

(c) Section 1861(s) of such Act is further amended—

(1) by striking out "and" where it appears at the end of clause (8);

(2) by striking out the period at the end of clause (9) and inserting in lieu thereof"; and"; and

(3) by adding at the end thereof the following:

"(10) eyeglasses and eye examinations for the purpose of prescribing, fitting, or changing eyeglasses, procedures performed (during the course of any eye examination) to determine the refractive state of the eyes, and hearing aids and examinations therefor."

Mr. PELL. Mr. President, this amendment is very much along the lines of one I offered last March, due to changes in the bill, it is offered as a new amendment.

This amendment specifically provides that eyeglasses, dentures, hearing aids, and podiatric services, or foot care, is available under medicare to our older citizens. All it really does is make sure that some of the compelling needs of our older citizens who are covered, theoretically, by medicare but find their expenses mounting, are met.

The need of our older citizens for these services is intense. I know this from personal observation. As a member of the Special Committee on the Aging, I have conducted hearings in Rhode Island, in Providence and in Woonsocket, my own city of Newport. Also from my travels around the State and Nation, I have become conscious of the acute needs of our older citizens for these additional medical services.

When a citizen who needs to buy eyeglasses but has a fixed allowance, that purchase becomes a major expenditure. To buy glasses may mean having to do without food for a week or 2 weeks. We must recognize that the older citizens, those living on a fixed income are affected by inflation—our cruelest tax—more than any other citizens. It is our oldest citizens who often have to eat dog food and cat food because meat is too expensive.

Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. PELL. Our studies have indicated that many of our oldest citizens have no teeth. Indeed there are many Americans over the age of 55 who do not have teeth. Under the present law they have to make a choice between continuing without teeth or getting dentures and not having the food on which to use those teeth, a hideous and terrible choice.

Due to a need for hearing aids, many of our older citizens do not enjoy more of the amenities of life. They cannot hear what is going on, around them. Nor can they hear what comes out of the television receiver as well as see what the picture shows.

I have included in my podiatric services, or foot care, which is one of the unsung vital medical necessities, a lack of

which cripples many of our older citizens.

Mr. President, I think the needs of our oldest citizens are particularly acute at this time. As Americans, we are very concious of the general community, of the people who are reasonably well, have jobs, move around, and are seen in public. However the sick, the poor, and the old are tucked away in little corners, little hovels, little rooms, scarcely perceptible—really perceptible only to those of us who go after them and see them; no matter whether it be priests after their souls, caseworkers after their cases, or those trying to do something about their problems. We go and see those people. The general community is not aware of the degree of misery that is extant in the United States today affecting the poor, the sick, and the old.

I think that we as a nation have an obligation to try to make it a little more possible that the golden years of our citizens are really golden, and not tinsel years, and that they have the amenities which all of us in this room take for granted, eyeglasses, hearing aids, and teeth. We do not realize that for many of our older citizens these are luxuries they cannot afford. These items are not included under medicare. I believe they should be.

This is an amendment which I have had before the Senate for 6 months in one form or another, and I hope it will secure the support of this body.

Mr. LONG. Mr. President, this amendment would cost the Government $3,700 million a year. If we could afford it, and if the taxpayers were willing to pay for it—and that is something that we have to trust to the conscience and judgment of every Senator—it would be nice to provide people with free eyeglasses, free hearing aids, and free dentures. But we are taxing the taxpayers right now, Mr. President, more than $80 billion annually for income maintenance arrangements, the way it is now, if medicare and medicaid veterans pensions are included.

The bill before the Senate is a most generous bill as far as the aged are concerned. It increases the benefits for the aged far beyond anything that the administration recommended—so much so that this could well be regarded as a budget-busting bill the way it is now.

The bill before us proposes that those who are on social security, if they have had 30 years of covered employment—and anyone who has only social security to rely upon for the future will have that 30 years of employment, unless he has additional pensions as well as social security from other employment—are assured $200 a month minimum. We provide in this bill a supplemental security income supplement which would supplement the $50 of assured social security income to persons with any social security benefits with an additional $130, to guarantee that person $180. Even if a person never had been associated with the social security program, and had no pension of any nature, he would be guaranteed at least $130 a month.

We can assume that he would use some of that money to provide eyeglasses for himself, if he needed them, or a hearing aid, or dentures.

I should point out that for people over 65, eyeglasses almost fall into the category of a hat or a pair of shoes, because most people over 40 need an adjustment for vision.

While, of course, eyeglasses are something they ought to have, just as food or housing or clothes, it is something they can provide for themselves; and they can judge in terms of priority as to whether they ought to spend the additional money to buy a new suit of clothes or to buy a pair of eyeglasses.

This amendment does not propose the tax to pay for it, but the taxpayers will have to pay for it. It comes out of their hide, in any event.

So, although we would like to do many things for people—this item does not claim a higher priority than many other things which would be nice to do for people, if we had $3.5 billion to spend.

So I hope that the amendment will not be agreed to. I applaud the Senator for his good intentions and his desire to help the aged, but there has to be some stopping point where we decide it is about as much as the taxpayers can pay for now.

We have already passed an $8 billion across-the-board social security benefit increase. This bill provides another $14 billion in social security related and public welfare items for the aged as well as for the poor in the family category, and we have added another $600 million by raising the earnings limitation with the Mansfield amendment yesterday. So this bill, when taken together with the social security across-the-board increase which was spun off from it, results in a total increase of expenditures in this area of almost $23 billion in just 1 year.

About this time, someone is going to start saying, "How about the taxpayer? Should not someone come to his aid?" I think that, in conscience, we ought to start thinking about the taxpayer, because he would have to pay $3.7 billion more for something of this sort, and somebody will have to collect the taxes. You cannot get all this money out of the rich. There are not that many of them. We would have to tax middle-income and low-income people to pay for the things called for in this category.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BENNETT. If this is to be a social security benefit, theoretically, we should raise the social security tax. The Senator from Louisiana and I already are hearing from people back home who like the 20-percent increase they are going to get; but the workers are very disturbed to find that the average worker will have $200 a year added to his tax.

If favored by a payroll tax this proposal would increase the tax. We have raised the tax from 5.2 percent of payroll to 6 percent of payroll in this bill. This proposal would force us to increase the tax further, to about 6.4 percent.

The committee has always prided itself on including the necessary tax changes to finance the benefits we have put into the bill. I do not think the Senate is ready to add to the tax in order to satisfy this particular need, which is more limited than the Senator from Rhode Island would seem to think.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CURTIS. I am sure that we all listened with interest when the distinguished Senator from Rhode Island talked about the aged people who are in need of the benefits that his amendment would provide. Since this is a social security bill—these benefits are provided for as a matter of right—these added benefits would be paid to all aged people. We would be imposing a tax upon all workers to give these added benefits to all people over 65, not limited to the group that the distinguished Senator was talking about—to wit, those who are in need and who must go without these things or cut down their food budget or something of that nature.

Certainly, if aged people are suffering because of the lack of the things provided in the Senator's amendment, society should take care of them; but it does not follow that the whole social security system should be enlarged and the tax increased to give those things to all aged people, including those who can afford them. We are at a point at which there cannot be any increase in benefits without an immediate increase in taxes.

Not too long ago, we had a reserve in the social security fund that would carry it on for 3 years. Then it became less and less. Now there is sufficient money in the reserve to send out the checks to those on the rolls for about a year. But with the action of some weeks ago on the raise in benefits, the reserve is going to go down to less than a year—about 9 months, which is getting rather close.

So any proposal to raise benefits of any kind, in reality, is a proposal to increase the tax on taxpayers, who are already very much overburdened.

Twenty-two million Americans who pay a social security tax do not make even enough money to pay a Federal income tax. This, in reality, is a proposal to tax the poor, or at least the lower income, in their working years in order to pay a benefit to everybody over 65, including the well-to-do and the wealthy. I think the need should be met, but I do not think it should be met in the manner the Senator proposes, because it would have to be paid to everybody.

Mr. LONG. I point out that this amendment would provide these benefits under social security or medicare. Under the medicaid program, many States do; and all States can, if they wish, provide these benefits. They can provide the eyeglasses and the dentures and a hearing aid, under medicaid. That is need-related.

Compared to the other needs we have, I would have to insist we have many things that would claim a higher priority than this, when we are talking about providing something under social security for a person who presumably has assets and does not qualify for public welfare.

We voted yesterday to say that every older person on social security can have $3,000 a year of income without reducing

his social security check at all. Why should we provide the benefits in this amendment to people not in need at all to the tune of $3,700,000,000, while as yet we do not feel that we can afford to provide catastrophic health insurance?

We have 5,000 good citizens a year who need kidney transplants, yet because they cannot afford a kidney transplant, which costs about $8,000, many die. They have to die because they cannot pay for the health care and they have not reached 65 for medicare to take care of them. So we have many good people in their productive years who will die because they cannot afford to pay for health care and we have not been able to provide for it. I am not pressing for a catastrophic health insurance amendment at this time because of the great cost of this bill the way it stands at this point. When we are proceeding in this manner, considering lower priority benefits I say that we are putting the cart before the horse. Other benefits take a higher priority.

Mr. BENNETT. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. BENNETT. I think the Senator could use me as exhibit A. I am a social security recipient because I have passed the age to be a social security beneficiary and the benefits come to me automatically whether I work or not. I have a very nice pair of glasses. Under the Senator's amendment, I could charge these glasses to the social security system.

Mr. PASTORE. Mr. President, will my colleague yield to me?

Mr. PELL. I am happy to yield to my senior colleague.

Mr. PASTORE. Mr. President, I realize that there are some economic difficulties involved in this amendment and I believe my junior colleague is conscious of that fact. But there is a human element to be considered that I do not believe can be easily disregarded.

Things have changed in this world. There was a time when a son or daughter felt it their obligation to take care of their parents when they became old.

Today, the fashion is that the son and daughter have worries of their own. We establish our own little house with our charming wife and two or three little babies. We find in many instances where one mother and one father have taken care of 10 children, but 100 children do not seem to be able to take care of one father or one mother these days.

That is what is happening in our society today. Sadly enough, that is the result of the evolution of our attitudes. It exists not only in this country, not only in this district, but throughout the entire world.

What we are talking about here is the little old man, not some millionaire out in Utah who does not need the money to buy glasses. As a matter of fact, anyone who has got more than half a million dollars in the bank and wants to charge his eyeglasses to the Government should be ashamed of himself. We are not talking about him, although there may be a handful of those people around.

I say, quite frankly, that is not the question before the Senate this afternoon. What we are talking about here is the little old lady who cannot see without glasses. She cannot read the newspapers because she cannot buy the glasses. We are also thinking about the little old man who cannot hear because he does not have a hearing aid. He cannot buy the hearing aid because he does not have the money. No one seems to be worrying about that.

We can say to the little man or the little old lady, "You can get your glasses or your hearing aid by going on social welfare, declare yourself to be a pauper and put yourself on the relief rolls." Yes, but if it does not come out of the right pocket it will come out of the left pocket, but the money must somehow, come out. But these aged citizens have got to lose their dignity as human beings to put themselves on relief.

That is what has been happening, and let us face it.

Now we are saying "But the worker has to pay." Well, I have never had anyone complain to me too much about that, because he realizes that, somehow, it is doing some good in his community, dignifying human life in his community. It may be his father. It may be his mother. I do not think he begrudges the fact that he might have to pay a tenth of one percent more in social security. Maybe we will come to that. I realize that it gets to a point of no return.

But I am saying, we are not in here now pleading as bleeding hearts today. This is a humanistic amendment. I repeat, I know it will cost $3 billion. But on June 30 last, the President of the United States asked for $3 billion for Vietnam. Somehow the money comes up. The money we pour into Vietnam, according to the administration, does not do anything to inflation, but when we vote for $1.6 billion more than he asked for in HEW for the people, they say that is inflationary. When we want to buy eyeglasses for the elderly poor, that is inflationary. When we want to buy a hearing aid for this little old man that cannot hear and he cannot buy a hearing aid because he does not have the money, they say that is inflationary. All we are saying, this is not a punishment of the workers of America—and they are not complaining. The people who seem to complain are the well to do, who resist these things—all I am saying is that one of the tragedies of our time, in such a beautiful society like the United States of America, where we have over 205 million people, so many ride around in big black limousines, smoking big cigars, with a radio in the car and a telephone in the back, and on the street corner, as the car goes by, there are some people who do not know where their next meal is coming from. It is a pity.

Today, the New York Times wrote an editorial endorsing Senator McGOVERN for the Presidency of the United States. I wish everyone would read it. I hope that everyone will read it, about what this man is trying to do. He may have been born 30 years before his time. I do not know. Maybe some of his ideas, according to our present-day concepts, are far-fetched and far-reaching. I do not know. I am telling you, Mr. President, if we want to bring back morality in our society, if we want to bring back stability in this society, if we want to make America work, we had better listen once again to those eloquent words of John F. Kennedy when he said:

> If a free society cannot take care of the many who are poor, how can it save the few who are rich?

That is it today.

Who can save the few that are rich? I say to those of you who are rich: Beware.

Mr. LONG. Mr. President, we are not debating here about what we should do for the poor. The poor already benefit from medicaid. Under medicaid we provide for those poor who need eyeglasses, dentures, and hearing aids that the amendment refers to.

We are talking about people who are not sufficiently poor to be eligible for benefits under a public welfare program.

Just this year, we provided for a 20-percent across-the-board increase for the same beneficiaries in terms of cash social security benefits. If they want to buy eyeglasses, then they can use some of that 20 percent and buy them with that.

Mr. President, in this bill we have more than $3 billion additional benefits for aged, blind, and disabled people whom we will lift out of poverty, not calling it welfare as the President suggested in his Miami convention speech, but calling it a supplemental security income. It will be liberal. Aged people can get, if they have any social security income coming to them at all, $180. Those with 30 years of social security coverage, no matter how low their wages might be, get $200.

All of that puts them above the established poverty level as defined today, and we expect to keep them out of poverty.

If we want to provide more for these aged people 65 and over, would it not make a lot better sense just to give them more cash, just give them the money and let them decide for themselves. If they want to spend it on eyeglasses or if they want to spend it on dentures or if they want to spend it on hearing aids, let them do it. I will say with all the confidence of one who has been through this fight before, they will get a lot better buy if we give them the cash, than if we say, "All right, you get free eyeglasses. Go down and get your free eyeglasses."

We found when we put medicare into effect, that it cost much more than anybody estimated. I was predicting this back at that time, for a very simple reason. We have people asking for the service who really would not be asking for it if they had to pay for it themselves. And they just came in droves, once the Government was going to pay for it. And then when they came to ask for services they would have not asked for, they asked for more than they would have asked for in the first instance, if the Government was not going to pay for it. They would go to the hospital and stay, where they would not have gone, and when they are there, in any event, they would stay a lot longer than they would have stayed if they were paying for it themselves.

my proposal Monday, when it is introduced, but needless to say, I will be delighted to discuss the measure now with any of my colleagues, in order to benefit from comments they may have.

Mr. MOSS. Mr. President, I ask unanimous consent that my staff assistant, Mr. Val Halamandaris, be permitted to be on the floor during the debate on the pending measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I am going to suggest the absence of a quorum in a moment or two, unless a Senator cares to offer an amendment, because I understand there are a number of amendments that will be offered.

I would like to suggest to Senators who have in mind offering amendments to prepare them and to send them to the desk, today if possible, or as soon as they can, so we can have the amendments printed and know what they are.

We have been working on this matter for a long time, Mr. President, and Senators who want to offer amendments really should have come before the committee and made their suggestions known to us so the committee could consider them. I know that Senators have the privilege of waiting until a Senate committee reports a bill, and then offer amendments on the floor. Every Senator has that right, but I would think Senators would be asking a great deal of the Senate to ask it to consider amendments to a bill that is this long a bill, particularly when they send unprinted amendments to the desk, that have not been suggested to the committee, as occurs from time to time. I hope Senators will get their amendments printed and give Senators an opportunity to look at them, and give our committee a chance to study them, and give our staffs time to analyze them, and have them available as soon as possible.

We on the committee are ready to proceed and to vote on any amendments Senators want to offer, but at this moment there is no one ready to move ahead with his proposal. I do know there are Senators who want to offer amendments and not be foreclosed of that right. Therefore, Mr. President, reluctantly I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. BENTSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Also, with eyeglasses—it is always nice to have an extra pair around some place, three or four pairs, so if you have one pair in the house and one pair some place else, in case you misplace one, you have one pair to get along with; so you have a surplus of them and you need not have the inconvenience of looking for them.

Mr. President, we get into all of these problems if we are going to provide these things for people and they get no cash advantage for not claiming them. We would have been far better off if we had said, "Let us provide an additional 5 percent benefit across-the-board for all aged people." We could do that at less cost than this amendment. We could provide almost a 10-percent increase for all beneficiaries under the old age and survivors insurance program, a 10-percent across-the-board increase for them for what it would cost us to provide eyeglasses, dentures, and hearing aids to people who are able to pay for them. And we are not talking about people who are unable to pay, who are eligible for medicaid. We are talking about people who are able to pay for a number of things we provide for here. We provide generous benefits in the bill. We provide more than $3 billion of additional benefits for the aged in the welfare sections of the bill alone. We are not calling it welfare any more, because they will be well off enough that we should not talk of it as welfare. The means test is so liberal that we cannot regard it as a means test any more. This provides about $2½ billion beyond anything the administration recommended, and this administration was not niggardly in suggesting some assistance themselves. So, with all of those benefits, we are going to heap on top of it something that would cost $3.7 billion, something that would have a tax increase connected with it and something that claims a lower priority compared to other things that people of the country need more.

If I had to give one example, I would give the example I referred to. There are people in this country dying today who have not reached the age of 65. They are working people who have worked for everything that they have. They come down with kidney trouble and need dialysis treatment or need a kidney transplant and they cannot afford it. To put something like eyeglasses ahead of a catastrophic illness program, for example, makes no sense at all.

For that reason, Mr. President, I hope that the Senate would not add this measure to the bill.

I think that there comes a time when we ought to have some small pity for the taxpayer. And I think that there are other things which claim a higher priority than this amendment.

Mr. PELL. Mr. President, all the words spoken here are correct. It is an expensive amendment. It is a question of priorities. There are some people who are of the age of 65 and can afford the benefits I provide for. They will be able to receive these amenities without paying for them, just as they can now receive social security benefits and still work if they are over the age of 72, just as they can receive social security benefits and earn a certain amount if they are over 65, and just as they can receive medicare benefits. I agree the tax is very high now and would favor amending the whole concept under which funds for social security are raised. I would get away from the present regressive system which hits the middle- and low-income man the hardest.

I would like to see the emphasis put the other way. In any event, I think that both sides have expressed their views. I would suggest that we vote on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Rhode Island. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Louisiana (Mrs. EDWARDS), the Senator from Oklahoma (Mr. HARRIS), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), and the Senator from Alabama (Mr. SPARKMAN) are necessarily absent.

I further announce that the Senator from North Carolina (Mr. JORDAN) and the Senator from Wyoming (Mr. MCGEE) are absent on official business.

I further announce that, if present and voting, the Senator from New Hampshire (Mr. MCINTYRE) would vote "yea."

Mr. SCOTT. I announce that the Senators from Colorado (Mr. ALLOTT and Mr. DOMINICK), the Senators from Tennessee (Mr. BAKER and Mr. BROCK), the Senator from New York (Mr. BUCKLEY), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Wyoming (Mr. HANSEN), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from Delaware (Mr. BOGGS) is absent to attend the funeral of a friend.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Vermont (Mr. STAFFORD) and the Senator from Ohio (Mr. TAFT) are absent on official business to attend the Interparliamentary Union meetings.

The Senator from Kentucky (Mr. COOPER) is detained on official business.

If present and voting, the Senator from Texas (Mr. TOWER) would vote "nay."

The result was announced—yeas 36, nays 42, as follows:

[No. 479 Leg.]

YEAS—36

Aiken	Hatfield	Moss
Anderson	Hughes	Muskie
Bible	Humphrey	Nelson
Brooke	Inouye	Pastore
Burdick	Jackson	Pearson
Cannon	Javits	Pell
Case	Magnuson	Ribicoff
Church	Mansfield	Saxbe
Cook	Mathias	Schweiker
Eagleton	McClellan	Smith
Gravel	Mondale	Stevens
Hartke	Montoya	Williams

NAYS—42

Allen	Byrd, Harry F., Jr.	Curtis
Bayh	Byrd, Robert C.	Dole
Beall	Chiles	Eastland
Bellmon	Cotton	Ervin
Bennett	Cranston	Fannin
Bentsen	Fong	Fulbright
Gambrell	Miller	Stevenson
Gurney	Packwood	Symington
Hart	Percy	Talmadge
Hollings	Proxmire	Thurmond
Hruska	Randolph	Tunney
Jordan, Idaho	Roth	Weicker
Kennedy	Scott	Young
Long	Spong	
	Stennis	

NOT VOTING—22

Allott	Goldwater	Metcalf
Baker	Griffin	Mundt
Boggs	Hansen	Sparkman
Brock	Harris	Stafford
Buckley	Jordan, N.C.	Taft
Cooper	McGee	Tower
Dominick	McGovern	
Edwards	McIntyre	

So Mr. PELL's amendment was rejected.

Mr. BENNETT. Mr. President, I move to reconsider the vote by which the amendment was defeated.

Mr. LONG. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. ROTH. Mr. President, a number of Senators have asked me about my intention to offer an amendment to provide for the testing of H.R. 1. I think it is appropriate for me to speak to that point at this time. We are currently having the amendment drafted, and I am hopeful I will be able to have it offered no later than Monday of next week.

As Senators know, last March 22 I introduced an amendment—No. 1077—to H.R. 1, then pending before the Finance Committee. The measure called for a 2-year pilot test of both the workfare and family assistance portions of H.R. 1, as passed by the House June 22, 1971. I was joined in this amendment by seven other Senators who felt, as I did, that the Congress should carefully evaluate the trial results of these programs before enacting more permanent legislation.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate is not in order.

Mr. ROBERT C. BYRD. There are too many conversations going around along the wall of the Chamber.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Since that time, the Finance Committee has reported out a very different bill. It seems to me, Mr. President, that this latter measure is equally deserving of a carefully designed and conducted test, along with the House version of title IV. Each speaks in a different way to the sadly deteriorating current patchwork of welfare programs.

Therefore, it is my intention next week to introduce an amendment which will call for a test of these proposals, in different localities. I hope in this way to persuade the Senate to authorize and then weigh actual field results, rather than rely on predictive data alone.

Mr. President, as a second-term Congressman in 1970, I urged that such a pilot test of family assistance—as described in H.R. 16311—be enacted. Perhaps if it had, we could be working toward a nationwide solution of the welfare problem today.

I will try to elaborate on the terms of

SOCIAL SECURITY AMENDMENTS OF 1972

The Senate continued with the consideration of the bill (H.R. 1) to amend the Social Security Act, to make improvements in the medicare and medicaid programs, to replace the existing Federal-State public assistance programs, and for other purposes.

Mr. ROBERT C. BYRD. Mr. President, what is the pending matter before the Senate?

The PRESIDING OFFICER. The pending business is H.R. 1, to amend the Social Security Act.

Mr. ROBERT C. BYRD. I thank the Presiding Officer.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. CRANSTON. Mr. President, I call up my amendment No. 1619, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

Mr. ROBERT C. BYRD. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order. The aisles will be cleared.

Will the Senator from California send a copy of his amendment to the desk?

The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. CRANSTON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON's amendment (No. 1619) is as follows:

On page 615, after line 5, insert the following new section:

SEC. 306. Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"AUTOMATIC INCREASE IN STANDARDS OF NEED UNDER PUBLIC ASSISTANCE PROGRAMS

"SEC. 1311. (a)(1) In addition to the requirements imposed by other provisions of law as a condition of approval of a State plan of any State (other than the Commonwealth of Puerto Rico, Guam, or the Virgin Islands) to provide aid or assistance to individuals under title I, X, XIV, or XVI, there is hereby imposed the requirement (and the plan shall be deemed to require), for the period beginning October 1, 1972, and ending December 31, 1973, that the standard of need (as defined in paragraph (2)) applicable under any such plan shall be increased by the amounts certified in the certifications of the Secretary made pursuant to subsection (b).

"(2) For purposes of this section, the term 'standard of need', when used in connection with any approved plan referred to in paragraph (1), means the income amount (not otherwise disregarded under the plan) used to determine (in the case of each category of applicants for and recipients of aid or assistance under the plan) eligibility of such applicants and recipients for aid or assistance under such plan.

"(b)(1) Whenever there is enacted any provision of law providing a general increase in monthly benefits payable to individuals under title II, the Secretary shall (at the earliest practicable date after the enactment of such provision) determine the average rate of such increase and shall certify to each State agency administering or supervising the administration of any State plan approved under title I, X, XIV, or XVI, the average so determined.

"(2) Any such certification shall be effective, in the case of the standard of need applicable under any approved State plan referred to in subsection (a), for months beginning more than 30 days after such certification is made to the State agency administering or supervising the administration of such State plan, or, if the general increase (referred to in paragraph (1)), on the basis of which such certification is made, will not be effective by such date, then it shall be effective on the first month for which such general increase will be effective."

SEC. 2. (a) Subject to subsection (b), the amendment made by the first section of this Act shall be effective in the case of general increases in monthly benefits payable to individuals under title II of the Social Security Act resulting from the enactment of provisions of law enacted after January 1972.

(b) For purposes of section 1131 of the Social Security Act (as added by the first section of this Act), any certification under subsection (b) of such section on account of any general increase in monthly benefits payable to individuals under title II of the Social Security Act resulting from the enactment, prior to the enactment of this Act but after January 1972, shall be made at the earliest practicable date after the enactment of this Act and shall be effective with respect to months beginning two months after the month of enactment of this Act.

Mr. CRANSTON. Mr. President, I yield to my colleague from California.

Mr. TUNNEY. Mr President, I ask unanimous consent that, during the consideration and the debate on H.R. 1, two members of my staff, Tony Davis and Jesus Melendez, be permitted to be present in the Chamber.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. Mr. President, reserving the right to object, who and how many people?

Mr. TUNNEY. Tony Davis and Jesus Melendez, two of my assistants.

Mr. LONG. How many does the Senator wish to bring in?

Mr. TUNNEY. Two legislative assistants.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. CRANSTON. Mr. President, this measure was originally introduced by myself and my colleague from California (Mr. TUNNEY) as S. 3328.

Also, I would like to note that my distinguished colleague from the California congressional delegation, Representative PHILLIP BURTON, has long been a leader in the effort to assure equitable treatment of social security beneficiaries and aged, blind and disabled assistance recipients as embodied in S. 3328, and I would like to commend Congressman BURTON for his continued efforts on behalf of the elderly and express my appreciation or his invaluable assistance and support.

Following the introduction of S. 3328 by Senator TUNNEY and myself, it was referred to the Senate Finance Committee for consideration during deliberations on H.R. 1. Although I applaud the many progressive and important changes in the present law which have been adopted by the committee, and extend my deep appreciation for the committee's inclusion of an amendment I offered with Senator GURNEY to extend medicare benefits to persons under 65 who elect 'to "buy in" to medicare—I was dismayed to note that the committee did not incorporate S. 3328 into H.R. 1.

Consequently, Senator TUNNEY and I are offering this amendment to enable those needy individuals who are aged, blind, or disabled to receive an increase in their assistance payments commensurate with increases in social security benefits.

This would be achieved by requiring States to increase by a rate corresponding to the rate of the social security increase, the standard of need used to determine eligibility for assistance under these programs.

This provision would take effect in October of 1972 and continue through December of 1973—when the aged, blind, and disabled assistance program would be federalized under the Senate Finance Committee proposal.

This concept, in a somewhat different form, was recommended in 1970 by the Senate Finance Committee in its consideration of H.R. 17550, the proposed Social Security Amendments of 1970. The committee report—No. 91-1431, page 43—said:

PASS ALONG OF SOCIAL SECURITY INCREASES TO WELFARE RECIPIENTS

Under other provisions of the bill, social security benefits would be increased by 10 percent, with the minimum basic social security benefit increased to $100 from its present $64 level. If no modification were made in the present welfare law, however, many needy aged, blind and disabled persons would get no benefit from these substantial increases in social security since offsetting reductions would be made in their welfare grants. To assure that such individuals would enjoy at least some benefit from the social security increases, the Committee bill requires States to raise their standards of need for those in the aged, blind, and disabled categories by $10 per month for a single individual and $15 per month for a couple. As a result of this provision, recipients of aid to the aged, blind, or disabled, who are also social security beneficiaries would enjoy an increase in total monthly income of at least $10 ($15 in the case of a couple).

The method I am proposing to assure that the aged, blind, or disabled enjoy the benefits from social security increases eliminates the discriminatory effect of the so-called pass-along provision, which results in the granting of cost-of-living increases only to those public assistance recipients who are also beneficiaries of social security or railroad retirement benefits.

The original pass-along provisions, included in the 1965 and 1967 social security amendments permitted States, in determining an individual's need for public assistance payments, to exclude $5 and $7.50 per month, respectively, from any source—although these provisions were designed with the 1965 and 1967 social security increases in mind. Later pass-along provisions, however, limited their applicability to social security and railroad retirement beneficiaries.

The amendment now offered by Senator TUNNEY and myself would rectify this situation by substituting the increase in the standard of need concept for the pass-along concept.

It is important to note that the Finance Committee has included a $50 dis-

regard of outside income in H.R. 1, and the committee is to be commended for this very excellent provision. This provision would not take effect, however, until the federalization of aged, blind, and disabled assistance programs in January of 1974. Thus, the 20-percent increase in benefits would not be received by assistance recipients—unless we adopt a measure to deal with this interim period. The amendment I have offered would assure that every aged, blind, and disabled person receiving social security will receive the increase in benefits intended by the Congress, and that those who have no other source of income other than their assistance payments—surely the most needy individuals—will also receive an increase in benefits.

Throughout the spring and summer I have received thousands of letters from elderly persons—persons who rely on old age assistance grants and social security for their very existence—relating to their despair upon receiving from the California State Department of Public Social Services a notice that their public assistance check would be reduced by the amount of their social security increase. It is a cruel blow to deal to so many of the more than 2 million recipients of old age assistance in the United States, 60 percent of whom are also recipients of social security benefits. In California 362,000 recipients of aid to the aged blind and disabled also receive social security benefits, and thus will not benefit at all by the 1972 social security increase. An additional 159,000 individuals in California received no other income than the assistance payments under the aged, blind, and disabled category.

Mr. President, I urge my colleagues to join with me in support of this amendment to assure that all social security recipients receive the full benefit enacted by Congress—and which mandates an increase in equal proportion to the improvements Congress has made in social security benefits for recipients of aged, blind, and disabled payments.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. CRANSTON. Yes, I am delighted to yield to the distinguished Senator from Minnesota.

Mr. HUMPHREY. First, I want to commend the two Senators from California (Mr. CRANSTON and Mr. TUNNEY).

I had offered a similar amendment. I was checking my amendment No. 1618, and I believe it would perform the same purpose—in other words, to simplify it—so that the 20-percent increase we legislated here recently on social security benefits would not be obligated or would not be checked off by the denial of other benefits under old age assistance, medical care, housing, food stamps and so forth. Is that correct?

Mr. CRANSTON. That is correct.

Mr. HUMPHREY. So the purpose of the amendment of the Senators from California is to make realistic, meaningful, and practical the 20-percent increase.

Mr. CRANSTON. Exactly. And it is totally consistent with the objectives and purposes of the Finance Committee.

Mr. HUMPHREY. And it would not remove the $50 provision in the Finance Committee bill?

Mr. CRANSTON. No, it would not.

Mr. HUMPHREY. There is no sense in my thinking about calling up my amendment. I would like to be associated with the distinguished Senators of California in this matter, because I am confident that Congress would want to do what the Senators propose.

I just say this: Nothing has caused more consternation among the senior citizens of our country and among people who are concerned about the plight of our senior citizens than this giving with one hand and taking away with another. Congress gave a 20-percent increase and took away, under administrative action, more than the increase.

I go home to my State of Minnesota, and people come to me by the dozens and say, "What happened down there?" I recall going back and addressing a group of senior citizens, and I was proudly proclaiming that we had just passed a 20-percent social security increase. Immediately, a little delegation called on me and said, "Thanks for nothing," because the 20-percent increase was eaten up by an increase in rents, in housing, loss of food stamps, and loss of old age assistance benefits that were coming to some of the beneficiaries of social security.

I want to join the Senator, if he will permit me, in support of his amendment, and I hope I can be a cosponsor of his amendment, because I think this is something that needs to be done. I am pleased that the Senators from California have taken the initiative on this important matter of social and economic justice.

Mr. CRANSTON. I thank the Senator very much for his stanch, eloquent, and direct support.

Mr. President, I ask unanimous consent that the names of the distinguished Senators from Minnesota (Mr. HUMPHREY and Mr. MONDALE) be added as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. I think the point should be clearly understood that no direct expense to the Federal Government is involved in this amendment. What it does is to prevent State governments from taking, as a windfall, aid that we intended to go to the aged, the blind, and the disabled.

Mr. President, I yield to my distinguished colleague and good friend, Senator TUNNEY.

Mr. TUNNEY. I thank the Senator.

Mr. President, I am most pleased to be able to join my senior colleague from California in this most important amendment.

The subject has been debated on the floor in the past few weeks with the chairman of the Committee on Finance in a rather fulsome manner. As a matter of fact, I have appreciated very deeply the statements of concern by the distinguished Senator from Louisiana, the chairman of the Finance Committee, with respect to the need of these senior citizens who happen to be on old-age assistance programs as well as receiving social security.

I think this is the kind of amendment that anybody who has looked at the subject matter would have to support overwhelmingly. We have more than 1,250,000 senior citizens in this country receiving old age assistance as well as social security benefits.

I am deeply concerned about the problem that exists in some States, as has been stated, where, when we increase social security old-age assistance benefits, welfare benefits go down by an equal amount of the increase in social security, so the senior citizen is left with nothing by way of an increase. This is a gross injustice.

After the colloquy I had a couple of weeks ago with the distinguished chairman of the Finance Committee, which was publicized in California, I received 40 or 50 letters from senior citizens who pleaded that at the nearest point in time possible this amendment be offered to some other legislation, in the hope that the distingiushed chairman of the Finance Committee would accept it.

I am pleased that Senator CRANSTON and I and Senator HUMPHREY were able to join in offering this amendment today.

Mr. CRANSTON. I thank my colleague for his support and for the effort he has made in this regard. I think the three Senators who have spoken have made an ironclad case for this amendment. I discussed it with the chairman of the committee before proceeding at this time, and I hope it can be accepted.

Mr. LONG. Mr. President, starting January 1, 1974, the provisions of H.R. 1 would be far more generous than what is being suggested by the Senators from California and the Senator from Minnesota. On that date, there would be a disregard of $50 of social security or other income and an additional disregard of $85 of earned income, plus a disregard of one-half of any earned income beyond that. So the committee bill is far more generous than what the Senators from California are seeking, starting on January 1, 1974.

It was the effort of the Senator from Louisiana to try to have that program begin as soon as possible, hopefully soon enough so that this amendment would not be needed. Unfortunately, the Department contends that they need until January 1, 1974, to institute the ambitious program that appears in title III of this bill, which has the supplemental security income program, a program that would go far beyond what the Senators are suggesting.

I realize that the Senators have a good point; that while it is nice to talk about what we are going to do for the aged, blind, and disabled in 1974, something should be done to help them in the meantime. I think that something should be done along this line. I am not sure that this is the best way to work it out, but it is better than nothing; and unless we can work out a better way to meet the problem, I am persuaded that something should be in the bill to help this situation.

For that reason, Mr. President, I do not find any objection to the amendment,

so far as the Senator from Louisiana is concerned. There may be Senators who might find it objectionable. I have not had an opportunity to take up this problem with the committee, although I have discussed it with some Members, and I would simply trust this to the conscience of the Senate. Personally, I will vote for it.

Mr. CRANSTON. I thank the Senator very much. His understanding of the need and his desire to fill this gap is understood and appreciated.

Mr. LONG. If this amendment were offered 12 years ago, it would have been the Long amendment rather than the Cranston amendment, because I have offered proposals along this line in the past.

Mr. CRANSTON. Perhaps the Senator would like his name added as a cosponsor.

Mr. LONG. There is no point in diluting credit for the amendment. The Senators from California and the Senator from Minnesota can take credit for it. I am aware of the problem, and I have offered similar proposals in the past.

Mr. CRANSTON. Now that we can loosely call this amendment the Long-Cranston——

Mr. LONG. I insist that it be the Cranston-Tunney-Humphrey amendment, for the Senators who offered it and raised the point. I will vote for it.

Mr. CRANSTON. The amendment is rather long; and for that reason, anyhow, I think it should be referred to as the Long amendment.

I yield to my colleague from California.

Mr. TUNNEY. Madam President, I should like to extend my personal thanks to the distinguished chairman of the Finance Committee for accepting this amendment. I recall in the colloquy we had a few weeks ago, he indicated deep concern to help those who would be adversely affected, but at that time he could not say whether he would be able to accept this specific language. I completey understood that. I, therefore, deeply appreciate his consideration today.

The PRESIDING OFFICER (Mrs. EDWARDS). The question is on agreeing to the amendment of the Senator from California (Mr. CRANSTON).

The amendment was agreed to.

Mr. LONG. Madam President, I believe that Senators would like to record themselves on the very important matter which is contained in title III of the pending bill. I say that because with differing opinions with regard to other things in the bill, some will want to vote for the bill as a whole and some will want to vote against it because of other items in the bill; but one of the most ambitious things in this measure is the proposal of the Finance Committee for a program that would provide $3.1 billion additional income for the aged, the blind, and the disabled. This is a program which undertakes to provide a Federal program for the aged, blind, and disabled which I think will, in large measure, replace present State programs for the same people.

We would not call it a welfare program in the future. The benefits this would provide would be so far beyond that which is being provided for these same beneficiaries, and in terms so much more generous, that we think this should be not regarded as a welfare program hereafter, that it should not be called welfare.

It is for that reason that we refer to it as supplemental security income for the aged, blind, and disabled.

UNANIMOUS-CONSENT AGREEMENT

Mr. LONG. Madam President, I ask unanimous consent, notwithstanding the fact that the Senate has agreed by unanimous consent to agree to the committee amendments en bloc, that the provisions of title III, beginning on page 568, line 12 through page 615, line 5, may be considered as an amendment and voted on in its own right separately, and that having been agreed to by the Senate, the amendment remain subject to amendment.

The title III amendment reads as follows:

TITLE III—SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED

ESTABLISHMENT OF PROGRAM

SEC. 301. Effective January 1, 1974, title XVI of the Social Security Act is amended to read as follows:

"TITLE XVI—SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED

"PURPOSE; APPROPRIATIONS

"SEC. 1601. For the purpose of establishing a national program to provide supplemental security income to individuals who have attained age 65 or are blind or disabled, there are authorized to be appropriated sums sufficient to carry out this title.

"BASIC ELIGIBILITY FOR BENEFITS

"SEC. 1602. Every aged, blind, or disabled individual who is determined under part A to be eligible on the basis of his income and resources shall, in accordance with and subject to the provisions of this title, be paid benefits by the Secretary of Health, Education, and Welfare.

"PART A—DETERMINATION OF BENEFITS

"ELIGIBILITY FOR AND AMOUNT OF BENEFITS

"*Definition of Eligible Individual*

"SEC. 1611. (a)(1) Each aged, blind, or disabled individual who does not have an eligible spouse and—

"(A) whose income, other than income excluded pursuant to section 1612(b), is at a rate of not more than $1,560 for the calendar year 1974 or any calendar year thereafter, and

"(B) whose resources, other than resources excluded pursuant to section 1613(a), are not more than $2,500,

shall be an eligible individual for purposes of this title.

"(2) Each aged, blind, or disabled individual who has an eligible spouse and—

"(A) whose income (together with the income of such spouse), other than income excluded pursuant to section 1612(b), is at a rate of not more than $2,340 for the calendar year 1974, or any calendar year thereafter, and

"(B) whose resources (together with the resources of such spouse), other than resources excluded pursuant to section 1613(a), are not more than $2,500,

shall be an eligible individual for purposes of this title.

"Amounts of Benefits

"(b)(1) The benefit under this title for an individual who does not have an eligible spouse shall be payable at the rate of $1,560 for the calendar year 1974 and any calendar year thereafter, reduced by the amount of income, not excluded pursuant to section 1612(b), of such individual.

"(2) The benefit under this title for an individual who has an eligible spouse shall be payable at the rate of $2,340 for the calendar year 1974 and any calendar year thereafter, reduced by the amount of income, not excluded pursuant to section 1612(b), of such individual and spouse.

"Period for Determination of Benefits

"(c)(1) An individual's eligibility for benefits under this title and the amount of such benefits shall be determined for each quarter of a calendar year except that, if the initial application for benefits is filed in the second or third month of a calendar quarter, such determinations shall be made for each month in such quarter. Eligibility for and the amount of such benefits for any quarter shall be redetermined at such time or times as may be provided by the Secretary.

"(2) For purposes of this subsection an application shall be considered to be effective as of the first day of the month in which it was actually filed.

"Special Limits on Gross Income

"(d) The Secretary may prescribe the circumstances under which, consistently with the purposes of this title, the gross income from a trade or business (including farming) will be considered sufficiently large to make an individual ineligible for benefits under this title. For purposes of this subsection, the term 'gross income' has the same meaning as when used in chapter 1 of the Internal Revenue Code of 1954.

"Limitation on Eligibility of Certain Individuals

"(e)(1)(A) Except as provided in subparagraph (B), no person shall be an eligible individual or eligible spouse for purposes of this title with respect to any month if throughout such month he is an inmate of a public institution.

"(B) In any case where an eligible individual or his eligible spouse (if any) is, throughout any month, in a hospital, extended care facility, nursing home, or intermediate care facility receiving payments (with respect to such individual or spouse) under a State plan approved under title XIX, the benefit under this title for such individual for such month shall be payable—

"(i) at a rate not in excess of $300 per year (reduced by the amount of any income not excluded pursuant to section 1612(b)) in the case of an individual who does not have an eligible spouse;

"(ii) at a rate not in excess of the sum of the applicable rate specified in subsection (b)(1) and the rate of $300 per year (reduced by the amount of any income not excluded pursuant to section 1612(b)) in the case of an individual who has an eligible spouse, if only one of them is in such a hospital, home, or facility throughout such month; and

"(iii) at a rate not in excess of $600 per year (reduced by the amount of any income not excluded pursuant to section 1612(b)) in the case of an individual who has an eligible spouse, if both of them are in such a hospital, home, or facility throughout such month.

"(2) No person shall be an eligible individual or eligible spouse for purposes of this title if, after notice to such person by the Secretary that it is likely that such person is eligible for any payments of the type enumerated in section 1612(a)(2)(B), such person fails within 30 days to take all appropriate steps to apply for and (if eligible) obtain any such payments.

"(3)(A) No person who is under the age of 65, is not blind, and is medically determined to be a drug addict or an alcoholic shall be an eligible individual or eligible spouse for purposes of this title.

"(B) The Secretary shall refer to the State or appropriate local agency administering the plan of such State approved under this XV any individual described in subparagraph (A) who—

"(i) is applying for or receiving benefits under this title, and

"(ii) would be eligible for such benefits but for the provisions of such subparagraph (A).

"(4) No person shall be an eligible individual or an eligible spouse for purposes of this title if, within one year immediately preceding his application for benefits under this title, he disposed of property (of any type) to a relative for less than fair market value, if the retention by him of such property would have caused him to be found ineligible for benefits under this title.

"Suspension of Payments to Individuals Who Are Outside the United States

"(f) Notwithstanding any other provision of this title, no individual shall be considered an eligible individual for purposes of this title for any month during all of which such individual is outside the United States (and no person shall be considered the eligible spouse of an individual for purposes of this title with respect to any month during all of which such person is outside the United States). For purposes of the preceding sentence, after an individual has been outside the United States for any period of 30 consecutive days, he shall be treated as remaining outside the United States until he has been in the United States for a period of 30 consecutive days.

"INCOME

"Meaning of Income

"SEC. 1612. (a) For purposes of this title, income means both earned income and unearned income; and—

"(1) earned income means only—

"(A) wages as determined under section 203(f)(5)(C); and

"(B) net earnings from self-employment, as defined in section 211 (without the application of the second and third sentences following subsection (a)(10), and the last paragraph of subsection (a)), including earnings for services described in paragraphs (4), (5), and (6) of subsection (c); and

"(2) unearned income means all other income, including—

"(A) support and maintenance furnished in cash or kind; except that in the case of any individual (and his eligible spouse, if any) living in another person's household and receiving support and maintenance in kind from such person, the dollar amounts otherwise applicable to such individual (and spouse) as specified in subsections (a) and (b) of section 1611 shall be reduced by 33⅓ percent in lieu of including such support and maintenance in the unearned income of such individual (and spouse) as otherwise required by this subparagraph;

"(B) any payments received as an annuity, pension, retirement, or disability benefit, including veterans' compensation and pensions, workmen's compensation payments, old-age survivors, and disability insurance benefits, railroad retirement annuities and pensions, and unemployment insurance benefits;

"(C) prizes and awards;

"(D) the proceeds of any life insurance policy to the extent that they exceed the amount expended by the beneficiary for purposes of the insured individual's last illness and burial or $1,500, whichever is less;

"(E) gifts (cash or otherwise), support and alimony payments, and inheritances; and

"(F) rents, dividends, interest, and royalties.

"Exclusions From Income

"(b) In determining the income of an individual (and his eligible spouse) there shall be excluded—

"(1) subject to limitations (as to amount or otherwise) prescribed by the Secretary, if such individual is a child who is, as determined by the Secretary, a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment, the earned income of such individual;

"(2) the first $600 per year (or proportionately smaller amounts for shorter periods) of income (whether earned or unearned) other than income which is paid on the basis of the need of the eligible individual;

"(3)(A) the total unearned income of such individual (and such spouse, if any) in a calendar quarter which, as determined in accordance with criteria prescribed by the Secretary, is received too infrequently or irregularly to be included, if such income so received does not exceed $60 in such quarter, and (B) the total earned income of such individual (and such spouse, if any) in a calendar quarter which, as determined in accordance with such criteria, is received too infrequently or irregularly to be included, if such income so received does not exceed $30 in such quarter;

"(4)(A) if such individual (or such spouse) is blind (and has not attained age 65, or received benefits under this title (or aid under a State plan approved under section 1002 or 1602) for the month before the month in which he attained age 65), (i) the first $1,020 per year (or proportionately smaller amounts for shorter periods) of earned income not excluded by the preceding paragraphs of this subsection, plus one-half of the remainder thereof, (ii) an amount equal to any expenses reasonably attributable to the earning of any income, and (iii) such additional amounts of other income, where such individual has a plan for achieving self-support approved by the Secretary, as may be necessary for the fulfillment of such plan,

"(B) if such individual (or such spouse) is disabled but not blind (and has not attained age 65, or received benefits under this title (or aid under a State plan approved under section 1402 or 1602) for the month before the month in which he attained age 65), (i) the first $1,020 per year (or proportionately smaller amounts for shorter periods) of earned income not excluded by the preceding paragraphs of this subsection, plus one-half of the remainder thereof, and (ii) such additional amounts of other income, where such individual has a plan for achieving self-support approved by the Secretary, as may be necessary for the fulfillment of such plan, or

"(C) if such individual (or such spouse) has attained age 65 and is not included under subparagraph (A) or (B), the first $1,020 per year (or proportionately smaller amounts for shorter periods) of earned income not excluded by the preceding paragraphs of this subsection, plus one-half of the remainder thereof;

"(5) any amount received from any public agency as a return or refund of taxes paid on real property or on food purchased by such individual (or such spouse);

"(6) assistance described in section 1616(a) which is based on need and furnished by any State or political subdivision of a State;

"(7) any portion of any grant, scholarship, or fellowship received for use in paying the cost of tuition and fees at any educational (including technical or vocational education) institution;

"(8) home produce of such individual (or spouse) utilized by the household for its own consumption;

"(9) if such individual is a child one-third of any payment for his support received from an absent parent; and

"(10) any amounts received for the foster care of a child who is not an eligible individual but who is living in the same home as such individual and was placed in such home by a public or nonprofit private child-placement or child-care agency.

"RESOURCES

"Exclusions From Resources

"SEC. 1613. (a) In determining the resources of an individual (and his eligible spouse, if any) there shall be excluded—

"(1) the home (including the land that appertains thereto), to the extent that its value does not exceed such amount as the Secretary determines to be reasonable;

"(2) household goods, personal effects, and an automobile, to the extent that their total value does not exceed such amount as the Secretary determines to be reasonable;

"(3) other property which, as determined in accordance with and subject to limitations prescribed by the Secretary, is so essential to the means of self-support of such individual (and such spouse) as to warrant its exclusion; and

"(4) such resources of an individual who is blind or disabled and who has a plan for achieving self-support approved by the Secretary, as may be necessary for the fulfillment of such plan.

In determining the resources of an individual (or eligible spouse) an insurance policy shall be taken into account only to the extent of its cash surrender value; except that if the total face value of all life insurance policies on any person is $1,500 or less, no part of the value of any such policy shall be taken into account.

"DISPOSITION OF RESOURCES

"(b) The Secretary shall prescribe the period or periods of time within which, and the manner in which, various kinds of property must be disposed of in order not to be included in determining an individual's eligibility for benefits. Any portion of the individual's benefits paid for any such period shall be conditioned upon such disposal; and any benefits so paid shall (at the time of the disposal) be considered overpayments to the extent they would not have been paid had the disposal occurred at the beginning of the period for which such benefits were paid.

"MEANING OF TERMS

"Aged, Blind, or Disabled Individual

"SEC. 1614. (a)(1) For purposes of this title, the term 'aged, blind, or disabled individual' means an individual who—

"(A) is 65 years of age or older, is blind (as determined under paragraph (2)), or is disabled (as determined under paragraph (3)), and

"(B) is a resident of the United States, and is either (i) a citizen or (ii) an alien lawfully admitted for permanent residence.

"(2) An individual shall be considered to be blind for purposes of this title if he has central visual acuity of 20/200 or less in the better eye with the use of a correcting lens. An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered for purposes of the first sentence of this subsection as having a central visual acuity of 20/200 or less. An individual shall also be considered to be blind for purposes of this title if he is blind as defined under a State plan approved under title X or XVI as in effect for October 1972 and received aid under such plan (on the basis of blindness) for December 1973, so long as he is continuously blind as so defined.

"(3)(A) An individual shall be considered to be disabled for purposes of this title if he is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve months. An individual shall also be consid-

ered to be disabled for purposes of this title if he is permanently and totally disabled as defined under a State plan approved under title XIV or XVI as in effect for October 1972 and received aid under such plan (on the basis of disability) for December 1973, so long as he is continuously disabled as so defined.

"(B) For purposes of subparagraph (A), an individual shall be determined to be under a disability only if his physical or mental impairment or impairments are of such severity that he is not only unable to do his previous work but cannot, considering his age, education, and work experience, engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the immediate area in which he lives, or whether a specific job vacancy exists for him, or whether he would be hired if he applied for work. For purposes of the preceding sentence (with respect to any individual), 'work which exists in the national economy' means work which exists in significant numbers either in the region where such individual lives or in several regions of the country.

"(C) For purposes of this paragraph, a physical or mental impairment is an impairment that results from anatomical, physiological, or psychological abnormalities which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques.

"(D) The Secretary shall by regulations prescribe the criteria for determining when services performed or earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity. Notwithstanding the provisions of subparagraph (B), an individual whose services or earnings meet such criteria, except for purposes of paragraph (4), shall be found not to be disabled.

"(4)(A) For purposes of this title, any services rendered during a period of trial work (as defined in subparagraph (B)) by an individual who is an aged, blind, or disabled individual solely by reason of disability (as determined under paragraph (3) of this subsection) shall be deemed not to have been rendered by such individual in determining whether his disability has ceased in a month during such period. As used in this paragraph, the term 'services' means activity which is performed for remuneration or gain or is determined by the Secretary to be of a type normally performed for remuneration or gain.

"(B) The term 'period of trial work', with respect to an individual who is an aged, blind, or disabled individual solely by reason of disability (as determined under paragraph (3) of this subsection), means a period of months beginning and ending as provided in subparagraphs (C) and (D).

"(C) A period of trial work for any individual shall begin with the month in which he becomes eligible for benefits under this title on the basis of his disability; but no such period may begin for an individual who is eligible for benefits under this title on the basis of a disability if he has had a previous period of trial work while eligible for benefits on the basis of the same disability.

"(D) A period of trial work for any individual shall end with the close of whichever of the following months is the earlier:

"(i) the ninth month, beginning on or after the first day of such period, in which the individual renders services (whether or not such nine months are consecutive); or

"(ii) the month in which his disability (as determined under paragraph (3) of this subsection) ceases (as determined after the application of subparagraph (A) of this paragraph).

"Eligible Spouse

"(b) For purposes of this title, the term 'eligible spouse' means an aged, blind, or disabled individual who is the husband or wife of another aged, blind, or disabled individual and who has not been living apart from such other aged, blind, or disabled individual for more than six months. If two aged, blind, or disabled individuals are husband and wife as described in the preceding sentence, only one of them may be an 'eligible individual' within the meaning of section 1611(a).

"Definition of Child

"(c) For purposes of this title, the term 'child' means an individual who is neither married nor (as determined by the Secretary) the head of a household, and who is (1) under the age of eighteen, or (2) under the age of twenty-one and (as determined by the Secretary) a student regularly attending a schol, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment.

"Determination of Marital Relationships

"(d) In determining whether two individuals are husband and wife for purposes of this title, appropriate State law shall be applied; except that—

"(1) if a man and woman have been determined to be husband and wife under section 216(h)(1) for purposes of title II they shall be considered (from and after the date of such determination or the date of their application for benefits under this title, whichever is later) to be husband and wife for purposes of this title, or

"(2) if a man and woman are found to be holding themselves out to the community in which they reside as husband and wife, they shall be so considered for purposes of this title notwithstanding any other provision of this section.

"United States

"(e) For purposes of this title, the term 'United States', when used in a geographical sense, means the 50 States and the District of Columbia.

"Income and Resources of Individuals Other Than Eligible Individuals and Eligible Spouses

"(f)(1) For purposes of determining eligibility for and the amount of benefits for any individual who is married and whose spouse is living with him in the same household but is not an eligible spouse, such individual's income and resources shall be deemed to include any income and resources of such spouse, whether or not available to such individual, except to the extent determined by the Secretary to be inequitable under the circumstances.

"(2) For purposes of determining eligibility for and the amount of benefits for any individual who is a child under age 21, such individual's income and resources shall be deemed to include any income and resources of a parent of such individual (or the spouse of such a parent) who is living in the same household as such individual, whether or not available to such individual, except to the extent determined by the Secretary to be inequitable under the circumstances.

"REHABILITATION SERVICES FOR BLIND AND DISABLED INDIVIDUALS

"SEC. 1615. (a) In the case of any blind or disblade individual who—

"(1) has not attained age 65, and

"(2) is receiving benefits (or with respect to whom benefits are paid) under this title, the Secretary shall make provision for referral of such individual to the appropriate State agency administering the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act, and (except in such cases as he may determine) for a review not less often than quarterly of such individual's blindness or disability and his need for and utilization of the rehabilitation services made available to him under such plan.

"(b) Every individual with respect to whom the Secretary is required to make provision for referral under subsection (a) shall accept such rehabilitation services as are made available to him under the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act; and the Secretary is authorized to pay to the State agency administering or supervising the administration of such State plan the costs incurred in the provision of such services to individuals so referred.

"(c) No individual shall be an eligible individual or eligible spouse for purposes of this title if he refuses without good cause to accept vocational rehabilitation services for which he is referred under subsection (a).

"OPTIONAL STATE SUPPLEMENTATION

"SEC. 1616. (a) Any cash payments which are made by a State (or political subdivision thereof) on a regular basis to individuals who are receiving benefits under this title or who would but for their income be eligible to receive benefits under this title, as assistance based on need in supplementation of such benefits (as determined by the Secretary), shall be excluded under section 1612(b)(6) in determining the income of such individuals for purposes of this title and the Secretary and such State may enter into an agreement which satisfies subsection (b) under which the Secretary will, on behalf of such State (or subdivision), make such supplementary payments to all such individuals,

"(b) Any agreement between the Secretary and a State entered into under subsection (a) shall provide—

"(1) that such payments will be made (subject to subsection (c)) to all individuals residing in such State (or subdivision) who are receiving benefits under this title, and

"(2) such other rules with respect to eligibility for or amount of the supplementary payments, and such procedural or other general administrative provisions, as the Secretary finds necessary (subject to subsection (c)) to achieve efficient and effective administration of both the program which he conducts under this title and the optional State supplementation.

"(c) Any State (or political subdivision) making supplementary payments described in subsection (a) may at its option impose as a condition of eligibility for such payments, and include in the State's agreement with the Secretary under such subsection, a residence requirement which excludes individuals who have resided in the State (or political subdivision) for less than a minimum period prior to application for such payments.

"(d) Any State which has entered into an agreement with the Secretary under this section which provides that the Secretary will, on behalf of the State (or political subdivision), make the supplementary payments to individuals who are receiving benefits under this title (or who would but for their income be eligible to receive such benefits), shall, at such times and in such installments as may be agreed upon between the Secretary and such State, pay to the Secretary an amount equal to the expenditures made by the Secretary as such supplementary payments.

"PART B—PROCEDURAL AND GENERAL PROVISIONS

"PAYMENTS AND PROCEDURES

"Payment of Benefits

"SEC. 1631 (a)(1) Benefits under this title shall be paid at such time or times and in such installments as will best effectuate the purposes of this title, as determined under regulations (and may in any case be paid less frequently than monthly where the amount of the monthly benefit would not exceed $10).

"(2) Payments of the benefit of any individual may be made to any such individual or to his eligible spouse (if any) or partly

to each, or, if the Secretary deems it appropriate to any other person (including an appropriate public or private agency) who is interested in or concerned with the welfare of such individual (or spouse).

"(3) The Secretary may by regulation establish ranges of incomes within which a single amount of benefits under this title shall apply.

"(4) The Secretary—

"(A) may make to any individual initially applying for benefits under this title who is presumptively eligible for such benefits and who is faced with financial emergency a cash advance against such benefits in an amount not exceeding $100; and

"(B) may pay benefits under this title to an individual applying for such benefits on the basis of disability for a period not exceeding 3 months prior to the determination of such individual's disability, if such individual is presumptively disabled and is determined to be otherwise eligible for such benefits, and any benefits so paid prior to such determination shall in no event be considered overpayments for purposes of subsection (b).

"(5) Payment of the benefit of any individual who is an aged, blind, or disabled individual solely by reason of blindness (as determined under section 1614(a)(2)) or disability) as determined under section 1614 (a)(3)), and who ceases to be blind or to be under such disability, shall continue (so long as such individual is otherwise eligible) through the second month following the month in which such blindness or disability ceases.

"Overpayments and Underpayments

"(b) Whenever the Secretary finds that more or less than the correct amount of benefits has been paid with respect to any individual, proper adjustment or recovery shall, subject to the succeeding provisions of this subsection, be made by appropriate adjustments in future payments to such individual or by recovery from or payment to such individual or his eligible spouse (or by recovery from the estate of either). The Secretary shall make such provision as he finds appropriate in the case of payment of more than the correct amount of benefits with respect to an individual with a view to avoiding penalizing such individual or his eligible spouse who was without fault in connection with the overpayment, if adjustment or recovery on account of such overpayment in such case would defeat the purposes of this title, or be against equity or good conscience, or (because of the small amount involved) impede efficient or effective administration of this title.

"Hearings and Review

"(c)(1) The Secretary shall provide reasonable notice and opportunity for a hearing to any individual who is or claims to be an eligible individual or eligible spouse and is in disagreement with any determination under this title with respect to eligibility of such individual for benefits, or the amount of such individual's benefits, if such individual requests a hearing on the matter in disagreement within thirty days after notice of such determination is received.

"(2) Determination on the basis of such hearing, except to the extent that the matter in disagreement involves the existence of a disability (within the meaning of section 1614(a)(3)), shall be made within ninety days after the individual requests the hearing as provided in paragraph (1).

"(3) The final determination of the Secretary after a hearing under paragraph (1) shall be subject to judicial review as provided in section 205(g) to the same extent as the Secretary's final determinations under section 205; except that the determination of the Secretary after such hearing as to any fact shall be final and conclusive and not subject to review by any court.

"Procedures; Prohibitions of Assignments; Representation of Claimants

"(d)(1) The provisions of section 207 and subsections (a), (d), (e), and (f) of section 205 shall apply with respect to this part to the same extent as they apply in the case of title II.

"(2) To the extent the Secretary finds it will promote the achievement of the objectives of this title, qualified persons may be appointed to serve as hearing examiners in hearings under subsection (c) without meeting the specific standards prescribed for hearing examiners by or under subchapter II of chapter 5 of title 5, United States Code.

"(3) The Secretary may prescribe rules and regulations governing the recognition of agents or other persons, other than attorneys, as hereinafter provided, representing claimants before the Secretary under this title, and may require of such agents or other persons, before being recognized as representatives of claimants, that they shall show that they are of good character and in good repute, possessed of the necessary qualifications to enable them to render such claimants valuable service, and otherwise competent to advise and asist such claimants in the presentation of their cases. An attorney in good standing who is admitted to practice before the highest court of the State, Territory, District, or insular possession of his residence or before the Supreme Court of the United States or the inferior Federal courts, shall be entitled to represent claimants before the Secretary. The Secretary may, after due notice and opportunity for hearing, suspend or prohibit from further practice before him any such person, agent, or attorney who refuses to comply with the Secretary's rules and regulations or who violates any provision of this paragraph for which a penalty is prescribed. The Secretary may, by rule and regulation, prescribe the maximum fees which may be charged for services performed in connection with any claim before the Secretary under this title, and any agreement in violation of such rules and regulations shall be void. Any person who shall, with intent to defraud, in any manner willfully and knowingly deceive, mislead, or threaten any claimant or prospective claimant or beneficiary under this title by word, circular, letter, or advertisement, or who shall knowingly charge or collect directly or indirectly any fee in excess of the maximum fee, or make any agreement directly or indirectly to charge or collect any fee in excess of the maximum fee, prescribed by the Secretary, shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall for each offense by punished by a fine not exceeding $500 or by imprisonment not exceeding one year, or both.

"Applications and Furnishing of Information

"(e) (1) (A) The Secretary shall, subject to subparagraph (B), prescribed such requirements with respect to the filing of applications, the suspension or termination of assistance, the furnishing of other data and material, and the reporting of events and changes in circumstances, as may be necessary for the effective and efficient administration of this title.

"(B) The requirements prescribed by the Secretary pursuant to subparagraph (A) shall require that eligibility for benefits under this title will not be determined solely on the basis of declarations by the applicant concerning eligibility factors or other relevant facts, and that relevant information will be verified to the maximum extent feasible from independent or collateral sources and additional information obtained as necessary in order to assure that such benefits are only provided to eligible individuals (or eligible spouses) and that the amounts of such benefits are correct.

"(2) In case of the failure by any individual to submit a report of events and changes in circumstances relevant to eligibility for or amount of benefits under this title as required by the Secretary under paragraph (1), or delay by any individual in submitting a report as so required, the Secretary (in addition to taking any other action he may consider appropriate under paragraph (1)) shall reduce any benefits which may subsequently become payable to such individual under this title by—

"(A) $25 in the case of the first such failure or delay,

"(B) $50 in the case of the second such failure or delay, and

"(C) $100 in the case of the third or a subsequent such failure or delay,

except where the individual was without fault or good cause for such failure or delay existed.

"Furnishing of Information by Other Agencies

"(f) The head of any Federal agency shall provide such information as the Secretary needs for purposes of determining eligibility for or amount of benefits, or verifying other information with respect thereto.

"PENALTIES FOR FRAUD

"SEC. 1632. Whoever—

"(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in any application for any benefit under this title,

"(2) at any time knowingly and willfully makes or causes to be made any false statement or representation of a material fact for use in determining rights to any such benefit,

"(3) having knowledge of the occurrence of any event affecting (A) his initial or continued right to any such benefit, or (B) the initial or continued right to any such benefit of any other individual in whose behalf he has applied for or is receiving such benefit, conceals or fails to disclose such event with an intent fraudulently to secure such benefit either in a greater amount or quantity than is due or when no such benefit is authorized, or

"(4) having made application to receive any such benefit for the use and benefit of another and having received it, knowingly and willfully converts such benefit or any part thereof to a use other than for the use and benefit of such other person,

shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

"ADMINISTRATION

"SEC. 1633. The Secretary may make such administrative and other arrangements (including arrangements for the determination of blindness and disability under section 1614 (a) (2) and (3) in the same manner and subject to the same conditions as provided with respect to disability determinations under section 221) as may be necessary or appropriate to carry out his functions under this title.

"DETERMINATIONS OF MEDICAID ELIGIBILITY

"SEC. 1634. The Secretary may enter into an agreement with any State which wishes to do so under which he will determine eligibility for medical assistance in the case of aged, blind, or disabled individuals under such State's plan approved under title XIX. Any such agreement shall provide for payments by the State, for use by the Secretary in carrying out the agreement, of an amount equal to one-half of the cost of carrying out the agreement, but in computing such cost with respect to individuals eligible for benefits under this title, the Secretary shall include only those costs which are additional to the costs incurred in carrying out this title."

SEC. 302. The Social Security Act is amended, effective January 1, 1974, by adding after title V the following new title:

"TITLE VI—GRANTS TO STATES FOR SERVICES TO THE AGED, BLIND, OR DISABLED

"APPROPRIATION

"SEC. 601. For the purpose of encouraging each State, as far as practicable under the conditions in such State, to furnish rehabilitation and other services to help needy individuals who are 65 years of age or over, are blind, or are disabled to attain or retain capability for self-support or self-care, there is hereby authorized to be appropriated for each fiscal year, subject to section 1130, a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary of Health, Education, and Welfare, State plans for services to the aged, blind, or disabled.

"STATE PLANS FOR SERVICES TO THE AGED, BLIND, OR DISABLED

"SEC. 602. (a) A State plan for services to the aged, blind, or disabled, must—

"(1) except to the extent permitted by the Secretary, provide that it shall be in effect in all political subdivisions of the State, and if administered by them, be mandatory upon them;

"(2) provide for financial participation by the State;

"(3) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan;

"(4) provide (A) such methods of administration (including methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Secretary to be necessary for the proper and efficient operation of the plan, and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of persons of low income, as community service aides, in the administration of the plan and for the use of non-paid or partially paid volunteers in a social service volunteer program in providing services under the plan and in assisting any advisory committees established by the State agency;

"(5) provide that the State agency will make such reports, in such form and containing such information, as the Secretary may from time to time require, and comply with such provisions as the Secretary may from time to time find necessary to assure the correctness and verification of such reports;

"(6) provide safeguards which permit the use or disclosure of information concerning applicants or recipients only (A) to public officials who require such information in connection with their official duties, or (B) to other persons for purposes directly connected with the administration of the State plan;

"(7) provide, if the plan includes services to individuals in private or public institutions, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such institutions;

"(8) provide a description of the services which the State agency makes available under the plan including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services;

"(9) provide that, in determining whether an individual is blind, there shall be an examination by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select;

"(10) include reasonable standards, consistent with the objectives of this title, for determining eligibility for and the extent of services under the plan;

"(11) if the State plan includes services to individuals 65 years of age or older who are patients in institutions for mental diseases—

"(A) provide for having in effect such agreements or other arrangements with State authorities concerned with mental diseases, and where appropriate, with such institutions, as may be necessary for carrying out the State plan, including arrangements for joint planning and for development of alternate methods of care, arrangements providing assurance of immediate readmittance to institutions where needed for individuals under alternate plans of care, and arrangements providing for access to patients and facilities, for furnishing information, and for making reports;

"(B) provide for an individual plan for each such patient to assure that the institutional care provided to him is in his best interests, including, to that end, assurances that there will be initial and periodic review of his medical and other needs, that he will be given appropriate medical treatment within the institution, and that there will be a periodic determination of his need for continued treatment in the institution; and

"(C) provide for the development of alternate plans of care, making maximum utilization of available resources, for persons receiving services under the State plan who are 65 years of age or older and who would otherwise need care in such institutions; for services referred to in section 603(a)(1)(A)(i) and (ii) which are appropriate for such persons receiving services and for such patients; and for methods of administration necessary to assure that the responsibilities of the State agency under the State plan with respect to such persons receiving services and such patients will be effectively carried out;

"(12) if the State plan includes services to individuals 65 years of age or older who are patients in public institutions for mental diseases, show that the State is making satisfactory progress toward developing and implementing a comprehensive mental health program, including provision for utilization of community mental health centers, nursing homes, and other alternatives to care in public institutions for mental diseases.

Notwithstanding paragraph (3), if on October 1, 1972, the State agency which administered or supervised the administration of the plan of such State approved under title X (or so much of the plan of such State approved under title XVI as applies to the blind) was different from the State agency which administered or supervised the administration of the plan of such State approved under title I and the State agency which administered or supervised the administration of the plan of such State approved under title XIV (or so much of the plan of such State approved under title XVI as applies to the aged and disabled), the State agency which administered or supervised the administration of such plan approved under title X (or so much of the plan of such State approved under title XVI as applies to the blind) may be designated to administer or supervise the administration of the portion of the State plan for services to the aged, blind, or disabled which relates to blind individuals and a separate State agency may be established or designated to administer or supervise the administration of the rest of such plan; and in such case the part of the plan which each such agency administers, or the administration of which each such agency supervises, shall be regarded as a separate plan for purposes of this title.

"(b) The Secretary shall approve any plan which fulfills the conditions specified in subsection (a), except that he shall not approve any plan which imposes, as a condition of eligibility for services under the plan—

"(1) an age requirement of more than sixty-five years; or

"(2) any residence requirement which excludes any individual who resides in the State; or

"(3) any citizenship requirement which excludes any citizen of the United States.

"PAYMENTS TO STATES

"SEC. 603. (a) From the sums appropriated therefor, the Secretary shall, subject to section 1130, pay to each State which has a plan approved under this title, for each quarter—

"(1) in the case of any State whose State plan approved under section 602 meets the requirements of subsection (c)(1), an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan—

"(A) 75 per centum of so much of such expenditures as are for—

"(i) services which are prescribed pursuant to subsection (c)(1) and are provided (in accordance with the next sentence) to applicants for or recipients of supplementary security income benefits under title XVI to help them attain or retain capability for self-support or self-care, or

"(ii) other services, specified by the Secretary as likely to prevent or reduce dependency, so provided to such applicants or recipients, or

"(iii) any of the services prescribed pursuant to subsection (c)(1), and of the services specified as provided in clause (ii), which the Secretary may specify as appropriate for individuals who, within such period or periods as the Secretary may prescribe, have been or are likely to become applicants for or recipients of supplementary security income benefits under title XVI, if such services are requested by such individuals and are provided to such individuals in accordance with the next sentence, or

"(iv) the training of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision; plus

"(B) one-half of so much of such expenditures (not included under subparagraph (A)) as are for services provided (in accordance with the next sentence) to applicants for or recipients of supplementary security income benefits under title XVI, and to individuals requesting such services who (within such period or periods as the Secretary may prescribe) have been or are likely to become applicants for or recipients of such benefits; plus

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

The services referred to in subparagraph (A) and (B) shall, except to the extent specified by the Secretary, include only—

"(D) services provided by the staff of the State agency, or of the local agency administering the State plan in the political subdivision: *Provided*, That no funds authorized under this title shall be available for services defined as vocational rehabilitation services under the Vocational Rehabilitation Act (i) which are available to individuals in need of them under programs for their rehabilitation carried on under a State plan approved under such Act, or (ii) which the State agency or agencies administering or supervising the administration of the State plan approved under such Act are able and willing to provide if reimbursed for the cost thereof pursuant to agreement under subparagraph (E), if provided by such staff, and

"(E) under conditions which shall be prescribed by the Secretary, services which in the judgment of the State agency cannot

be as economically or as effectively provided by the staff of such State or local agency and are not otherwise reasonably available to individuals in need of them, and which are provided, pursuant to agreement with the State agency, by the State health authority or the State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act or by any other State agency which the Secretary may determine to be appropriate (whether provided by its staff or by contract with public (local) or nonprofit private agencies),

except that services described in clause (ii) of subparagraph (D) hereof may be provided only pursuant to agreement with such State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services so approved. The portion of the amount expended for administration of the State plan to which subparagraph (A) applies and the portion thereof to which subparagraphs (B) and (C) apply shall be determined in accordance with such methods and procedures as may be permitted by the Secretary; and

"(2) in the case of any State whose State plan approved under section 602 does not meet the requirements of subsection (c)(1), an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in paragraph (1) and provided in accordance with the provisions of such paragraph.

"(b)(1) Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a State will be entitled under subsection (a) for such quarter, such estimates to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, and (B) such other investigation as the Secretary may find necessary.

"(2) The Secretary shall then pay, in such installments as he may determine, to the State the amount so estimated, reduced or increased to the extent of any overpayment or underpayment which the Secretary determines was made under this section to such State for any prior quarter and with respect to which adjustment has not already been made under this subsection.

"(3) Upon the making of any estimate by the Secretary under this subsection, any appropriations available for payments under this section shall be deemed obligated.

"(c)(1) In order for a State to qualify for payments under paragraph (1) of subsection (a), its State plan approved under section 602 must provide that the State agency shall make available to applicants for and recipients of supplementary security income benefits under title XVI at least those services to help them attain or retain capability for self-support or self-care which are prescribed by the Secretary.

"(2) In the case of any State whose State plan included a provision meeting the requirements of paragraph (1), but with respect to which the Secretary finds, after reasonable notice and opportunity for hearing to the State agency, administering or supervising the administration of such plan, that—

"(A) the provision has been so changed that it no longer complies with the requirements of paragraph (1), or

"(B) in the administration of the plan there is a failure to comply substantially with such provision,

the Secretary shall notify such State agency that further payments will not be made to the State under paragraph (1) of subsection (a) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied further payments with respect to the administration of such State plan shall not be made under paragraph (1) of subsection (a) but shall instead be made, subject to the other provisions of this title, under paragraph (2) of such subsection.

"(d) Notwithstanding the preceding provisions of this section, the amount determined under such provisions for any State for any quarter which is attributable to expenditures with respect to individuals 65 years of age or older who are patients in institutions for mental diseases shall be paid only to the extent that the State makes a showing satisfactory to the Secretary that total expenditures in the State from Federal, State, and local sources for mental health services (including payments to or in behalf of individuals with mental health problems) under State and local public health and public welfare programs for such quarter exceed the average of the total expenditures in the State from such sources for such services under such programs for each quarter of the fiscal year ending June 30, 1965. For purposes of this subsection, expenditures for such services for each quarter in the fiscal year ending June 30, 1965, in the case of any State shall be determined on the basis of the latest data, satisfactory to the Secretary, available to him at the time of the first determination by him under this subsection for such State; and expenditures for such services for any quarter beginning after December 31, 1965, in the case of any State shall be determined on the basis of the latest data, satisfactory to the Secretary, available to him at the time of the determination under this subsection for such State for such quarter; and determinations so made shall be conclusive for purposes of this subsection.

"OPERATION OF STATE PLANS

"SEC. 604. If the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan approved under this title, finds—

"(1) that the plan no longer complies with the provisions of section 602; or

"(2) that in the administration of the plan there is a failure to comply substantially with any such provision;

the Secretary shall notify such State agency that further payments will not be made to the State (or, in his discretion, that payments will be limited to categories under or parts of the State plan affected by such failure), until the Secretary is satisfied that there will no longer be any such failure to comply. Until he is so satisfied he shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).

"DEFINITION

"SEC. 605. For purposes of this title, the term 'services to the aged, blind, or disabled' means services (including but not limited to the services referred to in section 603(a)(1)(A) and (B)) provided for or on behalf of needy individuals who are 65 years of age or older are blind, or are disabled."

REPEAL OF TITLES I, X, AND XIV OF THE SOCIAL SECURITY ACT

SEC. 303. (a) Effective January 1, 1974, titles I, X, and XIV of the Social Security Act are repealed.

(b) The amendments made by sections 301 and 303 and the repeals made by subsection (a) shall not be applicable in the case of Puerto Rico, Guam, and the Virgin Islands.

(c) Section 9 of the Act of April 19, 1950 is repealed effective January 1, 1974.

PROVISION FOR DISREGARDING OF CERTAIN INCOME IN DETERMINING NEED FOR AID TO THE AGED, BLIND, OR DISABLED FOR ASSISTANCE

SEC. 304. Effective upon the enactment of this Act, section 1007 of the Social Security Amendments of 1969 is amended by striking out "and before January 1973" and inserting in lieu thereof "and before January 1974."

ADVANCES FROM OASI TRUST FUND FOR ADMINISTRATIVE EXPENSES

SEC. 305. (a) Effective January 1, 1974, section 201(g)(1)(A) of the Social Security Act is amended—

(1) by striking out "this title and title XVIII" wherever it appears and inserting in lieu thereof "this title, title XVI, and title XVIII";

(2) by striking out "costs which should be borne by each of the Trust Funds" and inserting in lieu theroef "costs which should be borne by each of the Trust Funds and (with respect to title XVI) by the general revenues of the United States"; and

(3) by striking out "in order to assure that each of the Trust Funds bears" and inserting in lieu thereof "in order to assure that (after appropriations made pursuant to section 1601, and repayment to the Trust Funds from amounts so appropriated) each of the Trust Funds and the general revenues of the United States bears".

(b)(1) Sums appropriated pursuant to section 1601 of the Social Security Act shall be utilized from time to time, in amounts certified under the second sentence of section 201(g)(1)(A) of such Act, to repay the Trust Funds for expenditures made from such Funds in any fiscal year under section 201(g)(1)(A) of such Act (as amended by subsection (a) of this section) on account of the costs of administration of title XVI of such Act (as added by section 301 of this Act).

(2) If the Trust Funds have not theretofore been repaid for expenditures made in any fiscal year (as described in paragraph (1)) to the extent necessary on account of—

(A) expenditures made from such Funds prior to the end of such fiscal year to the extent that the amount of such expenditures exceeded the amount of the expenditures which would have been made from such Funds if subsection (a) had not been enacted.

(B) the additional administrative expenses, if any, resulting from the excess expenditures described in subparagraph (A), and

(C) any loss in interest to such Funds resulting from such excess expenditures and such administrative expenses,

in order to place each such Fund in the same position (at the end of such fiscal year) as it would have been in if such excess expenditures had not been made, the amendments made by subsection (a) shall cease to be effective at the close of the fiscal year following such fiscal year.

(3) As used in this subsection, the term "Trust Funds" has the meaning given it in section 201(g)(1)(A) of the Social Security Act.

The PRESIDING OFFICER (Mrs. EDWARDS). Is there objection to the request of the Senator from Louisiana? The Chair hears none, and it is so ordered.

Mr. LONG. Madam President, I have before me a thumbnail summary of this provision, which is now being placed on the desk of each Senator.

It reads as follows:

SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND AND DISABLED

H.R. 1, as reported by the Senate Finance Committee, will replace the present State programs of aid to the aged, blind and disabled with a new wholly Federal program of supplemental security income effective January 1, 1974.

Aged, blind and disabled persons with no other income would be guaranteed a monthly income of at least $130 for an individual of $195 for a couple. In addition, the Committee bill would provide that the first $50 of Social Security or other income would not cause any reduction in supplemental security income payments. As a result, aged, blind and disabled persons who also have monthly income from Social Security or other sources (which are not need-related) of at least $50 would, under the Committee bill, be assured total monthly income of at least $180 for an individual or $245 for a couple.

In addition to the disregard of $50 of Social Security or other income, there would be an additional disregard of $85 of earned income plus one-half of any earnings above $85. Any rebate of State or local taxes (such as real property or food taxes) would not be counted as income.

Under the new supplemental security income program, there would be a uniform Federal definition of "disability" and "blindness." These defintions would be similar to those under the social security program.

States wishing to pay an aged, blind or disabled person amounts in addition to the Federal supplemental security income payment would be free to do so. The Committee bill would permit States to enter into agreements for Federal administration of State supplemental benefits. Under these agreements, supplemental payments would have to be made to all persons eligible for Federal supplemental security income payments, except that a State could require a period of residence in the State as a condition of eligibility.

Eligibility for supplemental security income would be open to an aged, blind or disabled individual if his resources were less than $2,500. In determining the amount of his resources, there would be excluded the value of the home, household goods, personal effects, including an automobile, and property needed for self support.

Madam President, it is estimated that the cost of this proposal on an annual basis would be approximately $3.1 billion beyond the existing cost of Federal assistance for the aged, blind, and disabled.

Mr. HUMPHREY. Madam President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. HUMPHREY. I have an amendment before me that relates, as I indicated to the Senator yesterday when I proposed the amendment to him, to food stamp allowances. I have been back in my home State every weekend and I have had several meetings with senior citizens groups who are most interested in H.R. 1 and in the whole revision of social security.

May I commend the distinguished Senator from Louisiana (Mr. LONG) for what he has done on this monumental bill now before the Senate.

The amendment I have here, and which I want to engage the Senator in some conversation, simply provides that where one gets 20 percent in social security benefits and the cost of living increase, this would not act to deny those who are eligible for food stamps in August of this year to have those food stamps on a continuing basis.

The purpose of the amendment is that, since the Senate and Congress felt there should be an increase of 20 percent in social security benefits, we built in a cost of living escalator clause so that it would have a leveling effect. As the cost of living went up, so would the benefits go up. My amendment would say that Congress, having taken those decisions, would not cut back on the food stamp program to which these people would be eligible had they not received the cost-of-living benefit increase.

Frankly, a social security recipient is not going to have too much money anyway, as we have to be careful in terms of the trust fund, and all of us are concerned about that, as well as our resources. So that I wonder whether the Senator has had a chance to look over my amendment. I am going to call it up and I would hope that the Senator might see fit to take it. I am asking for his comments now.

Mr. LONG. Madam President, I am anxious to exchange views with the distinguished chairman of the Agriculture and Forestry Committee, the Senator from Georgia (Mr. TALMADGE) with regard to this matter, because I believe that he has a better understanding of the problem than does the Senator from Louisiana, because of the special competence one would have, serving on the Agriculture and Forestry Committee, in addition to being a member of the committee. So that I would think he would be able to advise the Senator from Louisiana and some of us on the Finance Committee about this problem.

Has the Senator discussed this matter with the chairman of the Committee on Agriculture and Forestry?

Mr. HUMPHREY. I might refresh the Senator's memory by saying that at the time the Committee on Appropriations and the Subcommittee on Agriculture, the Senator from Wyoming (Mr. MCGEE) who handled that appropriation had that bill before us, I brought up an amendment to increase funds for the food stamp plan, and during discussion of that increase of funds, we talked about the possibility of social security increases and what effect it would have on the food stamp program.

It was then told to me by the distinguished Senator from Wyoming that if I would cut back my request—because I cut the request for food stamps appreciably—and that if I would go along with what the committee was doing to make sure when and if there were increases in social security, it would not deny the people who are now recipients of food stamps their chance to continue receiving their food stamps, it would be agreeable. This is not a big item. I put in the RECORD the information that in my State it would affect in Hennepin County—which has a population of about 1 million people—about 2,000. It is not going to be a large or monumental amount of money, just a modest amount of money. But it is sheer justice. I would hope that the chairman of the committee would at least take it with him to the conference and discuss it in any detail he wishes. Because I have entered into the RECORD the data that would support it. It is not opening up a whole new category of assistance. It is merely in a sense a kind of grandfather clause.

My amendment says that notwithstanding any other provision of law:

Any individual who is entitled to monthly benefits under the insurance program established under title II, disregard any part of such benefits which results from (and would not be payable but for) the general increase in benefits under such program provided by section 201 of Public Law 92-336 or any subsequent cost-of-living increase in such benefits occurring pursuant to section 215(i) of this Act. * * * shall not be considered as income or resources or otherwise taken into account for purposes of determining the eligibility of such individual or his or her family or the household in which he or she lives for participation in the food stamp program under the Food Stamp Act of 1964.

Really, all we are simply saying is, "Look, we have given you a cost of living increase, which means we are just holding ground. We have given you a 20-percent increase in social security benefits." For which many people that are single, may I say that that benefit, while it is surely very helpful, it is not overly generous. It is generous within what the bill can provide. All this does is give a little extra in terms of food stamps, so these people have enough to eat.

I do not think there is a problem on the Committee on Agriculture and Forestry at all. When we discussed at the time of the appropriations my amendment, which was about half of what I originally proposed, it went through there unanimously. As the Senator knows, there is great support for the food stamps.

Mr. LONG. Madam President, the reason we have a committee system is to try to have a source of knowledge about the many facets of the legislation we consider. We have not had the opportunity to do justice to the Senator's amendment and to check it out. However, we will, I think, between now and Monday.

I am hopeful that I could support the Senator's amendment. I think I will know, perhaps, before the day is out. However, in any event, I would think that by Monday we would be adequately advised so that we could take a position on it. If we know as much as I hope that we do by that time, I hope that I will be able to support the amendment.

Mr. HUMPHREY. Madam President, I do not claim to be an expert on food stamps. However, along with the distinguished Senator from Vermont (Mr. AIKEN), the Senator from Minnesota pioneered the program back in the fifties, and then subsequently had it enacted into permanent legislation in the sixties.

I rather think I am one who is able to say and to know something about this. It is one of those areas of legislation on which I put a Humphrey label.

Mr. LONG. If the Senator from Minnesota is not an expert on that subject, he can pass for an expert until one comes along.

Mr. HUMPHREY. Madam President, I will be back on Monday. I appreciate what the Senator has said. If the Senator could look at this, it would be beneficial. I know that we have time on

this bill. I hope also that the distinguished ranking minority member of the committee would also take a look at it. However, if the Senators would like to accept the amendment today, we could clean up the matter now and have it in the bill. Do the Senators have any second thoughts on that?

Mr. LONG. No. I do not. However, I would be glad to have a second thought about it by the date I have indicated.

Mr. HUMPHREY. By Monday?

Mr. LONG. By Monday, the Senator is correct.

Mr. HUMPHREY. Mr. President. I accept that. My good friend, the Senator from Louisiana, is so kind and considerate. No man is a better friend of the poor and the elderly than the Senator from Louisiana. And if the Senator from Louisiana says that he will be ready to give an answer on this by Monday, I will go home to my dear wife in Minnesota and I will be able to tell her: "My good friend, the Senator from Louisiana, has practically accepted my amendment."

Mr. COOK. Madam President. I ask unanimous consent that a member of my staff, Betty Hottell, be allowed the privilege of the floor during the consideration of the debate today in H.R. 1.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRIFFIN. Madam President. I ask unanimous consent that a member of my staff. Mr. Tom Owsley, be permitted on the floor during the consideration of H.R. 1.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RANDOLPH. Madam President. I support title III of H.R. 1 which establishes a new title XVI program to replace the present State programs of aid to the aged, blind, and totally and permanently disabled. The legislation provides for supplemental security income for this significant segment of our population who are most needy. What we have here is a specific means of adding security and dignity to the lives of so many who have contributed so much to this country, and who are caught today in the crushing vice of rising prices and limited income. As chairman of the Senate Subcommittee on the Handicapped, and as a member of the Special Subcommittee on Aging, I have heard much testimony of hopelessness from witnesses who feel they have been abandoned by their fellow citizens. They live in isolation, ill-housed, ill-fed and ignored by the mainstream of society. Title XVI is designed to encourage each State, as far as practicable, to furnish equitable assistance to these needy and neglected individuals.

Under this provision, aged, blind, and disabled persons with no other income would be guaranteed a monthly income of at least $130 for an individual and $195 for a couple. In addition, the bill would provide that the first $50 of social security or other income would not cause any reduction in supplemental security income payments.

As a result, aged, blind, and disabled persons—and I remind you that there are many instances where a single individual fits into all three categories—who have a monthly income from social security or other sources of at least $50 would be assured a total monthly income of at least $180 for an individual or $245 for a couple.

In addition to the disregard of $50 of social security or other income which is not needs-related, there would be an additional disregard of $85 of earned income plus one-half of any earnings above $85. It is important that those who, despite their infirmities or disability, want to work be encouraged to do so. Another desirable feature of this legislation would provide that any rebate of State or local taxes, such as real property or food taxes, not be counted as income.

Eligibility for supplemental security income would be open to an aged, blind, or disabled individual if his resources were less than $2,500. In determining the amount of his resources, there would be excluded the value of the home, household goods, personal effects, including an automobile, and property needed for self-support.

Madam President, this is just and humane legislation, and I urge my fellow Senators to support this supplemental income program to assure our elderly, blind, and disabled citizens that this Congress believes in the dignity of life.

Mr. LONG. Madam President, I welcome the remarks of the distinguished Senator from West Virginia (Mr. RANDOLPH). I know of his keen interest in the problems of the aged, blind, and disabled, both as a member of the Special Committee on Aging and as the chairman of the Subcommittee on the Handicapped of the Committee on Labor and Public Welfare. I am delighted with his support of what I consider one of the best features of the committee bill.

Mr. LONG. Madam President, I ask for the yeas and nays on my amendment to which I made reference, the supplemental security income proposal. I do not see a quorum present on the floor. Therefore I suggest the absence of a quorum for the purpose of getting the yeas and nays.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. LONG. Madam President. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Madam President, I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. LONG, Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. LONG. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Madam President. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. LONG. Madam President, I suggest the absence of a quorum.

Mr. COOK. Madam President, before the quorum call——

The PRESIDING OFFICER. Will the Senator withdraw his suggestion of the absence of a quorum?

Mr. LONG. No, I insist.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Madam President, I ask for the yeas and nays on the pending amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, inserting title III in the bill, which includes all the language beginning at line 12 on page 568, and extending down through and including line 5 on page 615.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Oklahoma (Mr. HARRIS), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Minnesota (Mr. MONDALE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Alabama (Mr. SPARKMAN), the Senator from Virginia (Mr. SPONG), and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

I further announce that the Senator from North Carolina (Mr. JORDAN) and the Senator from Wyoming (Mr. MCGEE) are absent on official business.

I further announce that, if present and voting, the Senator from New Hampshire (Mr. MCINTYRE) would vote "yea."

Mr. SCOTT. I announce that the Senators from Colorado (Mr. ALLOTT and Mr. DOMINICK), the Senator from Tennessee (Mr. BAKER), the Senator from Delaware (Mr. BOGGS), the Senator from New Jersey (Mr. CASE), the Senator from New Hampshire (Mr. COTTON), the Senator from Michigan (Mr. GRIFFIN), the Senator from Wyoming (Mr. HANSEN), the Senator from Illinois (Mr. PERCY), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Vermont (Mr. STAFFORD) and the Senator from Ohio (Mr. TAFT) are absent on official business to attend the Interparliamentary Union meetings.

If present and voting, the Senator from Delaware (Mr. BOGGS), the Senator from Illinois (Mr. PERCY), and the Senator from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 75, nays 0, as follows:

[No. 484 Leg.]

YEAS—75

Aiken	Brock	Chiles
Allen	Brooke	Church
Bayh	Buckley	Cook
Beall	Burdick	Cooper
Bellmon	Byrd, Harry F., Jr.	Cranston
Bennett	Byrd, Robert C.	Curtis
Bentsen	Cannon	Dole
Bible		Eagleton

Eastland	Jackson	Randolph
Edwards	Javits	Ribicoff
Ervin	Jordan, Idaho	Roth
Fannin	Kennedy	Saxbe
Fong	Long	Schweiker
Fulbright	Magnuson	Scott
Gambrell	Mansfield	Smith
Goldwater	Mathias	Stennis
Gravel	McClellan	Stevens
Gurney	Miller	Stevenson
Hart	Moss	Talmadge
Hartke	Muskie	Thurmond
Hatfield	Nelson	Tunney
Hollings	Packwood	Weicker
Hruska	Pastore	Williams
Hughes	Pearson	Young
Humphrey	Pell	
Inouye	Proxmire	

NAYS—0

NOT VOTING—25

Allott	Harris	Percy
Anderson	Jordan, N.C.	Sparkman
Baker	McGee	Spong
Boggs	McGovern	Stafford
Case	McIntyre	Symington
Cotton	Metcalf	Taft
Dominick	Mondale	Tower
Griffin	Montoya	
Hansen	Mundt	

So the committee amendment, embracing title III, was agreed to.

Mr. CRANSTON. Madam President, I send to the desk an amendment submitted earlier in the day by Senator TUNNEY and myself, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

At the end of title I of the bill, add the following new section:

ELIMINATION OF DURATION-OF-RELATIONSHIP REQUIREMENT IN CERTAIN CASES INVOLVING SURVIVOR BENEFITS (WHERE INSURED'S DEATH WAS ACCIDENTAL OR OCCURRED IN LINE OF DUTY WHILE HE WAS A SERVICEMAN)

SEC. —. (a) The first sentence of section 216(k) of the Social Security Act (as amended by section 115 of this Act) is further amended—

(1) by striking out "and he would satisfy such requirement if a three-month period were substituted for the nine-month period" and inserting in lieu thereof "unless the Secretary determines that at the time of the marriage involved the individual could not have reasonably been expected to live for nine months"; and

(2) by striking out "except that this subsection shall not apply" and inserting in lieu thereof "except that paragraph (2) of this subsection shall not apply".

(b) The amendments made by this section shall apply only with respect to benefits payable under title II of the Social Security Act for months after December 1972 on the basis of applications filed in or after the month in which this Act is enacted.

Mr. CRANSTON. Madam President, Senator TUNNEY and I now offer an amendment which seeks to correct an injustice which has been brought to our attention by our colleague from the California delegation, Representative SISK, relating to survivor benefits.

The present law states that in order to be eligible for benefits, the surviving spouse must have been married to the deceased individual for at least 9 months prior to his death. This requirement is then reduced to 3 months if the insured individual's death was accidental, and if at the time of marriage he could reasonably have been expected to live at least 9 months.

That provision is a very sensible procedure in the law. However, there is a quirk in it that was brought to the attention of Representative SISK because of a tragic death that occurred in California, and this simple and, I think, noncontroversial amendment is designed to deal with that situation.

I would like to relate to the Members an incident which occurred in California which I think will clarify the necessity for this amendment. The late Eric R. Larsen, who resided in Fresno, Calif., had been married to Yvonne Larsen approximately 2½ months prior to his tragic death in a motorcycle accident. His wife and stepson are barred from receipt of social security survivors benefits because of the duration of relationship requirement which has been included in the social security law since 1939. Eric Larsen served his country in the U.S. Marine Corps for 4 years and spent 13 months in Vietnam. In 1968 he was honorably discharged, and worked in California for 3 years. There is absolutely no reason to believe that this young man could not, at the time of his marriage, been reasonably expected to live for many, many years after his marriage had it not been for his tragic accidental death.

The legislative history of this provision indicates that the duration of marriage requirement was written into law as a precautionary measure, the main thrust being the prevention of so-called death bed marriages soley for the purpose of getting monthly survivor's benefits. While it was recognized that there would rarely be such a motive for marriage, the Congress apparently felt, at that time, that some safeguard against the payments of benefits in such cases was appropriate and desirable. While the concern of Congress at that time may have had merit, it does not seem to be a rational or reasonable requirement in the case of accidental death.

The amendment Senator TUNNEY and I have offered would prevent inequitable situations such as that involving the Larsens from arising. At the same time it would avoid the payment of social security benefits in situations which the Congress intended to rule out, because—and I emphasize this—it would retain the part of the requiremnet that provides that the individual must reasonably have been expected to live for 9 months had he not died accidently.

Representative SISK informs me that, although departmental reports requested on this matter by the House Ways and Means Committee have not yet been received, Commissioner Ball of the Social Security Administration has expressed total agreement that the duration of marriage requirement, with respect to accidental death, is inequitable and he recommended that the law be amended accordingly. The amendment Senator TUNNEY and I have offered conforms with the Commissioner's recommendations.

Madam President, that explains the purpose of the amendment. I hope that it will be supported, and I have every hope that the committee will accept the amendment.

Mr. LONG. Madam President, if the Senator had brought this amendment to us in committee, I think we would have agreed to it, because it does have merit. That is what we have a committee for, to consider matters of this sort and pass judgment on them.

I have no objection to the amendment.

Mr. BENNETT. Madam President, I would join the chairman in accepting the amendment.

Mr. CRANSTON. I thank the Senators very much, and I apologize for not bringing the amendment to the committee. It was not called to my attention until after the committee had acted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California.

The amendment was agreed to.

Mr. LONG. Madam President, the Senate, I am pleased to say, voted by a unanimous vote to sustain the committee's judgment with regard to the proposal which will lift almost all of the aged, blind, and disabled out of poverty.

That proposal will cost more than the administration had been able to budget for the aged, blind, and disabled, and I believe that it is for budgetary reasons alone that the Nixon administration was unable to urge us to report the provision that the Senate has unanimously voted for.

We have another proposal in the bill before us which also has much merit. It was not recommended to us by the administration, and there had been some controversy, even some criticism by some theorists as to the philosophy of social security, which I think the Senate also should vote upon, because that would be an important item in conference, and I believe the House of Representatives would want to know to what extent the Senate supports the proposal.

That is the proposal which says that a person who has worked at least 30 years under social security should be entitled to receive a minimum of $200 per month, or $300 for a couple.

I, therefore, ask unanimous consent that the matter beginning on page 43, line 16, through page 48, line 10 of the bill be subject to a vote of the Senate, notwithstanding the fact that it has been agreed to as one of the committee amendments en bloc, and that when agreed to, the language shall remain subject to amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana?

The Chair hears none, and it is so ordered.

The committee amendment upon which a separate vote was agreed to reads as follows:

SPECIAL MINIMUM PRIMARY INSURANCE AMOUNT

SEC. 101. (a) Section 215(a) of the Social Security Act is amended—

(1) by striking out "paragraph (2)" in the matter preceding subparagraph (A) of paragraph (1) and inserting in lieu thereof "paragraphs (2) and (3)"; and

(2) by inserting after paragraph (2) the following:

"(3) Such primary insurance amount shall be an amount equal to $10 multiplied by the individual's years of coverage in excess of 10 in any case in which such amount is higher than the individual's primary insurance amount as determined under paragraph (1) or (2).

For purposes of paragraph (3), an individual's 'years of coverage' is the number (not

exceeding 30) equal to the sum of (i) the number (not exceeding 14 and disregarding any fraction) determined by dividing the total of the wages credited to him (including wages deemed to be paid prior to 1951 to such individual under section 217, compensation under the Railroad Retirement Act of 1937 prior to 1951 which is creditable to such individual pursuant to this title, and wages deemed to be paid prior to 1951 to such individual under section 231) for years after 1936 and before 1951 by $900, plus (ii) the number equal to the number of years after 1950 each of which is a computation base year (within the meaning of subsection (b)(2)(C)) and in each of which he is credited with wages (including wages deemed to be paid to such individual under section 217, compensation under the Railroad Retirement Act of 1937 which is creditable to such individual pursuant to this title, and wages deemed to be paid to such individual under section 229) and self-employment income of not less than 25 percent of the maximum amount which, pursuant to subsection (e), may be counted for such year."

(b) Section 203(a) of such Act is amended by striking out "or" at the end of paragraph (3), by striking out the period at the end of paragraph (4) and inserting in lieu thereof ", or", and by inserting after paragraph (4) the following new paragraph:

"(5) whenever the monthly benefits of such individuals are based on an insured individual's primary insurance amount which is determined under section 215(a)(3) and such primary insurance amount does not appear in column IV of the table in (or deemed to be in) section 215(a), the applicable maximum amount in column V of such table shall be the amount in such column that appears on the line on which the next higher primary insurance amount appears in column IV, or, if larger, the largest amount determined for such persons under this subsection for any month prior to October 1972."

(c) Section 215(a)(2) of such Act is amended by striking out "such primary insurance amount shall be" and all that follows and inserting in lieu thereof the following:

"such primary insurance amount shall be—

"(A) the amount in column IV of such table which is equal to the primary insurance amount upon which such disability insurance benefit is based; except that if such individual was entitled to a disability insurance benefit under section 223 for the month before the effective month of a new table (whether enacted by another law or deemed to be such table under subsection (i)(2)(D)) and in the following month became entitled to an old-age insurance benefit, or he died in such following month, then his primary insurance amount for such following month shall be the amount in column IV of the new table on the line on which in column II of such table appears his primary insurance amount for the month before the effective month of the table (as determined under subsection (c)) instead of the amount in column IV equal to the primary insurance amount on which his disability insurance benefit is based. For purposes of this paragraph, the term 'primary insurance amount' with respect to any individual means only a primary insurance amount determined under paragraph (1) (and such individual's benefits shall be deemed to be based upon the primary insurance amount as so determined); or

"(B) an amount equal to the primary insurance amount upon which such disability insurance benefit is based if such primary insurance amount was determined under paragraph (3)."

(d) Section 215(f)(2) of such Act is by striking out "subsection (a)(1)(A) and (C)" and inserting in lieu thereof "subsections (a)(1)(A) and (C) and (a)(3)".

(e) Section 215(i)(2)(A)(ii) of such Act is amended by striking out "under this title" and inserting in lieu thereof "under this title (but not including a primary insurance amount determined under subsection (a)(3) of this section)".

(f) Whenever an insured individual is entitled to benefits for a month which are based on a primary insurance amount under paragraph (1) or paragraph (3) of section 215(a) of the Social Security Act and for the following month such primary insurance amount is increased or such individual becomes entitled to benefits on a higher primary insurance amount under a different paragraph of such section 215(a), such individual's old-age or disability insurance benefit (beginning with the effective month of the increased primary insurance amount) shall be increased by an amount equal to the difference between the higher primary insurance amount and the primary insurance amount on which such benefit was based for the month prior to such effective month, after the application of section 202(q) of such Act where applicable to such difference.

(g) The amendments made by this section shall apply with respect to monthly insurance benefits under title II of the Social Security Act for months after December 1972 (without regard to when the insured individual became entitled to such benefits or when he died) and with respect to lump-sum death payments under such title in the case of deaths occurring after such month.

Mr. LONG. I ask for the yeas and nays on that committee amendment, Madam President.

For lack of a sufficient second, the yeas and nays were not ordered.

Mr. LONG. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. LONG. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Madam President, I ask unanimous consent that my request be amended to include the fact that the amendment, if agreed to by the Senate, shall remain open to further amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Madam President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. By unanimous consent, the question is on agreeing to the matter on page 43, line 16, through page 48, line 10, entitled "Special Minimum Primary Insurance Amount," even though it has previously been agreed to.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Oklahoma (Mr. HARRIS), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Minnesota (Mr. MONDALE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Alabama (Mr. SPARKMAN), the Senator from Virginia (Mr. SPONG), and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE) and the Senator from North Carolina (Mr. JORDAN) are absent on official business.

I further announce that, if present and voting, the Senator from New Hampshire (Mr. MCINTYRE) would vote "yea."

Mr. SCOTT. I announce that the Senators from Colorado (Mr. ALLOTT and Mr. DOMINICK), the Senator from Tennessee (Mr. BAKER), the Senators from Maryland (Mr. BEALL and Mr. MATHIAS), the Senator from Delaware (Mr. BOGGS), the Senator from New Jersey (Mr. CASE), the Senator from New Hampshire (Mr. COTTON), the Senator from Michigan (Mr. GRIFFIN), the Senator from Wyoming (Mr. HANSEN), the Senator form Illinois (Mr. PERCY), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Vermont (Mr. STAFFORD) and the Senator from Ohio (Mr. TAFT) are absent on official business to attend the Interparliamentary Union meetings.

If present and voting, the Senator from Delaware (Mr. BOGGS), the Senator from Illinois (Mr. PERCY), and the Senator from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 73, nays 0, as follows:

[No. 485 Leg.]

YEAS—73

Aiken	Ervin	Moss
Allen	Fannin	Muskie
Bayh	Fong	Nelson
Bellmon	Fulbright	Packwood
Bennett	Gambrell	Pastore
Bentsen	Goldwater	Pearson
Bible	Gravel	Pell
Brock	Gurney	Proxmire
Brooke	Hart	Randolph
Buckley	Hartke	Ribicoff
Burdick	Hatfield	Roth
Byrd, Harry F., Jr.	Hollings	Saxbe
Byrd, Robert C.	Hruska	Schweiker
Cannon	Hughes	Scott
Chiles	Humphrey	Smith
Church	Inouye	Stennis
Cook	Jackson	Stevens
Cooper	Javits	Stevenson
Cranston	Jordan, Idaho	Talmadge
Curtis	Kennedy	Thurmond
Dole	Long	Tunney
Eagleton	Magnuson	Weicker
Eastland	Mansfield	Williams
Edwards	McClellan	Young
	Miller	

NAYS—0

NOT VOTING—27

Allott	Hansen	Montoya
Anderson	Harris	Mundt
Baker	Jordan, N.C.	Percy
Beall	Mathias	Sparkman
Boggs	McGee	Spong
Case	McGovern	Stafford
Cotton	McIntyre	Symington
Dominick	Metcalf	Taft
Griffin	Mondale	Tower

So Mr. LONG's amendment was agreed to.

Mr. RIBICOFF. Mr. President, yesterday I introduced a welfare reform proposal which I called the last, best chance for reform. It represents the results of months of consultation and negotiation with the Departments of Health, Education, and Welfare, and Labor. It is im-

perative that the Senate put aside partisan considerations in designing a system to aid the truly needy and relieve the taxpayers of the inefficiences of the present public assistance system.

Last June Secretaries Richardson and Hodgson met with the President to urge that he work with the supporters of my proposal to fashion a workable welfare agreement. At that time 19 Republican Senators sent a letter to the President urging him to work out an agreement with those of us in the Senate who are supporting meaningful welfare reform.

The leadership of these distinguished Senators in advancing the cause of true reform is commendable.

I ask unanimous consent that the letter and the names of the signers be inserted at this point in the RECORD.

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

U.S. SENATE,
Washington, D.C., June 15, 1972.

The PRESIDENT,
White House,
Washington, D.C.

DEAR MR. PRESIDENT: Since you first offered your welfare reform proposal over two and a half years ago, the welfare situation, as we all know, has worsened, making the reform you proposed even more imperative.

Those of us who deeply care about the well-being of the impoverished have watched with dismay the development of growing divisions in the Congress over the question of welfare reform. Unfortunately, neither the Senate Finance Committee's Workfare proposal nor an unamended H.R. 1 entirely meets, in our judgment, the requirements for genuine welfare reform.

We do not feel it necessary for the Administration to now engage in a whole new line of reasoning or even undertake a substantial change in approach, but the time has now come when we, together, must fashion a humane and decent compromise reform measure that would be acceptable to a majority of the Congress and to the Administration. Without that compromise and a final effort now by the Administration and those members of both parties, certainly including Senator Ribicoff, who wish to see a successful and acceptable program adopted, we firmly believe welfare reform is almost certain to die.

In this critical hour, we ask that you reaffirm your often stated commitment to welfare reform and request the appropriate agencies to work with us toward such a compromise.

Sincerely,

Percy, Pearson, Cook, Schweiker, Brooke, Dole, Fong, Packwood, Taft, Beall, Stafford, Saxbe, Javits, Cooper, Stevens, Case, Weicker, Mathias, and Hatfield.

The PRESIDING OFFICER (Mrs. EDWARDS). The Senator from Rhode Island (Mr. PELL) is recognized.

Mr. JAVITS. Madam President, will the Senator from Rhode Island yield to me for an amendment which, if not accepted within 2 minutes, I will take down?

Mr. PELL. I yield to the Senator for that purpose.

Mr. JAVITS. Madam President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 465 between lines 11 and 12, insert the following:

MEDICAL ASSISTANCE IN PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

SEC. 271A. Section 227(b) of the Social Security Amendments of 1967 is amended by striking out "June 30, 1972" and inserting in lieu thereof "June 30, 1975".

(b) The amendment made by subsection (a) shall be effective from and after July 1, 1972.

Mr. JAVITS. Madam President, the problem here involves an extension of the so-called free choice deadline which poses a great problem to the government of Puerto Rico.

I offer this amendment at the request of Mr. CÓRDOVA, the Delegate. Congress has not given Puerto Rico enough money so that it can work out a freedom of choice as quickly as the law requires. So, Madam President, they request that we give them an added period of 3 years.

I understand this is satisfactory to the manager of the bill on the majority and minority sides.

The reason for this proposed amendment is that it has been determined by both the Department of Health, Education, and Welfare and by the Puerto Rico Department of Health that it would be impossible with the resources available at this time to implement the freedom of choice provision under the medicaid program.

The funds Puerto Rico receives under this program have been limited ever since 1967 by a statutory ceiling of $20 million per year under section 1108(c)(1) of the Social Security Act. The Puerto Rican Government invests more than $70 million a year out of their own resources for this program to provide medical care for the poor. At present the program serves more than 6½ million cases of indigent patients throughout several district hospitals and clinics on the island.

The Puerto Rican Government is aware that freedom of choice of physician and hospitals should not be denied to anyone and as a matter of fact is taking steps on its own to implement a limited program that would provide a limited freedom of choice to about 1.7 million people or to all members of families earning less than $5,000 a year. This free choice will at first, include only general practitioners and in time will be expanded to include some specialists, laboratories and X-rays. Plans have also been made for a complete free choice program—these plans were and are contingent upon the approval of an additional $10 million in Federal funds authorized in title II of H.R. 1.

The plan was designed as a gradual development into free choice to be completed by fiscal year 1973 when free choice is to go into effect in Puerto Rico, as mandated in the Social Security Act.

Congress has not yet authorized the additional $10 million under the medicaid program for Puerto Rico and therefore they have not been able to implement this plan. They will have to start free choice very soon if this amendment is not adopted, and there is no time for a gradual changeover. The Puerto Rican Government feels that it cannot afford the fiscal burden this abrupt change would necessitate.

Mr. LONG. Madam President, it is my understanding that those who would be likely to understand this proposal best and the people in the Department of Health, Education, and Welfare, and speaking for the administration, they feel that this is a good amendment and that it should be agreed to.

I am willing to support the amendment and take it to conference.

Mr. JAVITS. Madam President, I yield back the remainder of my time.

Mr. LONG. Madam President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York (Mr. JAVITS).

The amendment was agreed to.

Mr. PELL. Madam President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk proceeded to state the amendment.

Mr. PELL. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with and that the amendment be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 268, line 11, insert the following:

EYEGLASSES, DENTURES, HEARINGS AIDS AND PODIATRIC SERVICES

SEC. 215A. (a) Section 1861(s)(8) of the Social Security Act is amended by striking out "(other than dental").

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

(1) in clause (7) thereof, by striking out "eyeglasses or eye examinations for the purpose of prescribing, fitting, or changing eyeglasses, procedures performed (during the course of any eye examination) to determine the refractive state of the eyes, hearing aids or examinations therefor,"; and

(2) by inserting "or" at the end clause (1), and striking out clauses (12) and (13) thereof.

(c) Section 1861(s) of such Act is further amended—

(1) by striking out "and" where it appears at the end of clause (8);

(2) by striking out the period at the end of clause (9) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following:

"(10) eyeglasses and eye examinations for the purpose of prescribing, fitting, or changing eyeglasses, procedures performed (during the course of any eye examination) to determine the refractive state of the eyes, and hearing aids and examinations therefor.".

(d)(1) The amendments made by this section shall be effective only with respect to (A) individuals from families with annual adjusted gross incomes which do not exceed $6,000, and (B) individuals who are not members of families with annual adjusted gross incomes of $3,000. Determinations of annual adjusted gross income under the preceding sentence shall be made by the Secretary of Health, Education, and Welfare in accordance with regulations promulgated by him.

(2) The Secretary shall establish reasonable limitations with respect to the provision of such services, the frequency thereof, and the amounts payable.

(3) The amendments made by this section shall be effective on July 1, 1973.

Mr. PELL. Madam President, I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. PELL. Madam President, I will continue with the presentation of my amendment until we do have a sufficient number of Senators present for the yeas and nays.

Madam President, I ask unanimous consent that Stephen J. Wexler and Richard Smith of the Senate Committee on Labor and Public Welfare be permitted on the floor during the consideration of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PELL. Madam President, this is the amendment I presented yesterday. However it does contain several substantial changes in order to meet the objections of the Committee on Finance, which were discussed on the floor. It provides for an effective date of July 1, 1973. Second, following the advice of the Senator from Utah, it provides a limitation on the income level of persons who would be covered. The only people who would receive benefits under this amendment would be those over 65 who have an adjusted gross income of $3,000 if single, or $6,000 in the case of a family. This would not include their social security, but it would be limited in this respect. It would mean that with respect to the example cited yesterday, men like ourselves would not be able to benefit from this amendment. Only those who are of modest means would be included.

In addition, the amendment is designed to make sure that many individuals who need dentures, eyeglasses, hearing aids, or the podiatric care would not be forced to go to medicaid but would be able to preserve their dignity and self-respect to whatever degree they wish and still be able to receive these services as part of medicare.

I would hope very much that this amendment could be accepted and will ask for a rollcall vote.

Mr. PASTORE. Madam President, would the Senator yield?

Mr. PELL. I would be glad to yield to my colleague.

Mr. PASTORE. Madam President, I wonder why the Senator made it $6,000 for a couple and not a little less.

Mr. PELL. Madam President, if the Senator thinks that would be preferable, I would be willing to change it.

Mr. PASTORE. Madam President, I think it should be $3,000 for a single person and $5,000 for a married couple.

Mr. PELL. Madam President, I modify my amendment in that respect, so that it would provide for $3,000 for a single person and $5,000 for a married couple.

The PRESIDING OFFICER. The amendment is so modified.

Mr. PASTORE. Madam President, yesterday I joined with my colleague from Rhode Island and spoke in support of his amendment, because I thought it was a worthy amendment.

The argument was made very dramatically at the time by one of our more affluent Members of this body. And when I talk about affluence, I am talking about financial affluence.

He very dramatically took off his glasses and said that he could if he wished under the amendment, leave the cost of those eyeglasses up to the Government because he is over 65. All of us were surprised at that, as I said before, because any wealthy person who charged his eyeglasses to the Government ought to be a little ashamed of himself. However, we ought to provide against such abuse.

Now that the amendment has been modified it would apply to a single person earning $3,000 and a married couple earning $5,000.

If a single person earns $3,000 a year, that is $60 a week. That means that he has to pay his rent, buy his clothes, his food, and pay for his gas, his electric, and his telephone bills. He would have to pay everything out of $60 a week. All of us know how badly affected these people are by inflation.

For that reason, Madam President, I think all we are saying here is that if a person wants to read about all the good and bad things we do in the Senate and cannot do it unless he has a pair of eyeglasses and he cannot afford to buy them, we ought to buy them for him. And if someone cannot hear too well and he wants to hear what is going on in this great country of ours and he has no hearing aid, I think we ought to help him out.

Madam President, a married couple, I do not care where they live, that rents any decent abode, would certainly have to pay $60, $70, or $80 a week. Five thousand dollars a year is less than $100 a week for a couple. I think that in that particular case we ought to be helpful. I do not think it would cost too much money. I think this is one thing we ought to do.

I would hope that the chairman would accept this amendment and, if the amendment is not accepted, I hope it will pass.

Mr. ROBERT C. BYRD. Madam President, does the Senator from Rhode Island wish to ask for the yeas and nays?

Mr. PELL. Madam President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. PELL. Madam President, a further point with respect to the modification of yesterday's amendment: It was pointed out that there could be abuses. To cover that, we have given the Secretary of HEW, a man not noted for his bleeding heart, the right to promulgate regulations so that we can be sure there is no abuse. He could preclude the buying of several pairs of eyeglasses every year, or hearing aids which usually last 2 or 3 years. And I am sure this would be strictly enforced. Yet, we would be sure that those over 65 will be able to eat, will have the eyeglasses to see that which is around them, will be able to see that those have the foot care they require and do not have and be able to hear.

Madam President, I hope very much that my colleagues would approve the amendment.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HARRY F. BYRD, JR.). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CURTIS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CURTIS. Mr. President, at the time that H.R. 1 was reported favorably by the Committee on Finance, I caused this statement to be inserted in the minutes of the committee:

H.R. 1 contains some Social Security amendments which are much needed, in which I have been interested. There are other features of the bill that fall into the same category. I favor the general concept of workfare as contrasted to welfare, and I favor the provisions that would increase the State and local control over the administration of welfare as it involves the unemployed.

There are certain cross-aspects of H.R. 1 to which I am very much opposed. There are features of H.R. 1 under various titles and sections to which I am opposed, but because of a commitment made that a bill should be reported out before the session ends in 1972, and because I believe there are some parts that should be advanced for passage, I am voting to report the bill from the committee to the Senate. I reserve all rights to oppose and to offer amendments.

Mr. President, there are a number of features in this bill that correct various inequities and meet certain problems, that need correction in the statutes. The employees of States and municipalities have their social security by reason of compacts that are entered into between the States and the Federal Government It requires the consent of Congress to amend those compacts. There are two or three States that have matters pending in H.R. 1 for which they have waited for some time.

I can think of another provision of H.R. 1 that is a very worthy situation. We have at Bellevue, Nebr., the headquarters for the St. Columban Fathers. This is a missionary organization, and these priests are engaged in carrying the Gospel to all parts of the world. They are American citizens, recruited for service in this country. Their business office is in this country. The money is collected here to pay their salaries. When they reach retirement years, they come back to the United States to retire.

Yet, those missionaries are not covered by social security. If it so happens that an American corporation finds it necessary to send its employees abroad to carry on its business, their social security taxes and benefits go on just the same as if they were here. This is also true of employees of religious organizations in the main. If they represent a church in this country, or if they serve an all-American congregation abroad, they are covered by social security.

In the case of the Columban Fathers that I just mentioned, it so happens that the highest ecclesiastical authority is in Ireland. Yet, as I say, they have their business headquarters in the United States, they are American citizens, they are recruited here, they are paid by funds

raised in this country, and they return here, yet without social security.

This is one of the many items in the social security section of H.R. 1 that need attention and should be passed. It has been pending a long time.

Mr. President, the reason that H.R. 1 has not been enacted a long time ago is that too much was undertaken in one bill. Here we have the bill, H.R. 1, consisting of 990 pages. Title IV relates to welfare reform. If we were to ask a number of people, "Do you favor welfare reform?" I daresay that we would get a 100-percent affirmative answer. But when it comes to the definition of welfare reform, that is where differences arise.

I have a very high regard for the House of Representatives, and especially for its Committee on Ways and Means, but I must say that that part of H.R. 1 that came from the House of Representatives called welfare reform certainly is not welfare reform. It would double the number of people who are eligible for welfare. It would increase the cost by several billion dollars. And what is more, it would inaugurate a system of a guaranteed income in the United States—a guaranteed income whether people work or not. Not only would it be expensive at the start, but it would be a great departure in our handling of welfare in this country.

I am told that our beloved and distinguished colleague from Connecticut (Mr. RIBICOFF) will offer an amendment. Actually, it is no different, basically, from the House version, other than that it is worse because it puts more people on welfare, makes more of them eligible, and will cost more billions of dollars; and it, too, would establish the system of a guaranteed income from people in the United States. Even though they might be able bodied, it would guarantee them an income without working.

Mr. President, if such an amendment prevails, there will be no legislation this year, because we cannot let it pass. If either the original administration proposal, modified by the House, or the Ribicoff amendment is agreed to by the Senate, there can be no legislation this year, because we would be embarking on something that would be a grave mistake.

Now, it is rather easy to understand how this universal idea of desire for welfare reform could lead to a situation in which the term "welfare reform" is used as a slogan by which to inaugurate a guaranteed income for everybody in the United States.

Oftentimes we hear criticism of welfare. It is pointed out that there is a certain family on welfare; perhaps they are not disclosing all their assets or their income; there are certain disregards in the law; the children have income, and so forth. Nearby will live a family that never has been on welfare, that gets along on much less money than the family on welfare. Up to that point in the efforts to secure welfare reform, we have identified the problem. But the wrong answer has been applied.

Instead of doing something about the welfare case where there is an abuse, they came along with the idea and said, "Let's give a benefit to this family that has never been on welfare, and raise the minimum for everybody." When they do that, it is a guaranteed income for all Americans.

What a great day for the politicians. Somebody says, "A family of four should have $2,400." The next bidder says, "A family of four should have $3,600." Finally, somebody wants to be President of the United States and says, "A family of four should have $6,500"—and it would put 97 million Americans on welfare.

One of the most shameful things in the annals of the political history of the United States is that one of the candidates for the Presidency of the United States is offering to put 97 million Americans on welfare, trying to buy half of the population.

The root of the evil is the beginning of this system of guaranteeing to everybody a minimum income. That is the evil in the House bill; that is the evil in the Ribicoff amendment. They are all alike, except that the last bidder raises the figure. That is why if either of these proposals—the House bill in regard to welfare reform, or alleged welfare reform, or the Ribicoff amendment—should remain, we cannot permit any legislation to be advanced for passage. Consequently, it is my hope that, without too much more delay, title IV of this bill can be set aside, so that we can do the things that should be done and enact some laws that need to be enacted.

Mr. President, I want to say something about the Finance Committee's version of welfare reform. It is referred to as workfare. It has some very fine features. I support its basic proposal, its basic plan. A couple of features in it make it a little more costly than I would like.

Principally, I would do away with the system of disregards of income. Furthermore, I would limit the application of the workfare plan to those who are actually established as being on welfare, and not extend it to others, and thus not give it any resemblance of a guaranteed minimum income.

Basically, the idea of the Finance Committee plan, the Long plan, is sound. It would divide our welfare recipients and potential welfare recipients into two classes: employable and unemployable. The unemployable would continue to get welfare. The Federal Government would continue to pay its share. But in it we would grant more authority to write rules and regulations, with more administration by the States and the localities and less by the Federal Government. Every Governor who appeared before our committee, every State welfare director, said he could clean up his welfare rolls if it were not for the Federal regulations. So the first step in any welfare reform that amounts to anything is to lessen the authority of the Federal Government and to give more authority to the people back home, who are close to the problem.

Mr. President, I do not want to be misunderstood. There are unfortunate people in the United States who must and should have welfare. There are people who are poor; there are people who are disadvantaged; there are people who face problems and situations over which they have no control. They are entitled to generous and fair and compassionate treatment, and I believe that the taxpayers are glad to do that. The criticism arises when we go beyond that and when abuses creep in.

The worthy poor are not entitled just to the meager necessities, but to fair and compassionate treatment. But we are never going to get the abuses weeded out by a bureaucracy in Washington. It can only be done by less authority in Washington and more authority back home among the people. The Finance Committee version, the Long version, with respect to people on welfare who cannot work, does that very thing: It grants more authority to the States, which in turn can delegate the authority to the local units of government.

I have confidence in the American people. I do not believe that the American people will let their neighbors suffer. I think the American people have more kindness and more generosity than any faraway bureaucracy that gets lost in its own regulations and its own statistics. Therefore, I think that local control not only will eliminate abuses, but also will result in a program for the worthy needy of the land that is more just, more generous, more fair, and more compassionate than what we have.

The Finance Committee proposal, the Long proposal, as I have said, would separate our welfare load into those who are unemployable and those who are employable, and for the latter there would be a work plan. Simply stated, those people would no longer get welfare. They would have an opportunity to report and work and earn as much money as they have been getting on welfare, and the Federal Government would pick up the tab. Thus, it would relieve some welfare costs of our States.

This workfare plan is in accord with everything that is fine and good. There is nothing wrong with the work ethic. If it were not for the work ethic, there would not be anything worth while in the United States. Everything we have, everything we enjoy, everything handed on to us exists because somebody worked. A Government program that perpetuates the work ethic is right and sound and forward looking. Those who ridicule it and call it "slave fare" are backward looking. Abolish work in this country and nothing will be built.

Now, Mr. President, under the Long plan, an able-bodied person who has been getting welfare, reports for this work, and efforts will be made to get him a job in private enterprise. If that fails, there will be a Work Authority of the last resort, to do necessary work, whether it be in the streets, the parks, the hospitals, or wherever. I think many of them will be glad to do it. Visit the neighborhoods in any of our great cities where the bulk of the people are on welfare, and right in those neighborhoods will be enough work just to clean up the many streets, to pick up the litter, the paper, the cans, and other things left lying around.

What is wrong with that? If they are able bodied, if everyone is being taxed to support some people, is it asking too much that the recipients keep their neighborhoods clean a little bit?

I have heard my chairman, the Senator from Louisiana (Mr. LONG), point out that very same thing. That is one of the things that is in there.

We hear a great deal about the welfare cycle, how someone has been on welfare, his parents have been on welfare, and his grandparents have been on welfare. That is true. I invite attention to the fact that the individual who is a victim of the welfare cycle has a hard time getting out of it. He goes out to get a job and they say to him, "Where did you work before? What are your recommendations? Where are your references?" So he or she is discouraged before ever getting started.

The Finance Committee worked on a plan that will do something about it. Let us take the individual who is a victim of the welfare cycle. Think for a moment of the man or woman who has known nothing but welfare, whose parents have been on welfare and whose grandparents have been on welfare. Where on earth would they ever go to get a job?

Under this plan, they would report to the Work Authority and they would be required to perform some useful work. They would learn how to do that work. They would learn, for the first time in their lives, perhaps, what it means to report at a given time. They would learn for the first time, perhaps, what it means to follow simple directions. They would have the experience of performing something worthwhile and then receiving something that they had earned, which would do more to lift their spirits and improve their well-being than anything that had ever happened to them before.

This workfare program, if properly handled, can be a training ground that will be welcomed by the unfortunate because it will give them work experience and it will give them sufficient knowledge and self-confidence so that they will be able to go out and apply for another job. It will do something toward breaking the welfare cycle.

There is much merit in the Finance Committee's workfare plan. As I said a minute ago, it is a little more expensive than I can buy. There are a couple of changes that I think should be made, but it is far superior in its basic concept and plan to the House-passed bill or the proposal to be offered by the distinguished Senator from Connecticut (Mr. RIBICOFF).

Mr. President, I mentioned a while ago what a large and complex bill H.R. 1 is. If we could pass it as reported by the committee, with some improvements and changes in the welfare plan that would be acceptable to the House, that will be fine. However, the House is committed to its own plan and we may have a close vote here.

I think it would be wise statesmanship on the part of the leadership of the Senate if they would just lay aside the whole subject of welfare reform and let Congress and the Senate approach it next year, away from all of the competition for ideas and proposals that exist in an election year. Then, I think, the other titles that will go to conference can be ironed out rather shortly.

But, again, I would think that the principle of a guaranteed minimum income is so wrong and so adverse to the basic American idea, and so contrary to the work ethic, that should either the version of welfare reform adopted by the House or that of the Senator from Connecticut (Mr. RIBICOFF) be adopted, it will be the end of all legislation for this year. It is so wrong. We cannot let it pass. We cannot let it be considered.

So, Mr. President, on behalf of all the people that need much of the legislation that is in this bill, I hope that the leadership will take such action as will set aside the whole idea of welfare reform until such time as we are not engaged in an election and when we have the time to work out this difficult problem, so that we can be just and generous and kind to the poor and the unfortunate who cannot help themselves and, at the same time, eliminate from the rolls those who are classified as abuses and who are really abusing the system, and so that we can improve the administration thereof as well as lower the costs.

Mr. President, I want to commend the distinguished chairman of the Finance Committee, the Senator from Louisiana (Mr. LONG) for his stanch opposition to the idea of a guaranteed minimum income for doing nothing.

That is the issue here.

We would render a great disservice to every recipient of the benefits of such a program. We would render a great disservice to our country.

Mr. LONG. Mr. President, will the Senator from Nebraska yield?

Mr. CURTIS. I yield.

Mr. LONG I thank the distinguished Senator from Nebraska for the kind references he made to the junior Senator from Louisiana, but permit me to say to the able Senator that the position of the Senator from Louisiana was not lightly arrived at. This Senator first read of the measure as something he thought he could support. In conversations with the President and others, the Senator from Louisiana made it clear that he very much favored the idea of assuring——

Mr. ERVIN. Mr. President, if the Senator from Louisiana will permit me to interject here, I want to correct an error he made. The Senator referred to himself as the junior Senator from Louisiana. I am satisfied that the distinguished lady from Louisiana (Mrs. EDWARDS) is far the junior of the distinguished chairman of the Finance Committee.

Mr. LONG. I thank the Senator.

Mr. CURTIS. That only proves that gallantry has not disappeared from the Union.

Mr. LONG. I thank the Senator for the correction. May I say that this Senator had applauded the President for his good intentions in deciding to see to it that the needy and poor and children of this country would be protected against dependency and against poverty.

The only reservation in the mind of the Senator from Louisiana is that if we are going to pay out such a large amount of money, we should pay it out on some basis that is work-related so that it would encourage people to accept jobs and so that the work ethic would be enthroned, rather than to encourage people to do the things society does not want them to do.

I might say that every expression that the Senator from Louisiana could gain from the President of the United States was to the effect that he had just that in mind and that that was the direction in which we ought to be moving.

It was only after hearing the Senators who had expressed doubt, such as the Senator from Nebraska, the former Senator from Delaware, Mr. Williams, and others, who pointed out the dangers inherent in this proposal that it became apparent to the Senator from Louisiana that it was our duty to oppose this measure and to oppose it as strongly and logically and with all the determination we could muster, because this was something that posed a grave threat to this form of government.

The problem was that if we want to get started down this track, we cannot stop unless we turn around and move in the other direction. We cannot stop just by guaranteeing someone $2,400 or $2,600 for doing nothing. If it is a family of four we are speaking of, we cannot logically say that we should keep them below a poverty level of $4,000. And we cannot reduce their benefits one dollar for every dollar they earn. No one can logically contend we ought to deny them what they earn by their own efforts.

But if they can keep 50 cents on the dollar earned, then they do not come off the welfare rolls until they are making $8,000 a year. Then they will not be satisfied. The National Welfare Rights Council is campaigning strongly and fervently, as it did at the Democratic National Convention this year, to guarantee a $6,500 income for a family of four.

As the Senator so well knows, that would put us to the point where when the people started working, if we permitted them to keep half of what they earned, they would be making $13,000 a year before they came off the welfare rolls. At that point we would have to have 112 million people drawing welfare checks. And it does not solve the problem just to call it something else. It is still a welfare check whether we call it by that name or not. It is a grant and a gift from the Government for doing nothing. So, we would have 112 million people drawing welfare checks and only 98 million people on the putting up end who would pay for that. We would have more people on the taking down end than we would have on the putting up end.

And, Mr. President, if that is not bad enough, that is assuming that everyone is going to be honest. If there is widespread cheating, it may very well cost far more than that. We might have 130 million or 140 million receiving welfare checks.

I would think, to be practical about the matter, that we would almost need as many investigators as we would have beneficiaries if we wanted to keep up with that sort of thing.

The cost of the NWRO program would be about $70 billion a year. When the committee bill goes into effect, we will be providing more than $80 billion a year in income maintenance programs. However, why should we provide another $70

billion a year in ways that encourage people to do the wrong things, in ways that encourage fathers not to admit the paternity of their children, and in ways to discourage people from joining in wedlock when they decide to start producing a family?

Why should we spend our money in ways that tend to bring into disrepute the American institutions and tear down those that exist? Why should we not instead spend money in ways to encourage people to do the right sort of things, to take jobs, to marry the women who are mothers of their children, or to try to do something to improve their communities, and to offer some services, the services that society needs.

Those are the kinds of questions which persuaded the Senator from Louisiana, just as it persuaded the Senator from Nebraska, that the family assistance plan should not pass and should not become law.

That persuaded me that we ought to try to find out as hard as we knew how the answer to this matter. And we ought to try to persuade the Senate to accept the right answer rather than the wrong answer.

I congratulate the Senator from Nebraska for being one who was not fooled about this matter from the very beginning. I was told by former democrats who later became White House advisers that this was something that could only happen under a Republican President. And, the more I thought about it, the more I thought they were right. I think they knew what they were saying.

If people could persuade a Republican President to recommend a program such as this, the people would not believe that it was actually quite what it was, because they would not believe that a Republican President could recommend something that would work out in that fashion.

May I say that I do not think the President ever for a moment imagined or conceived many of any of the dangers implicit in this family assistance plan or the Ribicoff version of the family assistance plan. His declarations are too consistent. Everything he said about the subject was consistent. The people who talked with him indicated the contrary to the Senator from Louisiana.

I know that I have had the privilege of discussing this matter with the President of the United States many times. Every time I discussed it with him, the one thing that came through loud and clear was that the President of the United States believes in the work ethic and does not believe in loading the welfare rolls down with untold millions of additional recipients.

I may ask the Senator from Nebraska whether the President of the United States has ever conveyed to the Senator from Nebraska any high degree of displeasure because he has worked for the workfare program rather than the guaranteed income proposal?

Mr. CURTIS. No, definitely not. I think that the country owes a great debt of gratitude to President Nixon for emphasizing the need for welfare improvements. The President's utterances on welfare are sound and the Senate Finance Committee bill, the workfare program, sponsored by the chairman of the committee, come nearest to meeting the objectives stated in the statements and utterances of the President of the United States, than does either the House bill, the original proposal sent to Congress, or the Ribicoff proposal.

Unfortunately, after these fine declarations were made by the President, from that point on certain people have to take over and work out things. It goes to the Department of Health, Education, and Welfare.

In my opinion, they ended up with something that defeats many of the fine objectives stated by the President of the United States. The President of the United States realizes that without the work ethic, the United States is headed for deterioration. Without the work ethic, there would not be anything worth while in this country, because everything that we enjoy, we enjoy because somebody works.

I believe that we would render a great disservice to the President of the United States if we enacted this proposal that was sent to Congress, or that was passed by the House, or proposed by he Senator from Connecticut. I think we must take the approach the Committee on Finance has taken, and that is to take care of those people who cannot work, but for those who can work, to have a program where they can get a job if there is not one available and to give them work experience. Give them the opportunity to know what it means to be at a certain place, to do something, and to be able to earn. That is doing a favor to the unfortunate person who is a victim of the welfare cycle. Just to perpetuate the cycle and send out checks in situations where the people are neither aged, disabled, nor handicapped, is a disservice both to the people who pay for it and the people who receive it.

Mr. President, we have reached a time in the Senate when we need leadership. We need leadership to move in and prevent the Senate from enacting some bad legislation during these hurried times just before an election. If the workfare plan of the Committee on Finance cannot be agreed to—I am convinced if it goes to conference some of the objections I have to it will be ironed out, but if that cannot be done, this matter should go over to a time when candidates for office are not in favor of giving people more for doing less.

Mr. President, just one more thought and then I shall yield the floor. With respect to the guaranteed minimum income, sometimes it is mentioned as $2,400 for four people, sometimes $4,000, and if one is speaking about one of the candidates for the Presidency, it is $6,500. That is only part of the story. People raise the question, How could a family of four live on less than $2,400? It is not limited to $2,400. There are certain disregards. The first $100 a month is disregarded, one-third of earnings above that, the earnings of children, certain casual earnings are eliminated, subsidies for housing; many of them are recipients of medicare. If one adds it all up, it is not just $2,400; it more than twice that. My point is, that is only part of the story.

Mr. President, were we able to submit to the rank and file of the American people from one end of the country to the other the question, "Should the unfortunate and disadvantaged, and people unable to work be continued on in welfare?" the answer would be "Yes." That is what the bill of the Committee on Finance does. But it vests more authority in the people close to the problem.

If we were to ask the same question of the people across the land, "Do you believe those able to work should perform some useful work, and do you believe they would benefit by it and welcome it?" the great majority would answer "Yes."

Mr. President, again I call attention to the size and complexity of this legislation. We should not, in these closing, hectic days of the session, pass any bill of this complexity, let alone one that would represent a new departure, a move toward guaranteeing a minimum income to people throughout the land who do nothing. There is nothing practical or workable in either the House bill or the Ribicoff proposal that will increase the number of people leaving welfare and going to work. That is one of the things the President stressed, and those who worked out a bill and submitted it here, submitted a bill that has nothing in it to bring that about. It will not work.

I yield the floor.

CALL OF THE ROLL

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk called the roll and the following Senators answered to their names:

[No. 486 Leg.]

Aiken	Dole	Mathias
Allen	Edwards	Muskie
Beall	Goldwater	Pastore
Bennett	Hart	Pearson
Burdick	Hruska	Pell
Byrd, Harry F., Jr.	Hughes	Ribicoff
Byrd, Robert C.	Humphrey	Saxbe
Cooper	Kennedy	Schweiker
Curtis	Long	Smith
	Mansfield	Talmadge

The PRESIDING OFFICER. A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to, and the Sergeant at Arms is directed to execute the order of the Senate.

After a delay, the following Senators entered the Chamber and answered to their names:

Bayh	Fong	Nelson
Bellmon	Fulbright	Packwood
Bentsen	Gambrell	Proxmire
Bible	Gravel	Randolph
Brooke	Hartke	Roth
Buckley	Hollings	Scott
Cannon	Inouye	Stennis
Chiles	Jackson	Stevens
Church	Javits	Stevenson
Cranston	Jordan, Idaho	Thurmond
Eagleton	Magnuson	Tunney
Eastland	McClellan	Weicker
Ervin	Miller	Williams
Fannin	Moss	Young

The PRESIDING OFFICER. A quorum is present.

Mr. LONG. Mr. President, in some respects, the Pell amendment is an even more objectionable proposal than the previous one. This proposal would put a needs test in the social security program. As it stands today, there is only a retirement test; but this amendment would provide certain services if you had income of less than $3,000; you would not get the services if your income was more than $3,000. If a couple had an income of $5,000 or less, they would get the services, but they would not get the services if their income were more than that.

Furthermore, not one nickel of tax is attached to this amendment to pay for the cost which is estimated initially at some $2.5 billion a year. It would bankrupt the social security medicare fund, because there is no surplus in the fund. It would result in the Senate having a totally irresponsible proposition when it sent conferees to talk with the House.

It would be similar, I regret to say, to some of the "Christmas Tree" proposals that the Senate has voted on occasion—totally irresponsible tax cuts or spending proposals which could bankrupt the country. In this case, it would be a totally irresponsible spending addition that would bankrupt the social security medicare trust fund through enormously increasing the cost of the program without providing any tax to pay for it.

Mr. President, this proposal is not viewed by the Social Security Administration as something which should be done, for the reason that items such as eyeglasses, hearing aids, and podiatric services—which could be anything from having your corns trimmed to having your toenails cut by a foot doctor—are things which people can budget. This could even include a foot massage. You could go in to the podiatrist's office and the man could rub your feet for you. This proposal makes no distinction between a foot service that is essential and a foot service that is not essential. These are the kinds of things for which we provide people with cash income so they can decide and provide for themselves in these budgetable areas.

Every Senator over the age of 40 knows that after age 40 things may start going wrong with the body which do not seem to repair themselves the way they do when one is younger. Eyes get worse and do not correct themselves the way they did when one was younger. One might suffer a broken bone or a sprain, which does not heal or correct itself the way it did earlier. All sorts of things tend to go wrong that people have to live with the rest of their lives; they have to adjust to those things.

In these areas, we should think in terms of priorities. Any State in the Union which wants to provide the services advocated by the Senator from Rhode Island has the privilege of providing them under medicaid and the Federal Government will pay for at least 50 percent of the costs. But let us see how much priority the States place on these items.

Look at Alabama. They do not provide the dentures or the eyeglasses, even though the Federal Government will pay for some 75 percent of the cost. They do not provide this, because they can find a better use for the money in providing something else with a higher priority. Here the Senator proposes to spend at least $2.5 billion to provide these items and services for those who do not need it.

Colorado does not provide these items, because they can find a higher priority for the same money, even with liberal Federal matching.

Delaware does not provide it for the needy, because they can find a better use for this money somewhere else.

Florida does not provide it, and that is one of the most generous welfare States in the Nation, with respect to the aged.

Here is Georgia, one of the States leading in social services. Even though Georgia could have 75 percent Federal money for this, they do not provide it, because they can find a higher priority use somewhere else—child care or another higher priority need.

In the State of Rhode Island, they do provide eyeglasses, dental and podiatric care. They provide it for the needy and for the medically indigent. One might ask, if Rhode Island is providing for this, with the Federal Government paying half the cost, why would the Senator want to insist on providing for it at Federal expense, without any State contribution, under social security?

The answer is that the Senator would like to avoid having to require the people of his State to meet a needs test in order to get eyeglasses, in order to have somebody rub their feet for them or trim their toenails.

On the other hand, in trying to provide it and to avoid a needs test, he would then seek to put the first needs test into the social security program. What sense does it make? In order to avoid a needs test under medicaid, he puts a needs test into the social security program for the first time. It does not make sense.

Mr. BENNETT. Mr. President, will the Senator yield.

Mr. LONG. I yield.

Mr. BENNETT. Does not the chairman believe that if we really feel that it is necessary to put a needs test in the social security program, it should be for some reason more urgent than foot care and dentures?

Mr. LONG. I would certainly think so.

Mr. President, the Senate voted today to provide $4 billion of additional income to people who are 65 years of age and older, and to the blind and to the disabled—$4 billion of additional income. The Senate—I think quite correctly—by unanimous vote regards that as a high priority expenditure. That is money which those people can spend however they wish. They can buy as many pairs of glasses as they think they need, and as many hearing aids, and they can secure the routine foot services they want. Would that not make better sense covering those items elsewhere?

Just to propose an amendment to bankrupt the social security medicare fund does not mean that Congress should be that irresponsible. If we take it to conference with the House, as though we were going there with a Christmas tree, I am sure that the House would not look on it seriously but might insist on knocking out the good things in the bill which the Senate conferees would want retained. This amendment would put us in an irresponsible light. Here is a proposal which appears to bankrupt the social security medicare trust fund by $2.5 billion a year. Suppose some of us with a sense of responsibility should insist on putting additional taxes on the amendment to pay for it, what would that mean?

The average family with $10,000 a year would have to pay some $25 a year more in taxes for this. The employer would have to pay another $25 a year.

As a practical matter, everyone knows that the social security tax goes into the cost of doing business. When the consumer buys something, he is absorbing the cost of the social security tax, plus other expenses and what it takes for the American businessman to make a profit; so that, in the last analysis, the average working family would have to absorb another indirect tax of $25 a year. In other words, $50 a year in taxes from the average working family in order to provide a service to those not necessarily needing it and for a very low priority type of expenditure.

I would say, Mr. President, that the people of this country, looking at all the needs we have elsewhere, would not approve of this. They would not approve of us bypassing other high-priority items, such as those I have suggested on occasion, such as catastrophic insurance so that we would be able to help those who have to spend $5,000 or $10,000 in meeting medical bills in a single year. We would be able to help with those medical expenses, rather than let a person die or go bankrupt because he needs a kidney transplant or dialysis or other things which are so enormously expensive—for diseases which last a very long time.

This amendment would bypass those things which are essential, things which are a matter of life or death, and we would spend money on things which people should and could budget and be able to take care of for themselves.

The Senator has modified his amendment to reduce the cost by $1 billion, but it is still altogether too high. People find ways to meet these problems.

This is not the kind of high-priority item that would compare to other items in H.R. 1. In H.R. 1, we are increasing medicare benefits, I believe, by about $3 billion a year. Just look at some of the items of cost here. For drugs for the aged, we require that they pay $1 toward the cost of a prescription and we will provide the rest, but not for everything, because if we did, it would cost a great deal of money to try to do the whole thing. We do not provide drugs in many situations. We provide only so-called maintenance drugs to keep the cost of the program down to about $700 million. We could have approved drug proposals that would have cost $3 billion and they would have higher priority claims than

this present amendment would. We could have provided catastrophic insurance proposals that would have cost $2.5 billion, about the same cost as this amendment, or provided much more desperately needed services. But we restrained ourselves from doing that because of the taxes necessary to pay for what we have already provided.

We could have provided additional days in the hospital beyond what we do now, but we did not do that. We could have eliminated the part B and part A deductibles. Everyone knows that under part B, which is the doctors' part of medicare, aged people pay $50 a year and they pay $68 now under part A when they go to the hospital.

We could have eliminated those requirements. It would have claimed a higher priority than optional eyeglasses for what people should be able to budget for themselves when they need a change of eyeglasses. But we did not provide for that because it would cost a great deal of money. So there are many other things in the bill which claim a higher priority by any fair standard.

This amendment claims a lower priority than some of the recommendations of the administration which were left out. It claims a lower priority than many of the recommendations the committee left out. It is a low priority. It means that, so far as the average American family is concerned, they would have to pay some $50 a year in additional taxes just to provide for something that claims such a low priority that 18 States do not provide for these items even though the Federal Government will put up from 50 to 83 percent of the cost of doing it.

For example, in Mississippi, the Federal Government will pay 83 percent of the cost of providing these services for the needy, and they do not provide it because other things claim a higher priority on the tax money of the people in Mississippi. They use the available money for things that the people need more, those required to keep people alive and to protect their health. With 83 percent Federal matching, the State still has not elected to provide coverage for those lower priority needs.

The Senator would now suggest that we do it for those that do not need it. I would say that if we are going to do something of this sort, the starting point would be not to do something which would cost the average working family $50 a year in taxes that they would have to absorb out of their incomes. We could provide that under medicaid we would do all of this for people in need and pay 100 percent—and it would cost only a fraction of what he is suggesting in here. That would be the logical way, but that would not achieve the Senator's objective. We already have those services in the State of Rhode Island for anyone who has need of it. All the Senator wants is to provide for those who have no need for it.

This would be a most unwise thing for the Senate to do, particularly without providing one nickel in revenue to pay for it, to ask Senators to go to a conference with the House with a proposal that would bankrupt the social security medicare trust fund. That, to me, does not make any sense at all.

I urge that the amendment be rejected.

Mr. PELL. Mr. President, I have listened with interest to the distinguished chairman of the committee. I understand his viewpoint, yet I would point out that yesterday, without a limitation, the Senate in its wisdom almost agreed to this amendment. It was six votes short, I think. I have sought, in order to make the amendment more acceptable to my colleagues, to bring in an income limitation so that, as the Senator from Utah pointed out, one great means would not benefit from this amendment.

For that reason I brought in an income limitation which I thought would have made it more acceptable, not less acceptable.

As far as whether foot massage and corn removal could be included, I would think those would be excluded, because the amendment very carefully specifies that the regulations for establishing the service limits will be promulgated by the Secretary of Health, Education, and Welfare. I would very much doubt whether any Secretary of Health, Education, and Welfare would permit foot massage and corn removal to be within the scope of those regulations.

As far as irresponsible legislation goes, as to priorities, this is truly a question of priorities. When we raise the Defense Department budget by $4 billion, when we scatter military assistance all around the world, I think that is a question of mistaken priorities. That is irresponsible legislation from my viewpoint. If when we give dentures, glasses, hearing aids and podiatric care to older people it is to be irresponsible legislation and if it is said that to do these other things is responsible legislation, then I want to be for irresponsible legislation, if that is the definition of it, because to my mind this is where the national interest is, I believe our people need these things, and their not having them is wrong.

Another advantage of this amendment would be that it would reduce the forcing of older people to go on medicaid, which is a greater expense to the American taxpayer and with a loss of their own dignity, sometimes just to acquire hearing aids and eyeglasses and things of that sort that they need.

I realize there are other important elements in H.R. 1 that were dropped because of so-called fiscal responsibility.

I myself had one amendment that was considered by the committee that would drop the deductible plans in A and B. I am not pressing that at this time. I realize the expenses involved. I do think it should be adopted eventually.

This pending amendment simply provides that eyeglasses, dentures, hairing aids, and podiatric care should be made available to those of our citizens with adjusted gross incomes of less than $3,000 as an individual and $5,000 as a family. It is not an irresponsible type of legislation. It is a proper question of priorities.

I would very much hope that this amendment would be accepted.

Mr. LONG. Mr. President, with regard to the podiatric services which the Senator's amendment would provide, the medicare program already provides for nonroutine podiatric services. In other words, if an aged person breaks his foot or if he has to have an operation to remove some growth that impedes or impairs his walking or if he has anything that could be described as a nonroutine podiatric service, that is already taken care of in medicare.

The only thing that the Senator's amendment would appear to afford so far as podiatric services are concerned would be routine services, such as the case of a man with fallen arches who would go to a podiatrist from time to time to let the podiatrist massage his foot or periodically remove some of his toenail or do the kind of things that are ordinarily the routinely occurring type of service.

Those services that are nonroutine, that a person cannot budget or plan for in advance are already taken care of in medicare.

Mr. President, I hope very much that the amendment is not agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Rhode Island. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Oklahoma (Mr. HARRIS), the Senator from South Dakota (Mr. McGOVERN), the Senator from New Hampshire (Mr. McINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Minnesota (Mr. MONDALE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Alabama (Mr. SPARKMAN), the Senator from Missouri (Mr. SYMINGTON) and the Senator from Virginia (Mr. SPONG), are necessarily absent.

I further announce that the Senator from North Carolina (Mr. JORDAN) and the Senator from Wyoming (Mr. McGEE), are absent on official business.

I further announce that, if present and voting, the Senator from New Hampshire (Mr. McINTYRE), would vote "yea."

Mr. SCOTT. I announce that the Senators from Colorado (Mr. ALLOTT and Mr. DOMINICK), the Senators from Tennessee (Mr. BROCK and Mr. BAKER), the Senator from Delaware (Mr. BOGGS), the Senator from New Jersey (Mr. CASE), the Senator from Kentucky (Mr. COOK), the Senator from New Hampshire (Mr. COTTON), the Senator from Michigan (Mr. GRIFFIN), the Senator from Florida (Mr. GURNEY), the Senator from Wyoming (Mr. HANSEN), the Senator from Oregon (Mr. HATFIELD), the Senator from Illinois (Mr. PERCY), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Vermont (Mr. STAFFORD) and the Senator from Ohio (Mr. TAFT) are absent on official business to attend the Interparlimentary Union meetings.

On this vote, the Senator from Illinois (Mr. PERCY) is paired with the Senator from Texas (Mr. TOWER). If present and voting, the Senator from Illinois would

vote "yea" and the Senator from Texas would vote "nay."

If present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "yea."

The result was announced—yeas 37, nays 34, as follows:

[No. 487 Leg.]

YEAS—37

Aiken	Hollings	Pastore
Bayh	Hughes	Pearson
Bible	Humphrey	Pell
Brooke	Inouye	Randolph
Burdick	Jackson	Ribicoff
Cannon	Javits	Schweiker
Church	Kennedy	Smith
Cranston	Magnuson	Stevens
Eagleton	Mansfield	Stevenson
Fulbright	Mathias	Tunney
Gravel	McClellan	Williams
Hart	Moss	
Hartke	Muskie	

NAYS—34

Allen	Dole	Nelson
Beall	Eastland	Packwood
Bellmon	Edwards	Proxmire
Bennett	Ervin	Roth
Bentsen	Fannin	Saxbe
Buckley	Fong	Scott
Byrd, Harry F., Jr.	Gambrell	Stennis
	Goldwater	Talmadge
Byrd, Robert C.	Hruska	Thurmond
Chiles	Jordan, Idaho	Weicker
Cooper	Long	Young
Curtis	Miller	

NOT VOTING—29

Allott	Gurney	Montoya
Anderson	Hansen	Mundt
Baker	Harris	Percy
Boggs	Hatfield	Sparkman
Brock	Jordan, N.C.	Spong
Case	McGee	Stafford
Cook	McGovern	Symington
Cotton	McIntyre	Taft
Dominick	Metcalf	Tower
Griffin	Mondale	

So Mr. PELL's amendment was agreed to.

Mr. PELL. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PASTORE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CHURCH. Mr. President, I ask unanimous consent that Mr. David Affelt, counsel for the Senate Committee on Aging, and Mr. Kenneth Dameron, professional staff member for the Committee on Aging, be allowed to remain on the Senate floor during the consideration of H.R. 1.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill is open to further amendment.

Mr. LONG. Mr. President, I am aware of the fact that other Senators wish to offer amendments. Therefore, I do not think we should go to third reading at this time. I would hope Senators who have in mind offering amendments would seek to have their amendments printed so that we may have them before us and analyze those amendments.

Unless other Senators care to offer amendments at this point, I suppose that is as much as we can do on the bill today. Those of us on the committee are ready to vote, but I understand that Senators who would wish to offer amendments are not prepared and are not ready at this moment, so I suggest that we turn to something else, and we will be here in the morning.

Mr. ROBERT C. BYRD. Mr. President, may I inquire whether any Senator has any amendment which he is ready to call up to H.R. 1?

I see no Senator who indicates he has an amendment ready to call up.

SOCIAL SECURITY AMENDMENTS OF 1972—AMENDMENTS

AMENDMENT NO. 1653

(Ordered to be printed and to lie on the table.)

Mr. TUNNEY (for himself, Mr. GAMBRELL, Mr. BAKER, Mr. BURDICK, Mr. DOMINICK, Mr. HART, Mr. HARTKE, Mr. KENNEDY, Mr. MCGOVERN, Mr. METCALF, and Mr. STEVENS) submitted an amendment, intended to be proposed by them, jointly, to the bill (H.R. 1) to amend the Social Security Act to increase benefits and improve eligibility and computation methods under the OASDI program, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis on improvements in their operating effectiveness, to replace the existing Federal-State public assistance programs with a Federal program of adult assistance and a Federal program of benefits to low-income families with children with incentives and requirements for employment and training to improve the capacity for employment of members of such families, and for other purposes.

AMENDMENTS NOS. 1654, 1655, AND 1656

(Ordered to be printed and to lie on the table.)

Mr. HUMPHREY submitted three amendments, intended to be proposed by him, to the bill (H.R. 1), supra.

AMENDMENT NO. 1657

(Ordered to be printed and to lie on the table.)

Mr. BROOKE. Mr. President, I submit an amendment to H.R. 1, and I ask that it be printed. My amendment would strike section 511 of title V, part A of H.R. 1, entitled "Treatment of Rent Under Public Housing."

The intention of the Committee on Finance was laudable. Unfortunately their efforts to remove one inequity in the rental payments made by welfare agencies to local housing authorities will result in an even greater inequity amongst public housing tenants living side by side. Let me explain.

The Housing and Urban Development Act of 1969 contained a provision that limited rents paid by public housing tenants to 25 percent of their incomes. Prior to the enactment of this rent-to-income limitation, we found that many of the tenants were paying 50 and 60 percent of their incomes for rent. Food, clothing and the other necessities of life were forced to take a second priority to shelter. The elderly in particular, living on fixed incomes, were hit the hardest as inflation and spiraling operating costs pushes public housing rents out of the reach of many low-income families for whom the program was designed. It must be kept in mind that while public housing tenants were paying 50 and 60 percent of their incomes for rent, the rest of the Nation was averaging less than 20 percent.

The language of the 1969 amendment contained a proviso. In substance it said that in the case of tenants on welfare, they would have to continue paying a disproportionate amount of their income for rent if they were unfortunate enough to be residing in States that paid welfare grants for rent on an "as paid" basis; that is, whatever rent was charged the tenant. Without this proviso, a reduction of a welfare tenant's rent would have resulted in a reduction in his grant. We would then have had the Department of Housing and Urban Development subsidizing the Department of Health, Education, and Welfare with no benefit accruing to the tenant.

We then found that more than two-thirds of the States used this "as paid" basis for determining grants for shelter. It is not difficult to see the inequity of two tenants living side by side in the same project in identical units with the welfare tenant paying, in some cases, twice as much rent as the nonwelfare tenant.

Therefore, in 1971, Congress saw fit to enact corrective legislation in the form of section 9 of Public Law 92-213. The thrust of this measure was to eliminate the inequity and to give welfare tenants the same benefits that their neighbors were getting under the 1969 amendment.

Section 511 of H.R. 1 is now before us a short 9 months later. It seeks to undo our good-faith attempt to correct this situation before we have had time to evaluate effectively our efforts. Let us also keep in mind that a repeal of Public Law 92-213, section 9, would throw local housing authorities into hopeless confusion. They have just completed a substantial revision of their rent schedules pursuant to the recent statute and would be faced with an intolerable administration burden if section 511 of H.R. 1 is permitted to stand.

Aside from the premature timing, section 511 is premised on an apparent misunderstanding of Public Law 92-213. According to the "Summary of the Principal Provision of H.R. 1 as Determined by the Committee on Finance," dated June 13, 1972, on page 81:

> Public Law 92-213 . . . would require welfare agencies in some circumstances to pay as a rental allowance more than the actual cost of rent.

In reality, the "actual cost of rent" or the operating cost for each public housing unit has far exceeded the inadequate rental allowance given welfare families in most States. If welfare agencies had been willing to pay the operating costs of units in public housing, we would have not needed Public Law 92-213 in the first place. As a matter of fact, if my colleagues on the Finance Committee will assure me that sufficient funds will be made available to welfare agencies so that they can provide rental allowances equal to the "actual cost of rent." I will withdraw my amendment.

The purpose of Public Law 92-213 and a companion measure, Public Law 91-152, was to enable low-income families to live in public housing without having to pay out most of their meager incomes for rent. The intent of the combined measures is to permit the Department of Housing and Urban Development to pay the difference between the actual cost of operating the public housing unit and 25 percent of the tenants' incomes. Most often a welfare agency's rental allowance falls somewhere between the two. If we allow section 511 of H.R. 1 to repeal Public Law 92-213 we are saying to the welfare tenants in public housing, "We realize that you will not be given a rental allowance sufficient to pay for your unit. That's unfortunate. You must now use all of your rental allowance plus money earmarked for food and clothing." We thus tell these tenants that it is unimportant that 60 percent of their incomes must go for shelter. I, for one, cannot bring myself to tell them that.

In this connection it is worth pointing out that whether Public Law 92-213 is repealed or not, the welfare agencies will have to spend the same amount of money. Public Law 92-213, in no way, increases or decreases the welfare outlay.

Nearly 40 percent of the tenants in public housing are elderly. Fifty-six percent of the tenants are minors. Surely my colleagues do not want to tell these tenants that they are getting too much of a break when they must pay one-fourth of their monthly incomes for rent while the rest of us average less than one-fifth of our incomes?

Mr. President, to allow section 511 to remain in H.R. 1 is to give these tenants the bad news. I urge that my amendment to strike this section be adopted.

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

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

AMENDMENT No. 1657

On page 933, strike out lines 9 through 14.

On page 33, line 17, strike out "sec. 512" and insert in lieu thereof "Sec. 511".

In the table of contents, strike out, "Sec. 511. Treatment of rent under public housing---------- 933" and renumber section 512 as section 511.

AMENDMENTS NOS. 1660 THROUGH 1662

(Ordered to be printed and to lie on the table.)

Mr. TUNNEY submitted three amendments intended to be proposed by him to the bill (H.R. 1), supra.

SOCIAL SECURITY AMENDMENTS OF 1972

The PRESIDING OFFICER (Mr. BENTSEN). Under the previous order, the cloture motion on the unfinished business having been filed, the Chair lays before the Senate H.R. 1, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 1) to amend the Social Security Act, to make improvements in the Medicare and Medicaid programs, to replace the existing Federal-State Public Assistance programs, and for other purposes.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, shortly I shall introduce an amendment to lower to 60 the age at which actuarially reduced benefits may be received and to 50 the age at which a woman may receive reduced widow's benefits.

I ask unanimous consent that it be in order to order the yeas and nays on that amendment at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask for the yeas and nays on that amendment.

The yeas and nays were ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the vote which has just been ordered occur at 11 a.m. today.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the quorum call which I am about to suggest is called off, I be recognized to call up my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I yield to the distinguished Senator from Kentucky for a unanimous-consent request.

Mr. COOPER. Mr. President, I ask unanimous consent that Mr. Parenta of

my staff be permitted on the floor today during the debate on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 189, between lines 19 and 20, insert the following new sections:

REDUCTION, FROM 62 TO 60, IN THE AGE AT WHICH INDIVIDUALS MAY RECEIVE ACTUARIALLY REDUCED BENEFITS

SEC. 151. (a)(1) Section 202 (a)(2) of the Social Security Act is amended by striking out "62" and inserting in lieu thereof "60".

(2) Section 202 (b)(1) of such Act (as amended by section 114(a) of this Act) is amended by striking out "62" wherever it appears therein and inserting in lieu thereof "60".

(3) Section 202 (c) (1) and (2) of such Act is amended by striking out "62" wherever it appears therein and inserting in lieu thereof "60".

(4) Section 202 (f)(1)(C) of such Act (as amended by section 102(b)(1) of this Act) is amended by striking out "or was entitled" and inserting in lieu thereof "or was entitled, after attainment of age 62,".

(5)(A) Section 202(h)(1)(A) of such Act is amended by striking out "62" and inserting in lieu thereof "60".

(B) Section 202(h)(2)(A) of such Act is amended by inserting "subsection (q) and" after "Except as provided in".

(C) Section 202(h)(2)(B) of such Act is amended by inserting "subsection (q) and" after "except as provided in".

(D) Section 202(h)(2)(C) of such Act is amended by—

(i) striking out "shall be equal" and inserting in lieu thereof "shall, except as provided in subsection (q), b eequal"; and

(ii) inserting "and section 202(q)" after "section 203(a)";

(b)(1) The first sentence of section 202 (q)(1) of such Act (as amended by section 102(e)(1) of this Act) is amended (A) by striking out "husband's, widow's, or widower's" and inserting in lieu thereof "husband's, widow's, widower's, or parent's", and (B) by striking out, in subparagraph (A) thereof, "widow's or widower's" and inserting in lieu thereof "widow's, widower's or parent's".

(2)(A) Section 202(q)(3)(A) of such Act is amended (i) by striking out "husband's, widow's, or widower's" each place it appears therein and inserting in lieu thereof "husband's, widow's, widower's, or parent's", (ii) by striking out "age 62" and inserting in lieu thereof "age 60", and (iii) by striking out "wife's or husband's" and inserting in lieu thereof "wife's, husband's, or parent's".

(B) Section 202(q)(3)(C) is amended by striking out "or widower's" each place it appears therein and inserting in lieu thereof "widower's, or parent's".

(C) Section 202(q)(3)(D) of such Act is amended by striking out "or widower's" and inserting in lieu thereof "widower's, or parent's".

(D) Section 202 (q) (3) (E) of such Act is amended (i) by striking out "(or would, but for subsection (e) (1) in the case of a widow or surviving divorced wife or subsection (f) (1) in the case of a widower, be) entitled to a widow's or widower's insurance benefit to which such individual was first entitled for a month before she or he" and inserting in lieu thereof "(or would, but for subsection (e) (1), (f) (1), or (h) (1), be) entitled to a widow's, widower's, or parent's insurance benefit to which such individual was first entitled for a month before such individual,", (ii) by striking out "the amount by which such widow's or widower's insurance benefit was reduced for the month in which such individual attained retirement age and," and inserting in lieu thereof "the amount by which such widow's widower's, or parent's insurance benefit would be reduced under paragraph (1), plus", and (iii) by striking out "over such widow's or widower's insurance benefit" and inserting in lieu thereof "over such widow's, widower's, or parent's insurance benefit".

(E) Section 202 (q) (3) (F) of such Act is amended (i) by striking out "(or would but for subsection (e) (1) in the case of a widow or surviving divorced wife or subsection (f) (1) in the case of a widower, be) entitled to a widow's or widower's insurance benefit to which such individual was first entitled for a month before she or he" and inserting in lieu thereof "(or would, but for subsection (e) (1), (f) (1), or (h) (1), be) entitled to a widow's, widower's, or parent's insurance benefit for which such individual was first entitled for a month before such individual", (ii) by striking out "the amount by which such widow's or widower's insurance benefit" and inserting in lieu thereof "the amount by which such widow's, widower's, or parent's insurance benefit", (iii) by striking out "over such widow's insurance benefit" and inserting in lieu thereof "over such widow's, widower's, or parent's insurance benefit", and (iv) by striking out "62" and inserting in lieu thereof "60".

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

(i) by striking out "(or would, but for subsection (e)(1) in the case of a widow or surviving divorced wife or subsection (f)(1) in the case of a widower, be) entitled to a widow's or widower's insurance benefit," and inserting in lieu thereof "(or would, but for subsection (e)(1), (f)(1), or (h)(1) be) entitled to a widow's, widower's, or parent's insurance benefit,",

(ii) by striking out "such widow's insurance benefit" and inserting in lieu thereof "such widow's, widower's, or parent's insurance benefit,".

(3) Section 202(q)(5)(B) of such Act is amended by striking out "62" and inserting in lieu thereof "60".

(4) Section 202(q)(6) of such Act is amended (i) by striking out "husband's, widow's, or widower's" and inserting in lieu thereof "husband's, widow's, widower's, or parent's", and (ii) by striking out, in clause (III), "widow's or widower's" and inserting in lieu thereof "widow's, widower's, or parent's".

(5) Section 202(q)(7) of such Act (as amended by section 102(e)(2) of his Act) is amended—

(A) by striking out "husband's, widow's, or widower's" and inserting in lieu thereof "husband's, widow's, widower's, or parent's"; and

(B) by striking out, in subparagraph (E), "widow's or widower's" and inserting in lieu thereof "widow's, widower's, or parent's".

(c) Section 215(f)(5) of such Act is amended (A) by inserting after "attained age 65," the following: "or in the case of a woman who became entitled to such benefits and died before the month in which she attained age 62,"; (B) by striking out "his" each place it appears therein and inserting in lieu thereof "his or her"; and (C) by striking out "he" each place after the first place it appears therein and inserting in lieu thereof "he or she".

(d)(1) Section 216(b)(3)(A) of such Act is amended by striking out "62" and inserting in lieu thereof "60".

(2) Section 216(c)(6)(A) of such Act is amended by striking out "62" and inserting in lieu threeof "60".

(3) Section 216(f)(3)(A) of such Act is amended by striking out "62" and inserting in lieu thereof "60".

(4) Section 216(g)(6)(A) of such Act is amended by striking out "62" and inserting in lieu thereof "60".

(e)(1) Section 202(q)(5)(A) of such Act is amended by striking out "No wife's insurance benefit" and inserting in lieu thereof "No wife's insurance benefit to which a wife is entitled".

(2) Section 202(q)(5)(C) of such Act is amended by striking out "woman" and inserting in lieu thereof "wife".

(3) Section 202(q)(6)(A)(i)(II) of such Act is amended (A) by striking out "wife's insurance benefit" and inserting in lieu thereof "wife's insurance benefit to which a wife is entitled", and (B) by striking out "or" at the end and inserting in lieu thereof the following: "or in the case of a wife's insurance benefit to which a divorced wife is entitled, with the first day of the first month for which such individual is entitled to such benefit, or"

(4) Section 202(q)(7)(B) of such Act is amended by striking out "wife's insurance benefits" and inserting in lieu thereof "wife's insurance benefits to which a wife is entitled".

(f) Section 224(a) of such Act is amended by striking out "62" and inserting in lieu thereof "60".

(g) The amendments made by this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1972, but only on the basis of applications for such benefits filed after September 1972.

AGE 50—COMPUTATION POINT FOR WIDOWS

SEC. 152. (a)(1) Section 202(e)(1)(B) of the Social Security Act is amended to read as follows:

"(B) has attained age 50,".

(2) So much of section 202(e)(1) of such Act (as amended by section 102 of this Act) as follows subparagraph (E) is amended to read as follows: "shall be entitled to a widows' insurance benefit for each month, beginning with the first month in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: she remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding the primary insurance amount of such deceased individual."

(3) Paragraphs (5) and (6) of section 202(e) of such Act are hereby repealed.

(b) The last sentence of section 203(c) of such Act (as amended by section 102(c)(1) of this Act) is amended by striking out "from any widow's insurance benefits for any month in which the widow or surviving divorced wife is entitled and has not attained age 65 (but only if she became so entitled prior to attaining age 60), or".

(c) Clause D of section 203(c)(1) of such Act (as amended by section 102(c)(2) of this Act) is amended by striikng out "widow's insurance benefits and has not attained age 65 (but only if she became so entitled prior to attaining age 60), or".

(d) The first sentence of section 216(i)(1) of such Act is amended by striking out "202 (e),".

(e) Section 222(a) of such Act is amended by striking out "benefits, widow's insurance benefits," and inserting in lieu thereof "benefits".

(f) The first sentence of section 222(b)

(1) of such Act is amended by striking out "a widow or surviving divorced wife who has not attained age 60,".

(g)(1) Section 222(d)(1) of such Act is amended (A) by striking out subparagraph (C) thereof, and (B) by redesignating subparagraph (D) thereof as subparagraph (C).

(2) Such section 222(d)(1) is further amended by striking out "the benefits under section 202(e) for widows and surviving divorced wives who have not attained age 60 and are under a disability,".

(h) Section 225 of such Act is amended (1) by striking out "or that a widow or surviving divorced wife who has not attained age 60 and is entitled to benefits under section 202(e),", and (2) by striking out "202(d) 202(e)," and inserting in lieu thereof "202(d),".

(i) The amendments made by subsection (a) shall apply with respect to monthly benefits under title II of the Social Security Act for the months following the month after the month in which this Act is enacted, but only on the basis of applications for such benefits filed in or after the month in which this Act is enacted. The amendments made by subsections (b) through (h) shall apply with respect to months after the month in which this Act is enacted.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the yea-and-nay vote on this amendment occur at 10 minutes past 11 a.m.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, my amendment proposes two changes to the Social Security Act. First, it would amend the Social Security Act so as to reduce to 50 the age at which a woman may begin to receive actuarially reduced widow's benefits thereunder, and it would reduce to 60, the age at which monthly benefits generally, when based upon the attainment of retirement age, would be payable on an actuarially reduced basis.

Throughout my 20 years in Congress, I have consistently worked and voted for legislation aimed at providing realistic social security benefits, and legislation designed to strengthen the structure, administration, and financing of the social security program. I have previously introduced, as separate legislation, bills to lower to 50 the age at which actuarially reduced widow's insurance benefits could be received, and to lower to 60, the age at which actuarially reduced monthly benefits could be received. The Senate has upon several occasions given its approval to lower the age to 60, but the House has never seen fit to agree. I hope, however, that the need for updated social security legislation—such as this amendment—is now clearly recognized by Members in both Houses of Congress, and I am hopeful that my amendment will be accepted and subsequently enacted into law. First, I will discuss the age 50 computation point for widows.

Mr. President, beyond the 26 million citizens already drawing social security benefits, there are many widows between the ages of 50 and 60 who have lost their husbands and who, at this stage in their lives, are unable to establish a new career, or to reactivate an old one. It is this group of widows that my amendment is aimed at assisting. Under the provisions of my amendment, the Social Security Administration estimates that approximately 440,000 widows would claim benefits the first year, creating an initial cost of about $700,000,000. But in the long run there would be no, or very little, increased cost because it would balance out.

In order that we can understand what these benefits would mean, I would like to cite some examples, which have been computed by the actuarial experts of the Social Security Administration.

First. Widow A is 50 years old and her husband had average monthly earnings of $500 per month. Her reduced benefits at age 50 would be $135 per month. If Widow A were 55, her benefits would be $164 per month.

Second. Widow B is 50 years old and her husband had average monthly earnings of $600 per month. Her reduced benefits would total $155 per month. If Widow B were 55, her monthly benefits would total $188.

Third. Widow C is 50 years old and her husband had average monthly earnings of $700. Her reduced benefits would total $171 per month. If Widow C were 55 years old, her reduced benefits would total $208 per month.

In West Virginia, approximately 6,500 widows would become eligible for actuarially reduced benefits, if the age requirement were lowered from 62 to 50. The increase in benefits for West Virginians would be approximately $10,000,000.

This provision of my amendment, if adopted and enacted into law, will provide benefits for a group of persons who need it most—widows in their 50's who are unable to work and who desperately need these benefits, but have been unable to obtain them because of the social security age requirement. These are people whose deceased husbands had paid into the program, and these are people who deserve to receive some type of benefits now.

I will now discuss that portion of my amendment which will amend the Social Security Act to provide that monthly benefits, when based upon the attainment of retirement age, will be payable on an actuarially reduced basis at age 60.

Mr. President, there are, as present, over 26 million Americans receiving social security benefits. For many of them, these benefits are their only source of income. However, beyond these 26 million citizens already drawing social security benefits, there are many other Americans who are being forced out of the labor market because of the early retirement policies of many business and companies or the closing of plants, and individuals who are too ill to work, but who cannot meet social security disability regulations. It is this group of citizens that this portion of my amendment is aimed at assisting.

Under the provisions of my amendment allowing actuarially reduced benefits to be received at age 60, the Social Security Administration estimates that approximately 1,040,000 persons would claim benefits the first year, creating an initial cost of about $1.35 billion. But in the long run there would be no increased cost; because the recipients would have chosen to accept their benefits at an earlier age, but on an actuarially reduced balance. The cost would, therefore, balance out in the long run.

In West Virginia, approximately 11,000 persons would become eligible for actuarilly reduced benefits, if the age were lowered from 62 to 60. The overall increase in benefits for West Virginia under this amendment would be approximately $11 million.

This amendment, if adopted and enacted into law, will provide benefits for persons who need it desperately—citizens who have been forced to retire, or who because of ill health should retire or would like to retire but have been unable to do so because the social security disability benefits program at the present time would not cover them inasmuch as they cannot qualify.

These are people who have been paying into the program for a long time and I believe they are people who deserve to be covered by the program now. They would have the option, under my amendment, to continue working if they chose to do so—until they were 60, 62, or 65. They would not be mandatorily forced to retire. They could retire on a voluntary basis, but at least, they would have the additional option they do not now have.

Mr. President, I urge the adoption of this amendment.

Mr. COOPER. Mr. President, will the Senator from West Virginia yield?

Mr. ROBERT C. BYRD. I yield.

Mr. COOPER. I support strongly the purpose of the Senator's amendment which would allow men to receive reduced social security benefits beginning at age 60, rather than age 62, and which would allow widows to begin receiving reduced benefits at age 50 rather than age 60 as provided for in existing law. I have received a great deal of mail from people on this subject, particularly from widows who are left in destitute circumstances.

It is my understanding that this amendment would not alter the provision in the committee bill to increase from 82.5 to 100 percent the amount a widow could receive on her deceased husband's account. Benefits applied for before the age of 65 would still be reduced according to the widow's age at the time of application. Under the amendment offered by the distinguished Senator from West Virginia, Mr. ROBERT C. BYRD, a widow could now apply for the reduced benefits at age 50.

I would ask though, whether the Senator would consider changing the age from 50 to 55 years. Decreases in the age limitations have usually covered 5-year periods, and a 5-year period would place less strain on the present social security system. The amendment would still provide substantial assistance to many widows and I am sure that in time the age limit will be moving down to 50 years anyway.

Mr. ROBERT C. BYRD. I would personally like the age to go to 50 years so that they have that option. If they wish to wait longer, they can then do so. I realize that lowering the age to 50 years is a great step and it might be more logical to proceed with a lesser step. If it would enhance the chances of adoption of the amendment in the Senate and

later in the conference, perhaps it would be advisable to modify my amendment to that extent, but I should like to hear first what some other Senators have to say on the subject.

Mr. COOPER. I appreciate that and I would like very much to be a cosponsor of the Senator's amendment if he would permit me. I think the change is very much needed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the names of the distinguished Senator from Kentucky (Mr. COOPER), the distinguished Senator from Indiana (Mr. HARTKE), and my distinguished colleague Mr. RANDOLPH be added as cosponsors of this amendment.

The PRESIDING OFFICER (Mr. BENTSEN). Without objection, it is so ordered.

Mr. LONG. Mr. President, I regret that I cannot support the pending amendment. As much as we might like to lower the retirement age, we must recognize that we are already providing full social security benefits which are not reduced at all to those who are disabled. It is true that persons who lose their jobs, let us say between the ages of 60 and 62, have a problem, but unemployment insurance is available to them.

The proposal in the pending amendment to lower the retirement age to 60 would increase the cost of the bill in the beginning by $1.35 billion. To reduce the retirement age for widows to 50, as originally introduced, the cost would be an additional $700 million. I would assume that by modifying the amendment as the Senator from Kentucky (Mr. COOPER) has suggested, that would reduce the cost by perhaps $300 million, but it still would cost about $1.65 billion, I should think, to do the kind of thing the Senator is suggesting here.

Senators should think in terms of what some of these proposals are going to cost. The Senator makes the point that in the long run there would be no cost because the actuarial reduction is such that they would get smaller benefits, but that overlooks the fact that the Senate has now voted, and obviously has every intention of insisting on, supplemental security income benefits for people when they retire at the age of 65. When they reach 65, they would have available to them supplemental security inome which would assure them of $180 a month if they have at least $50 of social security income or some other income.

Therefore, the idea that the cost to the social security trust funds would be absorbed in the long run by the actuarial reduction fades into oblivion when one recognizes the fact that we have provided the supplemental security income benefit to be paid out of general revenues, which would cause anyone with a social security check of $180 or less to receive the difference up to $180, so that the actuarial reduction that would tend to save or offset the social security cost of this would, for the most part, be wiped out by the supplemental security income benefit that is provided elsewhere from general funds in the committee amendment.

Therefore, Mr. President, there would be an additional general fund cost in the proposal, in addition to the heavy additional social security costs in the early years.

I would point out that we have passed the equal rights amendment. I should think that when that is ratified by the States, without ever having intended to do so, we might find that we have provided not only to widows but also to widowers the opportunity to retire at 50 years. Those who have a low income record would receive just as much after 65 because of the supplemental security income benefits that the Senate has already voted.

So, as a practical matter, while the amendment was originaly conceived at a time prior to the supplemental security income proposal, with the idea that beneficiaries would take lower retirement benefits now and receive less later on—because of the supplemental security income benefits, the great majority of the people who would take less now would receive just as much in total income later on as they would have received anyway. The additional amount they would receive would provide an incentive, when the equal rights amendment goes into effect, for able-bodied men who qualify for jobs elsewhere to retire at 50—or if the amendment is modified make it 55 years—if they are widowers.

I am sure that the Senator did not have this effect in mind when he originally put his amendment together.

In other words, I have serious doubts that the Senator ever intended to provide for a widower whose wife died, that he should have the privilege of retiring at age 55. And yet when the equal rights amendment goes into effect, it seems to me that that would be the effect.

The PRESIDING OFFICER. The hour of 11:10 having arrived, under the previous agreement the Senate will proceed to vote on the amendment.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a 5 minute extension of the time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENNETT. Will the Senator yield?

Mr. LONG. I yield to the Senator.

Mr. BENNETT. I have been trying to add up the arithmetic. Yesterday we added $2.2 billion to the cost of the social security programs, without the necessary financing. Today we are about to add an immediate burden on the social security trust fund of $1.35 billion for persons who retire at age 60 and something like $300 or $400 million for widows, plus perhaps, a billion-dollar eventual loss to the general fund.

Let us say we are about to add $1.650 billion or $1.7 billion to the trust fund without financing, plus a billion-dollar burden to the general revenue.

I hope the Senate realizes what it is doing, both in terms of the overall budget and of the social security trust fund.

Mr. ROBERT C. BYRD. Mr. President, the supplemental benefit to which reference has been made will be available at age 65 or earlier if the person is blind, or if a person were disabled. What about the widow who is not blind, who is not disabled, but who has reached age 50, and who cannot get a job because she doesn't possess the skills to compete in today's labor market? I am simply trying to provide for those widows who are not blind, who are not disabled, and who are not yet age 65, and who could not therefore, receive the supplemental benefits.

Several Senators have now approached me and asked me to modify my amendment, which I will be glad to do if I can get unanimous consent. I ask unanimous consent that the age 50 provision for widows be amended to read at 55, as suggested by the able senior Senator from Kentucky.

The PRESIDING OFFICER. Is there objection to the modification? There being no objection, the amendment will be so modified.

Is all time yielded back?

Mr. LONG. I yield back my time.

Mr. ROBERT C. BYRD. I will yield back my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from West Virginia. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Missouri (Mr. EAGLETON), the Senator from Louisiana (Mrs. EDWARDS), the Senator from Georgia (Mr. GAMBRELL), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Michigan (Mr. HART), the Senator from Minnesota (Mr. HUMPHREY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Minnesota (Mr. MONDALE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PELL), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Alabama (Mr. SPARKMAN), the Senator from Virginia (Mr. SPONG), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I also announce that the Senator from North Carolina (Mr. JORDAN), the Senator from Wyoming (Mr. MCGEE), are absent on official business.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Rhode Island (Mr. PELL), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Minnesota (Mr. MONDALE), the Senator from Connecticut (Mr. RIBICOFF), would each vote "yea."

Mr. SCOTT. I announce that the Senators from Colorado (Mr. ALLOTT and Mr. DOMINICK), the Senator from Tennessee (Mr. BAKER), the Senator from Delaware (Mr. BOGGS), the Senator from Massachusetts (Mr. BROOKE), the Senator from Kentucky (Mr. COOK), the

Senator from New Hampshire (Mr. COTTON), the Senator from Nebraska (Mr. CURTIS), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Florida (Mr. GURNEY), the Senator from Wyoming (Mr. HANSEN), the Senator from Oregon (Mr. HATFIELD), the Senator from New York (Mr. JAVITS), the Senator from Iowa (Mr. MILLER), the Senator from Illinois (Mr. PERCY), the Senator from Delaware (Mr. ROTH), the Senators from Ohio (Mr. SAXBE and Mr. TAFT), the Senator from Vermont (Mr. STAFFORD), the Senator from Texas (Mr. TOWER), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

On this vote, the Senator from Nebraska (Mr. CURTIS) is paired with the Senator from Texas (Mr. TOWER). If present and voting, the Senator from Nebraska would vote "nay" and the Senator from Texas would vote "yea."

If present and voting, the Senator from Massachusetts (Mr. BROOKE), the Senator from Kentucky, (Mr. COOK), and the Senator from Illinois (Mr. PERCY) would each vote "yea."

The result was announced—yeas 29, nays 25, as follows:

[No. 488 Leg.]

YEAS—29

Aiken	Hollings	Nelson
Bayh	Hughes	Packwood
Beall	Inouye	Pastore
Bible	Jackson	Pearson
Burdick	Kennedy	Proxmire
Byrd, Robert C.	Magnuson	Schweiker
Cannon	Mansfield	Smith
Case	Mathias	Stevens
Cooper	McClellan	Symington
Hartke	Moss	

NAYS—25

Allen	Church	Long
Bellmon	Cranston	Scott
Bennett	Dole	Stennis
Bentsen	Ervin	Stevenson
Brock	Fannin	Talmadge
Buckley	Fong	Thurmond
Byrd, Harry F., Jr.	Fulbright	Tunney
Chiles	Hruska	Young
	Jordan, Idaho	

NOT VOTING—46

Allott	Gurney	Muskie
Anderson	Hansen	Pell
Baker	Harris	Percy
Boggs	Hart	Randolph
Brooke	Hatfield	Ribicoff
Cook	Humphrey	Roth
Cotton	Javits	Saxbe
Curtis	Jordan, N.C.	Sparkman
Dominick	McGee	Spong
Eagleton	McGovern	Stafford
Eastland	McIntyre	Taft
Edwards	Metcalf	Tower
Gambrell	Miller	Weicker
Goldwater	Mondale	Williams
Gravel	Montoya	
Griffin	Mundt	

So Mr. ROBERT C. BYRD's amendment, as modified, was agreed to.

Mr. LONG. Mr. President, there is a proposal in the bill, a committee amendment, on which the Senate should vote. I believe this vote would be very helpful and useful to the House to decide whether or not to accept the Senate committee amendment on drugs. I refer to the committee proposal which would make maintenance drugs available under medicare. That provision runs from line 23 of page 252, through line 11, page 268 in the bill.

The PRESIDING OFFICER. Without objection, the committee amendment will be printed in the RECORD.

The committee amendment reads as follows:

COVERAGE OF DRUGS UNDER MEDICARE

SEC. 215. (a) Section 226(c)(1) of the Social Security Act (as amended by section 201 of this Act) is further amended by striking out "and post-hospital home health services" and inserting in lieu thereof "post-hospital home health services, and eligible drugs".

(b) Section 1811 of the Social Security Act is amended by inserting "and eligible drugs" after "related post-hospital services".

(c) Section 1812(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (2);

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

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

"(4) eligible drugs.".

(d) Section 1813(a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(4) The reasonable allowance, as defined in section 1823, for eligible drugs furnished an individual pursuant to any one prescription (or each renewal thereof) and purchased by such individual at any one time shall be reduced by an amount equal to the applicable prescription copayment obligation which shall be $1."

(e)(1) Section 1814(a) of the Social Security Act is amended—

(A) by striking out "and" at the end of paragraph (6);

(B) by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and"; and

(C) by inserting after paragraph (7) the following new paragraph:

"(8) with respect to drugs or biologicals furnished pursuant to and requiring (except for insulin) a physician's prescription, such drugs or biologicals are eligible drugs as defined in section 1861(t) and the participating pharmacy (as defined in section 1861(dd)) has such prescription in its possession, or some other record (in the case of insulin) that is satisfactory to the Secretary."

(2) Section 1814(b) of such Act is amended—

(A) by inserting "(1)" after "(b)",

(B) by inserting "(other than a pharmacy)" immediately after "provider of services", and

(C) by adding at the end thereof the following new paragraph:

"(2) The amount paid to any participating pharmacy which is a provider of services with respect to eligible drugs for which payment may be made under this part shall, subject to the provisions of section 1813, be the reasonable allowance (as defined in section 1823) with respect to such drugs."

(f) Section 1814 of the Social Security Act (as amended by section 227(b)(2) and 228(a) of this Act) is further amended by adding at the end thereof the following new subsection:

"Limitation on Payment for Eligible Drugs

"(j) Payment may be made under this part for eligible drugs only when such drugs are dispensed by a participating pharmacy; except that payment under this part may be made for eligible drugs dispensed by a physician where the Secretary determines, in accordance with regulations, that such eligible drugs were required in an emergency or that there was no participating pharmacy available in the community, in which case the physician (under regulations prescribed by the Secretary) shall be regarded as a participating pharmacy for purposes of this part with respect to the dispensing of such eligible drugs."

(g) Part A of title XVIII of the Social Security Act is further amended by adding after section 1819 (as added by section 214 of this Act) the following new sections:

"MEDICARE FORMULARY COMMITTEE

"SEC. 1820. (a)(1) There is hereby established, within the Department of Health, Education, and Welfare, a Medicare Formulary Committee (hereinafter referred to as the 'Committee'), a majority of whose members shall be physicians and which shall consist of the Commissioner of Food and Drugs and of four individuals (not otherwise in the employ of the Federal Government) who do not have a direct or indirect financial interest in the composition of the Formulary established under this section and who are of recognized professional standing and distinction in the fields of medicine, pharmacology, or pharmacy, to be appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service. The Chairman of the Comimttee shall be elected annually from the appointed members thereof, by majority vote of the members of the Committee.

"(2) Each appointed member of the Committee shall hold office for a term of five years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the members first taking office shall expire, as designated by the Secretary at the time of appointment, one of the end of each of the first five years. A member shall not be eligible to serve continuously for more than two terms.

"(b) Appointed members of the Committee, while attending meetings or conferences theretof or otherwise serving on business of the Committee, shall be entitled to receive compensation at rates fixed by the Secretary (but not in excess of the daily rate paid under GS–18 of the General Schedule under section 5332 of title 5, United States Code), including traveltime, and while so serving away from their homes or regular places of business they may be allowed travel expenses, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"(c)(1) The Committee is authorized, with the approval of the Secretary, to engage or contract for such technical assistance as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Committee such secretarial, clerical, and other assistance as the Formulary Committee may require to carry out its functions.

"(2) The Secretary shall furnish to the Committee such office space, materials, and equipment as may be necessary for the Formulary Committee to carry out its functions.

"MEDICARE FORMULARY

"SEC. 1821. (a)(1) The Committee shall compile, publish, and make available a Medicare Formulary (hereinafter in this title referred to as the 'Formulary').

"(2) The Committee shall periodically revise the Formulary and the listing of drugs so as to maintain currency in the contents thereof.

"(b)(1) The Formulary shall contain an alphabetically arranged listing, by established name, of those drug entities within the following therapeutic categories:

"Adrenocorticoids
"Anti-anginals
"Anti-arrhythmics
"Anti-coagulants
"Anti-convulsants (excluding phenobarbital)
"Anti-hypertensives
"Anti-neoplastics

"Anti-Parkinsonism agents
"Anti-rheumatics
"Bronchodilators
"Cardiotonics
"Cholinesterase inhibitors
"Diuretics
"Gout suppressants
"Hypoglycemics
"Miotics
"Thyroid hormones
"Tuberculostatics

which the Committee decides are necessary for individuals using such drugs. The Committee shall exclude from the Formulary any drug entities (or dosage forms and strengths thereof) which the Committee decides are not necessary for proper patient care, taking into account other drug entities (or dosage forms and strentghs thereof) which are included in the Formulary.

"(2) Such listing shall include the specific dosage forms and strengths of each drug entity (included in the Formulary in accordance with paragraph (1)) which the Committee decides are necessary for individuals using such drugs.

"(3) Such listing shall include the prices at which the products (in the same dosage form and strength) of such drug entities are generally sold by the suppliers thereof and the limit applicable to such prices under section 1823(b)(1) for purposes of determining the reasonable allowance.

"(4) The Committee may also include in the Formulary, either as a separate part (or parts) thereof or as a supplement (or supplements) thereto, any or all of the following information:

"(A) A supplemental list or lists, arranged by diagnostic, prophylactic, therapeutic, or other classifications, of the drug entities (and dosage forms and strengths thereof) included in the listing referred to in paragraph (1).

"(B) The proprietary names under which products of a drug entity listed in the Formulary by established name (and dosage form and strength) are sold and the names of each supplier thereof.

"(C) Any other information with respect to eligible drug entities which in the judgment of the Committee would be useful in carrying out the purposes of this part.

"(c) In considering whether a particular drug entity (or strength or dosage from thereof) shall be included in or excluded from the Formulary, the Committee is authorized to obtain (upon request therefor) any record pertaining to the characteristics of such drug entity which is available to any other department, agency, or instrumentality of the Federal Government, and to request suppliers or manufacturers of drugs and other knowledgeable persons or organizations to make available to the Committee information relating to such drug. If any such record or information (or any information contained in such record) is of a confidential nature, the Committee shall respect the confidentiality of such record or information and shall limit its usage thereof to the proper exercise of its authority.

"(d)(1) The Committee shall establish such procedures as it determines to be necessary in its evaluation of the appropriateness of the inclusion in or exclusion from the Formulary, of any drug entity (or dosage form or strength thereof). For purposes of inclusion in or exclusion from the Formulary the principal factors in the determination of the Committee shall be:

"(A) the factor of clinical equivalence in the case of the same dosage forms in the same strengths of the same drug entity, and

"(B) the factor of relative therapeutic value in the case of similar or dissimilar drug entities in the same therapeutic category.

"(2) The Committee, prior to making a final decision to remove from listing in the Formulary any drug entity (or dosage forms or strength thereof) which is included therein, shall afford a reasonable opportunity for a formal or informal hearing on the matter to any person engaged in manufacturing, preparing, compounding, or processing such drug entity who shows reasonable ground for such a hearing.

"(3) Any person engaged in the manufacture, preparation, compounding, or processing of any drug entity (or dosage forms or strengths thereof) not included in the Formulary which such person believes to possess the requitite qualities to entitle such drug to be included in the Formulary pursuant to subsection (b), may petition for inclusion of such drug entity and, if such petition is denied by the Formulary Committee, shall, upon request therefor, showing reasonable grounds for a hearing, be afforded a formal or informal hearing on the matter in accordance with rules and procedures established by such Committee.

"LIMITATIONS ON MEDICARE PAYMENT FOR CHARGES OF PROVIDERS OF SERVICES

"SEC. 1822. (a) Any provider of services as defined in section 1861(u), whose services are otherwise reimbursable under any program under this Act in which there is Federal financial participation on the basis of 'reasonable cost', shall not be entitled to a professional fee or dispensing charge or reasonable billing allowance as determined pursuant to this part.

"(b) A fee, charge, or billing allowance shall not be payable under this section with respect to any drug entity that (as determined in accordance with regulations) is furnished as an incident to a physician's professional service, and is of a kind commonly furnished in physicians' offices and commonly either rendered without charge or included in the physicians' bills.

"REASONABLE ALLOWANCE FOR ELIGIBLE DRUGS

"SEC. 1823. (a) For purposes of this part, the term 'reasonable allowance' when used in reference to an eligible drug (as defined in subsection (h) of this section) means the following:

"(1) When used with respect to a prescription legend drug entity, in a given dosage form and strentgh, such term means the lesser of—

"(A) an amount equal to the customary charge at which the participating pharmacy sells or offers such drug entity, in a given dosage form and strength, to the general public, or

"(B) the price determined by the Secretary, in accordance with subsection (b) of this section, plus the professional fee or dispensing charges determined in accordance with subsection (c) of this section.

"(2) When used with respect to insulin such term means the charge not in excess of the reasonable customary price at which the participating pharmacy offers or sells the product to the general public, plus a reasonable billing allowance.

"(b)(1) For purposes of establishing the reasonable allowance in accordance with subsection (a) the price shall be (A) in the case of a drug entity (in any given dosage form and strength) available from and sold by only one supplier, the price at which such drug entity is generally sold (to establishments dispensing drugs), and (B) in any case in which a drug entity (in any given dosage form and strength) is available and sold by more than one supplier, only each of the lower prices at which the products of such drug entity are generally sold (and such lower prices shall consist of only those prices of different suppliers sufficient to assure actual and adequate availability of the drug entity, in a given dosage form and strength, at such prices in a region).

"(2) If a particular drug entity (in a given dosage form and strength) in the Formulary is available from more than one supplier, and the product of such drug entity as available from one supplier possesses demonstrated distinct therapeutic advantages over other products of such drug entity as determined by the Committee on the basis of its scientific and professional appraisal of information available to it, including information and other evidence furnished to it by the supplier of such drug entity, then the reasonable allowance for such supplier's drug product shall be based upon the price at which it is generally sold to establishments dispensing drugs.

"(3) If the prescriber, in his handwritten order, has specifically designated a particular product of a drug entity (and dosage form and strength) included in the Formulary by its established name together with the name of the supplier of the final dosage form thereof, the reasonable allowance for such drug product shall be based upon the price at which it is generally sold to establishments dispensing drugs.

"(c)(1) For the purpose of establishing the reasonable allowance (in accordance with subsection (a)) a participating pharmacy, shall, in the form and manner prescribed by the Secretary, file with the Secretary, at such times as he shall specify, a statement of its professional fee or other dispensing charges.

"(2) A participating pharmacy, which has agreed with the Secretary to serve as a provider of services under this part, shall, except for subsection (a)(1)(A), be reimbursed, in addition to any price provided for in subsection (b), the amount of the fee or charges filed in paragraph (1), except that no fee or charges shall exceed the highest fee or charges filed by 75 per centum of participating pharmacies (with such pharmacies classified on the basis of (A) lesser dollar volume of prescriptions and (B) all others) in a census region which were customarily charged to the general public as of June 1, 1972. Such prevailing professional fees or dispensing charges may be modified by the Secretary in accordance with criteria and types of data comparable to those applicable to recognition of increases in reasonable charges for services under section 1842.

"(3) A participating pharmacy shall agree to certify that, whenever such pharmacy is required to submit its usual professional fee or dispensing charge for a prescription, such charge does not exceed its customary charge."

(h) Section 1861(t) of the Social Security Act is amended—

(1) by inserting ", or as are approved by the Formulary Committee" after "for use in such hospital"; and

(2) by adding at the end thereof the following new sentence: "The term 'eligible drug' means a drug or biological which (A) can be self-administered, (B) requires a physician's prescription (except for insulin), (C) is prescribed when the individual requiring such drug is not an inpatient in a hospital or extended care facility, during a period of covered care, (D) is included by strength and dosage forms among the drugs and biologicals approved by the Formulary Committee, (E) is dispensed (except as provided by section 1814(j)), by a pharmacist from a participating pharmacy, and (F) is dispensed in quantities consistent with proper medical practice and reasonable professional discretion."

(i) Section 1861(u) of the Social Security Act (as amended by section 227(d)(1) of this Act) is further amended by striking out "or home health agency" and inserting in lieu thereof "home health agency, or pharmacy".

(j) Section 1861 of the Social Security Act is further amended by adding at the end thereof the following new subsection:

"Participating Pharmacy

"(dd) The term 'participating pharmacy' means a pharmacy, or other establishment (including the outpatient department of a hospital) providing pharmaceutical services,

(1) which is licensed as such under the laws of the State (where such State requires such licensure) or which is otherwise lawfully providing pharmaceutical services in which such drug is provided or otherwise dispensed in accordance with this title, (2) which has agreed with the Secretary to act as a provider of services in accordance with the requirements of this section, and which complies with such other requirements as may be established by the Secretary in regulations to assure the proper economical, and efficient administration of this title, (3) which has agreed to submit, at such frequency and in such form as may be prescribed in regulations, bills for amounts payable under this title for eligible drugs furnished under part A of this title, and (4) which has agreed not to charge beneficiaries under this title any amounts in excess of those allowable under this title with respect to eligible drugs except as is provided under section 1813(a)(4), and except for so much of the charge for a prescription (in the case of a drug product prescribed by a physician, of a drug entity in a strength and dosage form included in the Formulary where the price at which such product is sold by the supplier thereof exceeds the reasonable allowance) as is in excess of the reasonable allowance established for such drug entity in accordance with section 1823."

(k)(1) the first sentence of section 1866(a)(2)(A) of the Social Security Act is amended by striking out "and (ii)" and inserting in lieu thereof the following: "(ii) the amount of any copayment obligation and excess above the reasonable allowance consistent with section 1861(dd)(4) and (iii)".

(2) The second sentence of section 1866(a)(2)(A) of such Act is amended by striking out "clause (ii)" and inserting in lieu thereof "clause (iii)".

(l) The amendments made by this section shall apply with respect to eligible drugs furnished on and after the first day of July 1973.

Mr. LONG. Mr. President, the committee proposed financing to cover the cost. This item would cost $700 million and it is financed within the bill. The amendment would require that the person eligible for these drugs would pay $1 and that the remainder of the cost for covered prescription drugs would be paid by the Government.

There are provisions in the bill to help control the cost of the amendment so that the cost would be reasonable.

Mr. President, I ask unanimous consent that, notwithstanding the fact that the Senate has agreed to this amendment along with other committee amendments en bloc, this amendment may be voted on, reserving the right of Senators to further amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. LONG. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 252, line 23, through line 11 on page 268. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Louisiana (Mrs. EDWARDS), the Senator from Georgia (Mr. GAMBRELL), the Senator fror Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Michigan (Mr. HART), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Wyoming (Mr. McGEE), the Senator from South Dakota (Mr. McGOVERN), the Senator from New Hampshire (Mr. McINTYRE), the Senator from Montana (Mr. METCALF), the Senator from New Jersey (Mr. WILLIAMS), the Senator from Minnesota (Mr. MONDALE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PELL), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Alabama (Mr. SPARKMAN), and the Senator from Virginia (Mr. SPONG) are necessarily absent.

I also announce that the Senator from Wyoming (Mr. McGEE) and the Senator from North Carolina (Mr. JORDAN) are absent on official business.

I further announce that, if present and voting, the Senator from Minnesota (Mr. HUMPHREY), the Senator from New Hampshire (Mr. McINTYRE), the Senator from Minnesota (Mr. MONDALE), the Senator from Rhode Island (Mr. PELL), the Senator from West Virginia (Mr. RANDOLPH), and the Senator from Connecticut (Mr. RIBICOFF) would vote "yea."

Mr. SCOTT. I announce that the Senators from Colorado (Mr. ALLOTT and Mr. DOMINICK), the Senator from Tennessee (Mr. BAKER), the Senator from Delaware (Mr. BOGGS), the Senator from Massachusetts (Mr. BROOKE), the Senator from Kentucky (Mr. COOK), the Senator from New Hampshire (Mr. COTTON), the Senator from Nebraska (Mr. CURTIS), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Florida (Mr. GURNEY), the Senator from Wyoming (Mr. HANSEN), the Senator from Oregon (Mr. HATFIELD), the Senator from New York (Mr. JAVITS), the Senator from Iowa (Mr. MILLER), the Senator from Illinois (Mr. PERCY), the Senator from Delaware (Mr. ROTH), the Senators from Ohio (Mr. SAXBE and Mr. TAFT), the Senator from Vermont (Mr. STAFFORD), the Senator from Texas (Mr. TOWER), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Massachusetts (Mr. BROOKE), the Senator from Delaware (Mr. BOGGS), the Senator from Kentucky (Mr. COOK), the Senator from Nebraska (Mr. CURTIS), the Senator from Iowa (Mr. MILLER), the Senator from Illinois (Mr. PERCY), and the Senator from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 54, nays 0, as follows:

[No. 489 Leg.]

YEAS—54

Aiken	Bible	Cannon
Allen	Brock	Case
Bayh	Buckley	Chiles
Beall	Burdick	Church
Bellmon	Byrd, Harry F., Jr.	Cooper
Bennett	Byrd, Robert C.	Cranston
Bentsen		Dole
Ervin	Long	Scott
Fannin	Magnuson	Smith
Fong	Mansfield	Stennis
Fulbright	Mathias	Stevens
Hartke	McClellan	Stevenson
Hollings	Moss	Symington
Hruska	Nelson	Talmadge
Hughes	Packwood	Thurmond
Inouye	Pastore	Tunney
Jackson	Pearson	Young
Jordan, Idaho	Proxmire	
Kennedy	Schweiker	

NAYS—0

NOT VOTING—46

Allott	Gurney	Muskie
Anderson	Hansen	Pell
Baker	Harris	Percy
Boggs	Hart	Randolph
Brooke	Hatfield	Ribicoff
Cook	Humphrey	Roth
Cotton	Javits	Saxbe
Curtis	Jordan, N.C.	Sparkman
Dominick	McGee	Spong
Eagleton	McGovern	Stafford
Eastland	McIntyre	Taft
Edwards	Metcalf	Tower
Gambrell	Miller	Weicker
Goldwater	Mondale	Williams
Gravel	Montoya	
Griffin	Mundt	

So the committee amendment was agreed to.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that Mr. Howard Marlowe of my staff be accorded the privilege of the floor during the consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. HARTKE. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE's amendment is as follows:

At the end of Title II of the bill, add the following new section:

CHRONIC RENAL DISEASE CONSIDERED TO CONSTITUTE DISABILITY

(a) Section 201 of the bill is amended by adding at the end thereof the following new proposals.

(e) Notwithstanding the foregoing provisions of the section, every individual who

"(1) has not attained the age of 65;

"(2) (A) is fully or currently insured (as such terms are defined in section 214 of this Act), or (B) is entitled to monthly insurance benefits under title II of this Act, or (C) is the spouse or dependent child (as defined in regulations) of an individual who is fully or currently insured, or (D) is the spouse or dependent child (as defined in regulations) of an individual entitled to monthly insurance benefits under title II of this Act; and

"(3) is medically determined to have chronic renal disease and who requires hemodialysis or renal transplantation for such disease shall be deemed to be disabled for purposes of coverage under Part A and B of Medicare subject to the deductible premium and co-payment provision of Title 18.

(f) Medicare eligibility on the basis of chronic kidney failure would begin with the sixth month after the month of onset of chronic kidney failure and would end with the 12th month after the month in which the person has a renal transplant.

(g) the Secretary is authorized to limit re-imbursement under Medicare for kidney transplant and dialysis to kidney disease

treatment centers which meet such requirements as he may by regulation prescribe.

"(1) such requirements much include at least requirements for a minimal utilization rate for covered procedure and for a medical review board to screen the appropriateness of patients for the proposed treatment procedures.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that time on this amendment be limited to 30 minutes, to be equally divided between and controlled by the mover of the amendment and the manager of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, my amendment is cosponsored by myself, the distinguished chairman of the Finance Committee (Mr. LONG), and the distinguished Senator from North Dakota (Mr. BURDICK). I ask unanimous consent that the name of Senator BURDICK be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, this amendment creates a program to aid those Americans suffering from chronic kidney disease.

Ours is a highly advanced society. We spend billions of dollars each year to go from home to work, from coast to coast from one continent to another, and from earth to space. Tens of billions of dollars are spent on weapons to kill, on cosmetics to make us look pleasing, and on appliances to make our lives easier. We do all of this, but when it comes to maintaining our health, we revert to the primitive values and attitudes of the distant past.

Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. HARTKE. In what must be the most tragic irony of the 20th century, people are dying because they cannot get access to proper medical care. We have learned how to treat or to cure some of the diseases which have plagued mankind for centuries, yet these treatments are not available to most Americans because of their cost. An extension of this irony is that medical research has produced two proven life-saving therapies for terminal kidney patients but only a small percentage of these people now receive them.

Mr. President, more than 8,000 Americans will die this year from kidney disease this year because they cannot afford an artificial kidney machine or a kidney transplant. These will be needless deaths—deaths which should shock our conscience and shame our sensibilities.

What are we to say to these 8,000 people? How do we explain that the difference between life and death is a matter of dollars? How do we explain that those who are wealthy have a greater chance to enjoy a longer life than those who are not? These are difficult questions to ask; they are even more difficult to answer.

Mr. President, we can begin to set our national priorities straight by undertaking a national effort to bring kidney disease treatment within the reach of all those in need.

Each year, about 8 million Americans are afflicted with kidney diseases, the fifth leading cause of death in this country. Diseases of the kidneys and diseases affecting these organs rank among the major ailments which undermine or destroy good health. The insidious nature of kidney diseases is reflected in the fact that many people who harbor infectious organisms in their urinary tract will have no warning of their disease until kidney damage is beyond repair. Of the nearly 8 million new victims each year, about 2.8 million suffer from hypertensive renal cardiovascular diseases causing 35 percent of deaths from kidney disease; about 2 million suffer from infectious diseases causing 18 percent of the deaths; and about 3 million suffer other diseases such hypersensitivity, calculi, urinary abnormalities, and other ailments causing 26 percent of the deaths.

In terms of indirect costs of mortality—lost future income—kidney disease is the highest ranking killer, costing the country $1.5 billion annually. Additionally, more than $1 billion has to be spent each year for hospital and nursing home care, professional services, and drugs. Surprisingly, this amount exceeds the annual medical services costs for maternity care, or for all forms of cancer.

Mr. President, I now ask unanimous consent that the names of the Senator from Florida (Mr. CHILES) and the Senator from Kansas (Mr. DOLE) be added as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, the pending Hartke-Long-Burdick-Chiles-Dole amendment is an important breakthrough for patients suffering from chronic kidney disease. It states quite simply, that for purposes of the definition of disability under the Social Security Act, persons with chronic renal disease who are receiving dialysis or other life-saving treatment will be considered disabled.

The people who will benefit from this amendment are people who are unable to work at the previous occupation on a full-time basis and who are unable to bear the staggering cost of dialysis.

Approximately 55,000 Americans are now suffering from chronic renal disease. Twenty to 25,000 of these people are prime candidates for dialysis or other life-saving kidney treatment. Of these people, less than one-third have any insurance coverage of their own, and most of these people have coverage for no more than 2 years.

The cost of dialysis is $22 to $25,000 per year per patient in a hospital; $17 to $20,000 in a hospital-related dialysis center; and $19,000 in the first year of home dialysis with a subsequent cost of about $5,000 per year. There is substantial evidence available, however, indicating these costs will continue to go down each year with new advances in the technology of artificial kidney care.

Perhaps more exciting is the remarkable success that transplant surgeons are having with kidney transplants. It is estimated that over 2,000 transplant procedures will be performed this year in the United States. Of these, 85 percent will be considered successful. It is also important to point out that the 15 percent rejection rate means kidney mortality and not human mortality. These people are placed back on the artificial kidney machine to await another tissue-typing for another transplant. At the present time, the average costs of a transplant are $15,000. Again, we can look at the substantial reductions in the cost of transplantation. For example, Dr. Sam Kountz, a transplant surgeon at the University of California has reduced his costs to $8,000 per transplant or no more than any major surgical procedure.

Sixty percent of those on dialysis can return to work but require retraining and most of the remaining 40 percent need no retraining whatsoever. These are people who can be active and productive, but only if they have the lifesaving treatment they need so badly.

I might point out, also, that this amendment eliminates an inequity in the current law, because the present provisions says that if a kidney patient goes on the dialysis machine, he is no longer considered disabled. In other words, if he is disabled, he can receive the Medicare payments and the disability payments; but if he goes on the dialysis machine, he no longer can draw the payments. So he has to make the choice: He can receive treatment and lose his disability payments or he can get off the machine and die, and that is a rather fatal distinction.

Final cost estimates for this vital amendment are now being worked out. Preliminary estimates indicate an annual cost of approximately $250 million at the end of 4 years with the first full-year cost at about $75 million.

It is possible that these costs could be covered by the slight actuarial surplus in the hospital insurance trust fund and the slight reduction in costs now estimated for the regular medicare program for the disabled. However, if it is finally determined—and I think it can be, before these considerations of H.R. 1 are concluded—that a medicare tax increase of a small amount is necessary, it would be quite normal.

When the actuaries complete their work, and if they indicate the need for an increase in the medicare tax, I would be more than glad to propose a further amendment to that effect in the interest of responsible legislating.

The need for this amendment is urgent. We will do what is required to pay these costs.

That is what the pending amendment provides—a chance for thousands of Americans to remain alive and be productive. The $90 to $110 million that this amendment will cost each year is a minor cost to maintain life. And it is a minor cost when compared to the rewards which society will reap from people who can return to the workforce rather than wither and die.

I think this is one instance in which medical technology has given its blessing to a wonderful Nation, and what we need now is to implement this blessing, to make sure that the amendment is adopted.

Mr. President, I ask unanimous con-

sent to have printed in the RECORD an article entitled "Fact and Fiction About the Artificial Kidney Machine," which I think will be informative not only to this body but also to those individuals who are now or potentially may be affected with kidney disease; a statement by the National Kidney Foundation, which points out that the Nation's fourth biggest killer—that is, kidney disease—is at the bottom of the list of those which receive funds at the present time from private sources; and an article published in the New York Times, written by Lawrence K. Altman, from Seattle.

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

FACT AND FICTION ABOUT THE ARTIFICIAL KIDNEY MACHINE

FICTION

Artificial kidney machines are scarce and hard to get

Contrary to popular belief, there is no shortage of artificial kidney machines. There is sufficient manufacturing capacity to produce any number which can be put to use.

Artificial kidney machines are very expensive

Artificial kidney machines cost no more than the average new or used car. The price range for different makes of commercially produced artificial kidney machines is from $1,800 to about $6,000. One of the "models" in common use costs less than $1,800.

FACT

Artificial kidney machines can now be rented

Artificial kidney machines now are available for rental at a reasonable monthly charge.

FICTION

There is an artificial kidney machine being developed which is as small as a can of soup or a small radio

Despite the newspaper stories which appear from time to time about a "minikidney" or a portable kidney, no can-of-soup size or portable artificial kidney has been developed. People sometimes refer to a part of the machine as "the artificial kidney", but complete artificial kidney machines are about the size of a home automatic washing machine.

The artificial kidney functions precisely like a regular kidney

Despite the fact that the artificial kidney is a medical miracle, it still is only a gross substitute for the normal human kidney, taking over only the kidneys' excretory function. The normal kidney not only cleanses the blood and produces urine, but serves as a primary regulator of blood pressure, produces a variety of important hormones, and even returns some chemicals and other substances to the blood stream.

FACT

The artificial kidney machine cleanses the patient's blood

Using a surgically constructed connection of a vein and artery under the skin of the arm or leg or a teflon "U" shaped "shunt" connecting a vein and artery and coming out through the skin, the patient's blood stream is continuously channeled through the machine on one side of a special membrane. A dialyzing fluid on the other side of the membrane removes toxins by a process in which certain molecules pass through membranes in a predictable way.

FICTION

The artificial kidney machine is used only on patients whose kidneys have shut down permanently

Although this is the most publicized use of this miraculous machine, it is also used following surgery to assist the patient's own kidneys; in poison and overdose cases to hasten the excretion of a damaging toxic substance; in severe burn cases and in many other medical emergencies. The machine is used during such emergencies for one or several treatments. Patients who have such temporary renal shut-down usually regain normal kidney function when the causative problem is resolved. In the meantime, however, they need the artificial kidney to pull them through the renal shut-down crisis.

FACT

Patients on the artificial kidney machine are treated three times each week

Most patients on chronic dialysis treatment are treated three times each week and from four to twelve hours each time, depending upon the type of artificial kidney used. Some patients can be sustained on treatments once or twice a week, but most patients do better when treated at least three times a week.

Patients can sleep, read, watch television during treatment on the artificial kidney machine

The patient is usually in a relaxing chair or in bed during treatment. Many use this time to catch up on sleep. Some read or conduct other activities of a sedentary nature.

Treatments on the artificial kidney machine are complicated and sometimes uncomfortable

Treatment by means of this artificial organ is not simple. It involves sending the patient's entire blood supply through a machine over and over again for a number of hours, while maintaining proper blood pressure, blood temperature, and chemical balance. At times patients have uncomfortable side effects during treatment. The alternative, however, is death. A relaxed attitude on the part of the patient often means more comfortable and more effective treatment.

FICTION

Artificial kidney machines are delicate mechanisms which can get out or order easily

Artificial kidney machines in general use today are more rugged than an automobile and can take a lot of punishment. Some artificial kidney machines have been in use for more than 15 years. They require no more servicing than the usual home television set. Most manufacturers provide service for the artificial kidney machines they sell although some are better equipped and staffed for this purpose.

FACT

Patients can be treated by the artificial kidney machine in their own homes

About half of the patients on the artificial kidney are being treated in their own homes by their own relatives, following suitable training in a medically supervised dialysis center.

Less than 10 to 15% of the patients whose lives could be saved by the artificial kidney are receiving this treatment

A cumulative total of 40,000 to 60,000 patients are suitable candidates to be kept alive on the artificial kidney. Fewer than 7,000 are being given this treatment. "The rest are simply left to die," in the words of the late Congressman John Fogarty.

FICTION

With kidney transplants becoming more successful, there soon will be no need for artificial kidney machines

The growing success of kidney transplantation will increase the need for artificial kidney machines; to get the patients into good enough condition to withstand the surgery; to keep them alive while waiting for a donor kidney; to maintain life if the transplanted kidney should fail or be "rejected" after transplantation.

Artificial kidney patients are invalids, incapable of living a normal life

Although many patients go through periods when they are not well, especially during the early phase of their treatment, most can conduct generally normal lives once their condition becomes stabilized. They can get about, go to work, drive, travel, raise families, do housework, and pursue their usual activities.

FACT

There is a shortage of doctors and trained dialysis staff to treat patients with the artificial kidney machine

Physicians who are willing to devote their time exclusively to the treatment of patients who need the artificial kidney machine are still in short supply. The same applies to trained dialysis supporting staff. Hospitals are reluctant to commit precious space to this long-term patient treatment modality. Home dialysis and ambulatory dialysis centers outside of hospitals are relieving the pressure, and other novel solutions are being developed. Organizations such as the Kidney Foundation are active in helping to devise innovative solutions to the dialysis manpower problem.

FICTION

Treatment on the artificial kidney machine is more expensive than other medical treatment

Treatment on the artificial kidney machine varies in cost from $3,000 a year to $10,000 or $12,000, but can cost as much as $30,000 depending, in addition to other factors, upon whether the treatments are given at home, in a hospital or in an ambulatory dialysis center. At the lower end of the cost scale, this life-saving treatment is less expensive than psychiatric treatment, for example, or the cost of some surgical procedures. Financial help is available to many through medical insurance, state rehabilitation agencies, military dependents' insurance, VA, and other private or public sources.

FACT

The artificial kidney machine is now a recognized treatment method among doctors

Although there was controversy over this unusual treatment some years ago, it is now an accepted means of treating patients in chronic renal failure and in many acute situations where the kidneys need temporary help.

FICTION

Anyone can buy an artificial kidney machine

Artificial kidney machines require medical training and supervision. Only a doctor trained in dialysis is qualified to select the particular make of machine to match a patient's or an institution's needs and for this reason no equipment should be purchased for a patient or an institution without consulting a physician who is trained to evaluate the equipment needed. Responsible manufacturers consider these machines a "prescription item," and they are provided to patients only on doctors' orders.

FACT

Since many artificial kidney patients are being treated at home by their own relatives, life-threatening mistakes are possible

As with driving an automobile, operator errors are possible both during home dialysis and when treatment is performed in a hospital. Some of these errors can be serious, even fatal. However, most of the artificial kidney machines used in home dialysis are protected against most operator errors through a number of fail-safe automatic shutdown devices and light-buzzer alarms. These safeguards along with careful training, should prevent operator error.

FICTION

The highly publicized community patient selection committee is the best way to pick the patients who should be treated by the artificial kidney machines

Optimally, treatment facilities should be adequate so that this life-saving procedure can be available to everyone who could benefit. Under such circumstances there would be no need for a community committee to "play God" by deciding who shall live and who shall die. Selection would become a purely medical decision as it should be. Few Patient Selection Committes are still in use. Most artificial kidney patients are being selected these days on the basis of medical criteria.

Patients on the artificial kidney machine live only a short time

Clyde Shields, the first chronic dialysis patient in this country, lived for more than 13 years after he began treatment, and died recently of a heart attack, apparently unrelated to his artificial kidney treatment. As treatment methods improve, a greater and greater number of artificial kidney patients are living for a long time. Many hemodialysis patients living today have been under treatment for years. However, as with any serious ailment, some of these patients do succumb, especially during the initial stages of treatment and before the end of the first year.

FACT

Patients can be given artificial kidney treatment outside of hospitals

Less than half of the chronic dialysis patients are being treated in hospitals. The rest are being treated at home, with a family member trained to help, and in dialysis centers, most of which are associated with hospitals but are not located in the hospital. There are even mobile dialysis vans in several areas, bringing the treatment to the patient, but this is still somewhat experimental.

The artificial kidney machine does not cure kidney failure

The artificial kidney is not a cure for kidney failure. It substitutes for kidney function but has no curative value. Once a patient's kidneys have ceased to function permanently, they will not resume their function no matter how many artificial kidney treatments are given. (Remember that some patient's kidneys have stopped functioning only temporarily, and these patients may be given a few artificial kidney treatments to tide them over until their own kidneys start to function again.) Therefore, chronic artificial kidney patients must be given dialysis treatment for the rest of their lives, *unless* the patient receives a kidney transplant from a living or deceased human donor. However, only certain patients are suitable for such transplants, and donor kidneys are exceedingly rare. (For further information about kidney transplants, ask for "Fact and Fiction About Kidney Transplant.")

THE NATION'S FOURTH BIGGEST KILLER IS AT THE BOTTOM OF THIS LIST

Amount raised (in millions)

1. American Cancer Society	$65.2
2. American Heart Association	44.2
3. Nat'l. TB & Respiratory Disease Assn	40.0
4. March of Dimes	24.7
5. National Easter Seal Society	24.5
6. Nat'l. Assn. for Retarded Children	20.5
7. Planned Parenthood Federation of America	17.0
8. United Cerebral Palsy Assn., Inc.	13.7
9. National Assn. for Mental Health	10.7
10. Muscular Dystrophy Assns. of America	10.2
11. The Arthritis Foundation	8.4
12. Nat'l. Multiple Sclerosis Society	8.2
13. American Foundation for the Blind	5.0
14. National Cystic Fibrosis Research Foundation	5.0
15. Epilepsy Foundation of America	33.0
16. National League for Nursing	3.2
17. National Council on Alcoholism	2.9
18. Leukemia Society of America	2.8
19. National Kidney Foundation	2.6

Everyone knows something about cancer and heart disease.

But few realize that 8 million people in this country have kidney disease. That it kills more people each year than automobile accidents. That we even have some of the answers, but that thousands will die just because we don't have enough money to use them.

And because so few people realize how serious kidney disease is, we're only number 19 on the list of contributions.

[From the New York Times, Oct. 24, 1971]

ARTIFICIAL KIDNEY USE POSES AWESOME QUESTIONS

(By Lawrence K. Altman)

SEATTLE, October 23.—Ernie Crowfeather, a bright, charming, part American Indian with a history of personal instability and brushes with the law, died recently at the age of 29 after refusing further life-supporting therapy.

By what was regarded as a suicide, Ernie averted the frightening possibility that his doctors would have had to purposely turn off for lack of funds and because of his irresponsibility, the artificial kidney that for two years had kept him alive on public money totaling $100,000.

His case was extreme, but he shared some of the problems of a growing number of Americans who are living on artificial kidneys and machines such as heart pacemakers and respirators. Others survive because technology has provided expensive long-term treatments such as those that prevent hemophiliacs from bleeding to death.

Yet because American society is now being forced to set priorities on its expenditures, the limited funds allocated for the saving of human lives have put many such decisions on a competitive basis. Expenditure of public funds to treat one adult on the artificial kidney must be balanced, for example, against their use to treat or prevent other diseases in several children. In the process, health experts say that many kidney patients are dying because they have no money to pay for expensive life-sustaining care.

For a host of reasons, the Seattle physicians who did the early work on artificial kidney treatment said that Ernie Crowfeather's case dramatically illustrated all the * * * scians encountered when they prescribed expensive modern medical techniques to prolong life.

During his two years on the artificial kidney. Ernie's case raised virtually every awesome question that could come up in the application of such costly sophisticated medical care for a person with a devastating illness—questions, basically, of who can be saved and who must die.

SOME OF THE QUESTIONS

Some of the questions doctors said, could arise in similar, less unusual instances. Yet many of the questions are not new. More than a decade after regular artificial kidney treatments were first begun here, an endless series of seemingly unanswerable questions still hound doctors and society.

With many more Americans dying every day from kidney disease than there are positions available for them in artificial kidney or transplant programs, how does one select those patients whose lives are to be spared? On what basis should doctors and society decide who gets the expensive treatments?

Precisely which members of society have the power and responsibility to decide who shall live and who shall die? What is the legal status of such decisions?

Once the decision is made, how can those kidney ravaged patients who are denied artificial kidney treatments or kidney transplants accept death gracefully?

Even for those selected as good candidates—medically and as responsible members of society—who pays?

Once therapy has begun, how can medical authorities reverse a decision to use a life-extending machine without fearing a potential charge of murder if the patient refuses to fully cooperate in his own treatment and if such refusal causes medical complications that raise costs to astronomical levels?

If therapy must be stopped because a patient's funds have been depleted, who must face the horrendous task of turning the machine off? What legal consequences might result for that individual or group of people?

Should society continue to support expensive life sustaining devices for patients who are convicted of criminal acts? If not whose responsibility is it to make the decision to stop treatment?

PROBLEMS DEVELOPED

As Ernie's case unfolded, each of these questions led to a dilemma.

Ernie Crowfeather, half-Sioux, half-Caucasian, was said to be a charmer, affable, a great lover and a thief whose criminal record had begun long before his kidneys failed. None of his friends, relatives and physicians interviewed since his death said they knew why Ernie robbed, passed bad checks and experimented with drugs like LSD.

One of his psychiatrists described Ernie as a typical sociopath, so inadequately prepared to handle the world on his own that he arranged to be admitted to prisons and reformatories as places of shelter and protection.

In 1969, because Ernie had developed acute kidney failure, he entered the University of Washington Hospital, the teaching institution of the state-supported medical school for artificial kidney treatment. The artificial kidney cleansed his body of the toxic chemicals that are normally eliminated in the urine.

KNEW LITTLE OF BACKGROUND

Between treatments, his doctors disconnected the artificial kidney from a tube in his body so he could leave the hospital to join his friends in the world that he said had rejected him because of his Indian background—a heritage about which his family said he knew little.

His doctors eventually discovered that he

had a mysterious, incurable kidney disease, the complications of which made it extremely difficult to treat him with an artificial kidney. With Ernie's permission he was given a kidney transplant—a kidney was removed from a dead person and surgically placed in his body—but within a year the body had rejected the transplanted organ, probably because he had not taken his medicines properly.

Once again, Ernie began thrice-weekly treatments on the artificial kidney, this time at home. But his personality could not cope with the routine that is needed to live on the artificial kidney, it was said, and the machine that they placed in his home had to be removed despite many demonstrations of its proper us. Instead, Ernie was again treated in a hospital, which is much more expensive than home therapy.

HOME TREATMENT FAVORED

Many kidney experts favor home treatment because the manpower and physical facilities, not the machines, are what make artificial kidney therapy expensive. It costs up to $36,000 a year for thrice weekly treatments in profit-making hospitals and kidney centers and $21,000 in the non-profit Northwest Kidney Center here.

Researchers have had great success in reducing the costs of artificial kidney therapy by treating the patient in his home rather than the hospital. Kidney experts here say that after an investment of $10,000 to buy the machine and train the patient, the cost averages $3,500 a year to treat him at home where the patient and his family provide the manpower.

Nevertheless, experts like Dr. Belding H. Scribner say that many patients with kidney disease who could be saved are dying for lack of treatment. Each year 7,000 Americans, many in the prime of their lives, reach the point where their kidney disease will kill them without a transplant or the artificial kidney. If all Americans who needed it got such therapy, Dr. Scribner said the total would eventually stabilize at 50,000 people.

FIFTEEN PERCENT GET THERAPY

Yet, Dr. Scribner said that just 6,700 Americans, 14 per cent of this total, are living today on transplants or artificial kidneys.

"We're simply not coming close to meeting the need," Dr. Scribner said.

Accordingly, Dr. Scribner said that inertia existed among physicians who know chances are one in seven that their patient can get such expensive therapy; the treatment can wipe out the savings of any middle-class American family.

"When chances are so slim, physicians would rather not raise false hopes for the patient and his family," Dr. Scribner said, and went on:

"Expensive treatments like this [artificial kidney] aren't going to work if to be eligible for state aid you have to sell your house and give up your job. The payment issue has caused some of us to redefine the term medical indigency."

Dr. Scribner winced as he pointed out that in some states patients have refused treatment, thereby committing suicide, rather than become paupers in order to qualify for public financial assistance. He said that Washington and Maryland had redefined medical indigency to avoid such a possibility.

COMMITTEE APPROACHED

Ernie Crowfeather, unemployed and without insurance, appealed to the anonymous committee at the Northwest Kidney Center here that has the legal power to decide who shall get the funds that keep Washington's kidney disease patients alive. Center officials said that they assure lifetime support for 90 per cent of the applicants each year.

However, because of Ernie's lack of cooperation his doctor said he had developed an unending series of medical complications that made artificial kidney treatments so costly—about eight times that of the average patient. Accordingly, center officials said that his support would have deprived too many others of a chance at the therapy.

"Ernie Crowfeather would be an unsuccessful dialysis [artificial kidney] patient due to medical and emotional instability. Medical, psychiatric and social worker opinions reveal little hope for successful reform and indicate a high probable inability to manage home dialysis," the committee said in rejecting his application for a second time.

After the kidney center's rejection, people who had never met Ernie previously, but who had learned about his case from the hospital staff, went outside the system and began an emergency life-and-death appeal to the public for funds.

SOCIAL WORKER COMMENTS

"I just couldn't understand how the doctors were going to pull the plug on this character and let him go, no matter who he was," said Peter Schnurman, a social worker for a philantropic organization here. So he and Mrs. Elizabeth Morris of the Indian Center helped to start a drive to raise $20,000 beyond the $80,000 already spent to keep Ernie alive. Less than a year later, knowing the $20,000 was gone and telling friends that he had muffed his chance, Ernie disappeared from the hospital for the last time.

While he stayed away, hospital physicians and administrators held several meetings, never able to make firm decisions about their course of action in the event that he returned.

Should they continue to treat Ernie on the artificial kidney and at whose expense, they asked each other. If not, which doctor would stop these treatments and on what grounds?

The decisions never had to be made. Ernie stayed away until he died two weeks later in Ellensburg, a town about 100 miles from Seattle where no artifical kidney exists.

Some doctors said privately that if Ernie had come back they would have stopped the treatment, not only because he had been uncooperative but also because he had said his life was miserable.

Hospital administrators said they would not have permitted such a decision to have been made without approval from the state's higher officials. Everyone said they feared a court challenge because there apparently are no legal precedents for doctors stopping life-sustaining therapy in the case of a physically fit ambulatory patient.

IS PROTECTION POSSIBLE?

If physicians are forced to turn off the machine on an uncooperative active patient, could state legislatures or courts protect the doctors and hospital officials by backing up their decisions, provided that they had been thoroughly discussed with family members beforehand?

Some physicians say the decision is so complex that society, not just doctors, must decide. Other doctors say they fear a charge of murder if they stop therapy on a patient like Ernie.

If society considers it suicide for a patient like Ernie to die as he did by refusing life-supporting therapy, then, by the same logic, the doctors say, it must be murder for physicians to deliberately turn off these machines.

As Dr. Scribner concluded:

"You can't call it suicide on one hand and not call it murder on the other—you can't have it both ways. That's a new issue of fundamental importance that these magnificent medical advances have raised and that society must now face squarely."

Mr. DOLE. Mr. President, will the Senator yield?

Mr. HARTKE. I yield to the distinguished Senator from Kansas, who is a cosponsor of the amendment.

Mr. DOLE. Mr. President, I say to the Senator from Indiana that I am pleased to join in sponsoring this amendment. It deals with a subject in which the Senator from Kansas has a rather personal interest. He has a somewhat higher awareness than perhaps some people of the importance of kidney disease and kidney injuries, because I have lived quite well for the past 25 years with only one. I understand quite clearly the importance of having at least one in good working order and have a rather close-at-hand appreciation for the dangers and burdens of kidney disease and injury.

As the Senator from Indiana has pointed out the occurrence of major kidney disease or injury can inflict tremendous medical and financial burdens on individuals and their families. These burdens are frequently reduced to basic life and death questions.

The problems know no barriers of race, geography, age, or sex. They are widespread, and the experiences of many of my Kansas constituents have clearly demonstrated the need for concentrated action to be taken to meet these needs. And as the Senator has pointed out quite clearly, there is a need.

I think that the one reservation—that could be raised to the amendment is in approaching some of these catastrophic illnesses on a piecemeal basis rather than on a broad basis. But I firmly believe that the Senator from Indiana's amendment is at least a step in the direction that will bring about some much needed progress.

I support the amendment and am pleased to join the Senator as a cosponsor.

Mr. HARTKE. Mr. President, I am delighted to have the support of the distinguished Senator from Kansas. I did not know of the personal interest he had. For any family who has had this problem, it is one which is very touching.

Mr. JACKSON. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. JACKSON. Mr. President, I commend the Senator from Indiana and the Senator from Kansas for sponsoring this amendment.

We in the Northwest are very proud that the first kidney machine was put together at the University of Washington Medical School, under the leadership of Dr. Belding Scribner.

As the able Senator from Indiana has pointed out, the current cost is roughly $22,000 per year per patient. The cost initially was more than $30,000 per year per patient. They are now lowering the cost. There is now a home kidney machine, the cost of which has been reduced to under $10,000 per year.

I think it is a great tragedy, in a nation as affluent as ours, that we have to consciously make a decision all over America as to the people who will live and the people who will die. We had a committee in Seattle, when the first series of kidney machines were put in operation, who had to pass judgment on who would live and who would die. I believe we can do better than that. We

have patients who have been on the machine for more than 10 years and are leading normal lives.

So I would hope that we would make an effort here, at least a beginning, to approve the amendment, so that we can do better than we have done heretofore.

Mr. HARTKE. I thank the distinguished Senator from Washington.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. MAGNUSON. I am familiar with what my colleague has said. As a matter of fact, at one time they wanted me to be on the committee that would dip into the fishbowl to pick out the names. I said, "No, thank you"; I did not want it.

We do have in the HEW bill which is now before the Senate a substantial increase in funds, not only for transplant but also for kidney machines. If a transplant does not work—they have been fairly successful—there is no place for the fellow to go after that but on a machine. That adds to the problem, because more and more transplants are being undertaken. The percentage is getting better and better.

So the Senator's amendment would complement what we are doing in the HEW bill to increase the availability.

My colleague from Washington mentioned that from the beginning, when Dr. Scribner put together the first machine, it cost a great deal of money, but we are reducing the cost. The testimony was that they are hopeful of getting the cost of home treatments down to $5,000 or $6,000 a year. The problem has been—and the Senator's amendment will be helpful—not so much in getting the cost of the machines down, which they are doing by engineering and medical research, but in getting trained people to know how to use the machines on those who need them. A person cannot do it by himself.

So in the HEW bill we are encouraging, in the rehabilitation services and in training, the teaching of not only medical auxiliaries that will know how to do it but even a brighter spot on the horizon in this terrible matter before us—say a man needs a kidney treatment, his wife can now go to one of the places in the hospital, like a nursing place, and find out how to do it, or vice versa. That is being done.

I compliment the Senator.

The PRESIDING OFFICER (Mr. JACKSON). The time of the Senator from Indiana has expired.

The Senator from Louisiana has 15 minutes.

Mr. HARTKE. Mr. President, I ask unanimous consent to extend the colloquy for another 5 minutes.

Mr. BENNETT. Mr. President, does that mean 5 minutes to each side?

Mr. HARTKE. To each side, yes.

All I want is to permit other Senators to make a statement. I have none.

Mr. BENNETT. I will be happy to yield 5 minutes of my time, if that will be satisfactory.

Mr. HARTKE. So far as I know, it will be. I just do not wish to shut off any other Senator from making a statement.

The PRESIDING OFFICER. The Chair states that the distinguished Senator from Florida (Mr. CHILES) wishes to make a statement.

Mr. BENNETT. I have control of the time in opposition, and I yield 5 minutes to the Senator from Indiana (Mr. HARTKE) so that he may discuss this matter with the Senator from Florida.

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Florida?

Mr. HARTKE. I yield.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. CHILES. Mr. President, I thank the Senator from Indiana and the Senator from Utah for yielding me this time. I associate myself with the remarks made by the distinguished Senator from Indiana, the Senator from Kansas, and the two Senators from Washington. I am delighted to be a cosponsor of the amendment.

I happen to be honorary chairman of the Florida Kidney Foundation, Inc., in the State of Florida for this year. In that connection, I have some knowledge of what the Senator is working on. Certainly this is going to be a far-reaching amendment. As the Senator from Washington pointed out, in this country with so much affluence, to think there are people who will die this year merely because we do not have enough of these machines and do not have enough dollars, so that we do have to make the choice of who will live and who will die, when we already know we have a good treatment that can succeed and keep these people alive, while we are working out other improvements in transplants, finding cures, and everything else necessary. This should not happen in this country. But we have come a long way.

I want to ask the Senator, as I listened to his explanation and his point about disability, how would that affect a child? How would that affect someone under the age of 21?

Mr. HARTKE. The amendment would provide for extension of this kind of treatment not only for the wife but also for the children. It provides for complete coverage in line with the approach of the distinguished chairman of the Finance Committee, Mr. LONG, regarding catastrophic illnesses

Mr. CHILES. This amendment, then, would consider a child as being disabled and eligible for treatment regardless of the fact that the father was working, because of the tremendous expense involved.

Mr. HARTKE. That is exactly right, and this explains the necessity for this amendment being drawn in this fashion, rather than in some other fashion.

Mr. CHILES. I am delighted to hear that the Senator's amendment provides complete coverage.

Mr. HARTKE. I want to thank the Senator and make it clear that at this time there is no difficult problem as to the availability of the machines, nor as to the availability of sufficient treatment as indicated by the Senator from Washington. There is one machine that is 13 years old, and still alive is one person of that original group who went on that first machine. So, for those who want to know how long it will prolong life, all I can say is that we do not yet know its full potential.

In this field, the distinguished Senator from Louisiana (Mr. LONG) has been a long-time advocate dealing with the problems of catastrophic illnesses. This is one area for an effective means and an effective method. It certainly is not a cure-all, nor is it a solution for all of catastrophic illnesses, or the cases on which he has devoted so much of his time, but it is one on which we can have some unanimity of understanding as to the approach to a solution which will be good for everyone.

Mr. BENNETT. Mr. President, I yield myself such time as I may require.

I am under no illusions. When yesterday the Senate voted $2.5 billion for eyeglasses, hearing aids, and foot massages, there is no question about the fact that the Senate is about to vote another $100 million to $250 million for kidney dialysis and transplantation.

At risk of branding myself as one who is opposed to this program and, therefore, one who wants to see people die—which obviously I do not—there are one or two observations that must be made before the inevitable vote on this amendment is taken.

Yesterday and today the Senate added more than $5 billion to the cost of social security. This amount is small, estimated variously as between $100 million and $250 million. What is going on reminds me of a television ad I see every once in a while, of a very happy housewife who takes you to her cupboard and opens it up and says, "Christmas in September; isn't it a wonderful idea? I can sit at home and have all these good things brought to me. I do not have to go out and fight the shoppers in December."

Well, Mr. President, obviously, we are involved here in a new "Christmas in September" program. We may well be on the way to loading down the bill to the point where, A, it will die of its own weight in the Senate or, B, it will die of its own weight in the process of trying to get a conference.

If we are going to use this as a vehicle to bring out every worthy beneficial program and pile it onto this bill, I am not sure that the bill will be able to carry it. The point has already been made and I am sure will be made again, that the whole issue of a national program for health insurance lies ahead of us. The chairman of the Ways and Means Committee of the House has indicated that this will be one of his major programs for next year. The President had a program which will undoubtedly be resurrected next year. Other Members of the Senate have programs.

This amendment represents a move to pick out one particular phase of health care and bring it in ahead of the others and write it into law. There are a lot of other diseases that people are subject to which are as serious as the kidney problem. We cannot add them to this particular bill without weighing it down to the point where it cannot carry it.

I think that a more reasonable way to handle this amendment would have been

to delay action until it can become a part of a broader health insurance bill.

I recognize that the chairman of the committee has been anxious to cover this whole field of catastrophic illness, but realizing the weight that such coverage would put on the bill he has refrained from offering that amendment to this particular bill, being willing to let it be carried over until we got onto the whole health care issue the next time Congress meets.

As I have said, I have no illusions as to what the Senate will do with this amendment. But, I shall vote against it, first, because I believe this is not the proper vehicle to which it should be attached and, second, because I want to make a slight protest against adding this additional straw to the financial burden that will break the back of the social security system.

As I say, I know what will happen to it.

Mr. President, I am prepared to yield back—I will be happy to yield some time now to the chairman.

Mr. LONG. Mr. President, the amendment which I am sponsoring along with Senator HARTKE would cover under medicare those persons who suffer from chronic renal disease and who need kidney dialysis or transplantation. As Senators know, H.R. 1 already contains a provision which covers the disabled under medicare. This amendment is drafted as an addition to that section. Although I am sure that most Senators would consider those who need kidney dialysis to be disabled, many of them are able to get back to work so that they cannot meet the specific social security disability requirements. This amendment would deem them disabled for medicare purposes only regardless of their work status. Additionally the amendment would cover all people fully or currently insured under social security and their spouses and dependents rather than only covering insured workers.

The medicare coverage would become available to those with chronic kidney disease 6 months after the onset of their condition. This guarantees that the disease is chronic and also assures an appropriate mesh with private insurance coverage.

Mr. President, the next Congress will tackle health insurance issues, and I am sure during that debate we will deal with health insurance problems in general, and I hope that specifically we will deal with the problem of insuring against catastrophic illness.

I am cosponsoring this proposal at this time because these very unfortunate citizens with chronic renal failure cannot wait for Congress to debate these broader issues. They need help—it is critical—and that help must come now as many of them, without assistance, simply will not be alive for another 2 years.

Mr. President, I still hope that the Congress will be able to pass at some point a complete catastrophic health insurance proposal, but I think that this particular problem must be dealt with now.

The PRESIDING OFFICER. Is all time yielded back?

Mr. LONG. I yield back my time.

Mr. BENNETT. May I withhold my times, because I did withhold it for the chairman. We have equally serious problems which we have not begun to attack, which are not so striking as the kidney problem. There is the problem of the hemophiliacs, who must constantly receive blood transfusions if they are to remain alive. Nobody is worried about them in this bill.

This demonstrates that we are picking out one particular sector of the whole health care problem, and because it is dramatic, we are trying to push it ahead of everything else. We can only handle so much. We can only finance so much.

I hope—but I have no illusions, as to whether or not the Senate will reject this amendment—the Senate rejects the amendment.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the Hartke-Long amendment. On this question the yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Louisiana (Mrs. EDWARDS), the Senator from Georgia (Mr. GAMBRELL), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Michigan (Mr. HART), the Senator from Minnesota (Mr. HUMPHREY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Minnesota (Mr. MONDALE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PELL), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Alabama (Mr. SPARKMAN), the Senator from Virginia (Mr. SPONG), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I also announce that the Senator from North Carolina (Mr. JORDAN) and the Senator from Wyoming (Mr. MCGEE) are absent on official business.

I further announce that, if present and voting, the Senator from Minnesota (Mr. HUMPHREY), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Minnesota (Mr. MONDALE), the Senator from Rhode Island (Mr. PELL), the Senator from West Virginia (Mr. RANDOLPH), and the Senator from Connecticut (Mr. RIBICOFF) would each vote "yea."

Mr. SCOTT. I announce that the Senators from Colorado (Mr. ALLOTT and Mr. DOMINICK), the Senator from Tennessee (Mr. BAKER), the Senator from Delaware (Mr. BOGGS), the Senator from Massachusetts (Mr. BROOKE), the Senator from Kentucky (Mr. COOK), the Senator from New Hampshire (Mr. COTTON), the Senator from Nebraska (Mr. CURTIS), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Florida (Mr. GURNEY), the Senator from Wyoming (Mr. HANSEN), the Senator from New York (Mr. JAVITS), the Senator from Iowa (Mr. MILLER), the Senator from Illinois (Mr. PERCY), the Senator from Delaware (Mr. ROTH), the Senators from Ohio (Mr. SAXBE and Mr. TAFT), the Senator from Vermont (Mr. STAFFORD), the Senator from Texas (Mr. TOWER), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Massachusetts (Mr. BROOKE), the Senator from Kentucky (Mr. COOK), the Senator from Nebraska (Mr. CURTIS), the Senator from Iowa (Mr. MILLER), and the Senator from Illinois (Mr. PERCY) would each vote "yea."

The result was announced—yeas 52, nays 3, as follows:

[No. 490 Leg.]

YEAS—52

Aiken	Dole	Moss
Allen	Fannin	Nelson
Bayh	Fong	Packwood
Beall	Fulbright	Pastore
Bellmon	Hartke	Pearson
Bentsen	Hatfield	Proxmire
Bible	Hollings	Schweiker
Brock	Hruska	Scott
Burdick	Hughes	Smith
Byrd, Harry F., Jr.	Inouye	Stennis
Byrd, Robert C.	Jackson	Stevens
Cannon	Jordan, Idaho	Stevenson
Case	Kennedy	Symington
Chiles	Long	Talmadge
Church	Magnuson	Thurmond
Cooper	Mansfield	Tunney
Cranston	Mathias	Young
	McClellan	

NAYS—3

Bennett	Buckley	Ervin

NOT VOTING—45

Allott	Griffin	Mundt
Anderson	Gurney	Muskie
Baker	Hansen	Pell
Boggs	Harris	Percy
Brooke	Hart	Randolph
Cook	Humphrey	Ribicoff
Cotton	Javits	Roth
Curtis	Jordan, N.C.	Saxbe
Dominick	McGee	Sparkman
Eagleton	McGovern	Spong
Eastland	McIntyre	Stafford
Edwards	Metcalf	Taft
Gambrell	Miller	Tower
Goldwater	Mondale	Weicker
Gravel	Montoya	Williams

So the Hartke-Long amendment was agreed to.

Mr. HARTKE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BURDICK. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LONG. Mr. President, I believe it would be helpful if the Senate would vote on the committee amendment that appears beginning on line 6, page 954 through line 18, page 963. Although this amendment has already been agreed to when the committee amendments were adopted en bloc, it would be well in conferring with the House on this matter in difference that we be able to state the Senate's position on this particular item.

I ask unanimous consent that notwithstanding the fact that this amendment has been agreed to en bloc along with others, that this amendment be subject to a vote of the Senate, and that it remain subject to amendment if it is agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

WORK BONUS FOR HEADS OF LOW-INCOME FAMILIES

In General

SEC. 534. (a) The Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subtitle:

"Subtitle I—WORK BONUS PROGRAM

"Chapter 97. Work bonus program

CHAPTER 97.—WORK BONUS PROGRAM

"Sec. 10001. Payment.
"Sec. 10002. Recovery of overpayments; penalties.
"Sec. 10003. Cooperation of other Government agencies.
"Sec. 10004. Applications; regulations.
"Sec. 10005. Definition of eligible individual.
"Sec. 10006. Appropriation of funds for payments.

"SEC. 10001. PAYMENT.

"(a) IN GENERAL.—Except as provided in subsection (d), the Secretary or his delegate shall pay to each eligible individual upon application therefor made after the close of a calendar year, an annual payment for that calendar year in an amount determined under subsection (b).

"(b) DETERMINATION OF AMOUNT.—

"(1) IN GENERAL.—The amount of the payment to which an eligible individual is entitled under this chapter for any calendar year is an amount equal to 10 percent of not more than $4,000 of the wages or compensation paid to him, or to him and his spouse, if he is married (as determined under section 143)—

"(A) with respect to which taxes were deducted and withheld under section 3102 (relating to deduction of tax from wages under the Federal Insurance Contributions Act) or section 3202 (relating to deduction of tax from compensation under the Railroad Retirement Act); or

"(B) by the Work Administration for services performed by a participant in guaranteed employment and with respect to which the Work Administration certifies to the Secretary under section 2052(e)(4) of the Social Security Act was paid for services performed on behalf of an employer under a contract entered into with the Work Administration under section 2052(e) of such Act.

"(2) LIMITATION.—The amount of the payment to which an eligible individual is entitled for any calendar year under paragraph (1) shall be reduced by one-fourth of the amount by which his income, or, if he is married (as determined under section 143), the total of his income and his spouse's income for the calendar year exceeds $4,000. For purposes of this paragraph, the term 'income' means all income from whatever source derived, other than payments provided by this chapter, determined without regard to subtitle A (relating to income taxes).

"(c) ADVANCE PAYMENTS.—

"(1) IN GENERAL.—Upon application therefor made after the close of any of the first three quarters of any calendar year, the Secretary or his delegate shall pay to an eligible individual an advance payment on account of the annual payment to which he reasonably expects to be entitled under subsection (a) for that year. The amount of any advance payment to which an eligible individual is entitled at the close of any calendar quarter shall be equal to—

"(A) the annual payment to which the eligible individual would be entitled with respect to the wages and compensation described in subsection (b)(1) received by him on or before the close of the most recent quarter for which application is made, taking into account the wages, compensation, and other income received and reasonably expected to be received during the calendar year, reduced by

"(B) the amount of advance payments made to him, or for which he made application, for any prior quarters of the calendar year.

"(2) MINIMUM ADVANCE PAYMENT.—No advance payment shall be made under this subsection for any amount less than $30.

"(3) DETERMINATION OF STATUS.—For purposes of this subsection, the determination of whether an eligible individual is married shall be made as of the close of the calendar quarter or quarters for which an application for payment has been filed by that individual.

"(4) ANNUAL STATEMENT.—Any individual who receives an advance payment under this subsection for any calendar year shall file, after the close of that year, a statement with the Secretary or his delegate setting forth the amounts he has received as advance payments under this subsection during that year, the amount of income he and his spouse, if any, have received during that year, and such other information as the Secretary or his delegate may require and in such form and at such time as he may require.

"(d) CREDIT IN LIEU OF PAYMENT.—An eligible individual may elect for any taxable year to take the amount of any payment to which he is entitled under this chapter as a credit against tax under section 42. The election shall be filed at such time and in such form as the Secretary or his delegate may prescribe.

"SEC. 10002. RECOVERY OF OVERPAYMENTS; PENALTIES.

"(a) RECOVERY OF OVERPAYMENTS.—If the Secretary or his delegate determines that any part of any amount paid to an individual for any year under this chapter was in excess of the amount to which that individual was entitled under this chapter for that year, the Secretary or his delegate shall notify that individual of the excess payment and may—

"(1) withhold, from any amounts which that individual is entitled to receive under this chapter in any subsequent year, amounts totaling not more than the amount of that excess;

"(2) treat the amount of that excess as if it were a deficiency under subchapter B of chapter 63 of subtitle F and utilize the procedures available to him under that subtitle to collect that amount;

"(3) enter into an agreement with that individual for the repayment of that amount; or

"(4) take such other action as may be necessary to recover that amount.

"(b) PENALTIES.—Each application form and any other document required to be filed under this chapter shall contain a written declaration that it is made under penalty of perjury. The provisions of chapter 75 (relating to crimes, other offenses, and forfeitures) shall apply to such forms and documents.

"SEC. 10003. COOPERATION OF OTHER GOVERNMENT AGENCIES.

"The Secretary or his delegate is authorized to obtain from any agency or department of the United States Government or of any State or political subdivision thereof such information with respect to any individual applying for or receiving benefits under this chapter, or any individual whose income is taken into consideration in determining benefits payable to an eligible individual under this chapter, as may be necessary for the proper administration of this chapter. Each agency and department of the United States Government is authorized and directed to furnish to the Secretary or his delegate such information upon request.

"SEC. 10004. APPLICATIONS; REGULATIONS.

"(a) IN GENERAL.—The Secretary or his delegate shall develop simple and expedient application forms and procedures for use by eligible individuals who wish to obtain the benefits of this chapter, arrange for distributing such forms and making them easily available to eligible individuals, and prescribe such regulations as may be necessary to carry out the provisions of this chapter.

"(b) TIME FOR FILING APPLICATIONS FOR PAYMENT.—No annual payment may be made to an eligible individual for a calendar year unless the application for that payment is filed on or before the last day of the calendar quarter following the close of that year. No advance payment may be made to an eligible individual for any calendar quarter or quarters unless the application for that payment is filed on or before the last day of the calendar quarter following the close of the quarter or quarters for which application is filed. For purposes of section 42, failure to file an application for an annual payment within the time prescribed by this subsection shall not affect an eligible individual's entitlement to such payment.

"SEC. 10005. DEFINITION OF ELIGIBLE INDIVIDUAL.

"For the purpose of this chapter, 'eligible individual' means an individual—

"(1) who is physically present in the United States;

"(2) whose wages are subject to tax under chapter 21 or 22 (relating to the Federal Insurance Contributions Act and the Railroad Retirement Tax Act, respectively) or who receives compensation from the Work Administration for services performed in guaranteed employment on behalf of an employer under a contract entered into with the Work Administration under section 2052(e) of the Social Security Act; and

"(3) who maintains a household which includes a child of that individual with respect to whom he is entitled to a deduction under section 151(e)(1)(B).

"SEC. 10006. APPROPRIATION OF FUNDS FOR PAYMENTS.

"There is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, for each fiscal year such sums as may be necessary to enable to the Secretary or his delegate to make payments under this chapter."

Credit in Lieu of Payment

(b)(1) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by redesignating section 42 as 43, and by inserting after section 41 the following new section.

"SEC. 42. WORK BONUS.

"There shall be allowed to a taxpayer who is an eligible individual (as defined in section 10005) and who makes an election under section 10001(d) for the taxable year, as a credit against the tax imposed by this chapter an amount equal to any amount to which he is entitled under chapter 97 for that year unless he has applied to receive that amount as a payment under that chapter. The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the provisions of this section."

(2) The table of sections for such subpart is amended by striking out

"Sec. 42. Overpayments of tax."

and inserting in lieu thereof

"Sec. 42. Work bonus.

"Sec. 43. Overpayments of tax."

(3) Section 6401(b) of the Internal Revenue Code of 1954 (relating to excessive credits) is amended by—

(A) inserting after "lubricating oil)" the following: ", 42 (relating to work bonus),"; and

(B) striking "sections 31 and 39" and inserting "sections 31, 39, and 42".

(4) Section 6201(a)(4) of such Code (relating to assessment authority) is amended by—

(A) inserting "OR 42" after "SECTION 39" in the caption of such section; and

(B) striking "oil)," and inserting "oil) or section 42 (relating to work bonus),".

(5) Section 6211(b)(4) of such Code (relating to rules for application of definition of deficiency) is amended by striking "credit under section 39" and inserting "credits under sections 39 and 42", and by striking "such credit" and inserting "such credits".

(6) Section 6213(f)(3) of such Code (relating to restrictions applicable to deficiencies; petition to Tax Court) is amended by striking "section 39" and inserting "section 39 or 42".

(7) Section 72(n)(3) of such Code (relating to determination of taxable income) is amended by striking "sections 31 and 39" and inserting "sections 31, 39, and 42".

Exclusion of Work Bonus Payment From Gross Income

(c)(1) Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to items specifically excluded from gross income) is amended by redesignating section 124 as 125 and by inserting after section 123 the following new section:

"SEC. 124. WORK BONUS PAYMENTS.

"Gross income does not include any amount received as a payment under chapter 97."

(2) The table of sections for such part is amended by striking out

"Sec. 124. Cross references to other Acts."

and inserting in lieu thereof

"Sec. 124. Work bonus payments.

"Sec. 125. Cross references to other Acts."

Effective Date

(d) The amendments made by this section shall take effect on January 1, 1973, and shall apply with respect to taxable years beginning after December 31, 1972.

Mr. LONG. Mr. President, this provision in the bill provides, what we on the committee have termed a work bonus for low-income workers. This would be of major assistance to workers with a low income.

Mr. President, the simplest way to explain it is to say that as far as the working man is concerned it means that those who are making $4,000 or less, and have children to support will, in effect, have returned to them the money that represents the social security tax they have paid, as well as most of the social security tax paid on their behalf by the employer.

It would provide a payment based on 10 percent of the earnings of those workers. The purpose here is to prevent the social security tax from taking away from the poor and low-income earners the money they need for support of their families.

Mr. President, it would prevent the taxing of people onto the welfare rolls. As Senators know, the social security tax has no exemptions, so even a person making less than the minimum wage is paying a social security tax. We did not want to in any way prejudice the social security funds, so, it was our view that social security taxes should continue to be collected and paid into the fund; however, that there should be paid from general funds an amount equal to 10 percent of the worker's earnings up to $4,000.

The social security tax under the bill will go to 12 percent; 10 percent will in effect be refunded to the worker. This is proceeding on the theory that it is far better to provide the working man some tax relief than it is to provide him with welfare payments.

It is far more dignified and the benefits are entirely work-related. Some of these people might qualify for welfare; others would not. We estimate that about 5 million family heads plus their families would be benefited by this provision.

If a person with children to support were making $4,000, this provision would mean he would get a tax refund of $400 a year, or $100 every quarter. It phases out on a 1 for 4 ratio up to the figure of $5,600. If, for example, a person were making $4,800 a year, he would have an annual refund of $200. If a person were making $4,400 a year, he would have an annual refund of $300.

There appears on page 94 of the committee report a chart, which I ask unanimous consent to put in the RECORD at this point, which indicates how a husband and wife would benefit from this provision.

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

Annual income of husband and wife (assuming it is all taxed under social security)

	Work bonus
$2,000	$200
3,000	300
4,000	400
5,000	150
5,600	0

Mr. LONG. For example, if they were earning $2,000, they would receive a work bonus of $200. If they were earning $3,000, they would receive a work bonus of $300. If they were earning $4,000, they would receive a work bonus of $400. It would phase out so that at $5,000 they would receive a $150 work bonus, and at $5,600 they would receive zero.

The entire purpose of this provision is to help low-income working people. This is a provision the committee felt would help them by in effect lifting from their backs the taxes they pay.

Mr. ALLEN. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. ALLEN. Does that take into account the fact that the employer pays half the social security tax, and if the employee got the full amount of the social security tax back, would he not be getting considerably more than had been charged to him?

Mr. LONG. This provision proceeds on the theory that even the employer's portion of the tax was generated by the efforts of the working man. The employer would have to put up the social security tax in any event.

In an effort to be as helpful as we can to the working man, we recognize the fact that his effort is generating not only his part of the tax but also is making possible the employer's contribution. The employee needs that money now, so we would pay it for him and his wife, keeping in mind that this is one way we can help the poor in a work-related way and prevent them from having to go on welfare.

Mr. ALLEN. As the Senator knows, it is not only the employees who are groaning against ever-increasing social security taxes; it is also the employer, and especially the small employer, the small businessman, the employer who has only a few employees. He might feel that he is getting left out in this picture in that the refund would go to the employee only.

Mr. LONG. Senator, this provision is based on this theory that a tax cut would be far better than putting that family on welfare.

Mr. ALLEN. I am going to support the Senator's amendment.

Mr. LONG. We are satisfied that we can justify what amounts to a tax cut. As far as the tax that the employer is supposed to pay is concerned, in most cases the employee is not paying any 6 percent social security tax; he is paying 12 percent. The reason for that is that, in the last analysis, it is the employee who is paying on behalf of the employer and the employee, because the employee absorbs that tax every time he buys something. When his wife buys food at the grocery store, when she buys clothes for the family, everything she buys has a social security tax cranked into it as a part of the cost of doing business. So, in the last analysis, it is more the consumer than it is the employer who is burdened with the social security tax, because it is passed onto the ultimate consumer of the product as a cost of doing business.

To find a dignified way to provide help to a low-income working person, whereby the more he works the more he gets, and at the same time to phase it out in such a way as not to decrease the incentive to work, we on the committee came up with this work bonus proposal. This way will benefit many working poor, many of whom are not on public welfare, and many of whom we hope will not be. We hope that this kind of tax relief would do much to help low-income working persons.

As I have said, it is estimated that this provision would help 5 million heads of families.

Mr. ALLEN. What about the self-employed? How would they figure into it?

Mr. LONG. This provision does not cover the self-employed. The reason for that is that coverage of the self-employed involves problems. We struggled with the question of bringing the self-employed into it, and the complications to which that led were more than we could supply answers for at the time. If this provision works—and the committee feels it will work—we hope we will find a way to meet the technical difficulties in extending the provision to the self-employed.

Mr. CHILES. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CHILES. As I understand the purpose of this provision, it is to allow some help to be given to the working poor in a way which would not be giving them a welfare check. It would not be taking away the worker's pride. It would put him in a position where he would not feel he has to be a recipient of welfare. This proposal would not be like the present family assistance program, would it, where we would take somebody not now on welfare, who is employed, but give him a monthly check and put him on the welfare rolls? This would be a way of supplementing his earnings and getting around that; would it not?

Mr. LONG. That is the way we view it. We conceived this proposal initially as, in effect, relieving low-income working persons from the social security tax, but then when we thought in terms of the extent to which we might be able to help them, it seemed to us we could justify completely this kind of help, not only because it amounted to a refund of a tax which had been paid by the employee himself, but because the tax had been paid by the employer on the employee's behalf, on the theory that that, too, was something that was generated by his work efforts.

We felt we would be justified in having him get a refund of more than 5 percent, or 6 percent when the tax goes to 6 percent; that we could justify giving 10 percent to the working poor, which corresponds largely to a refund to the workingman on the tax generated by his work efforts. It still would permit enough of the tax of the employer and employee not to be refunded that he would be able to feel that some of his tax supported money was flowing back to him from the contribution made by him.

One can look at this as he wants to. He can look at it as a work subsidy for those making low wages. He can look at it as a tax refund. We decided to call it a work bonus, because, whatever one calls it, it results from tax money collected as a result of the man's working.

Mr. CHILES. The touchstone of our tax system was that we were going to tax those with the ability to pay. One of the faults of the social security system is that continually we really place the same burden, or a greater burden, on those least able to pay, because if we started with a system in which one paid only 4 percent, and only on the first $3,600, it was going on the person who was earning his pay by the strength of his arm and the sweat of his brow, and yet there were always some welfare features in the bill which should have been taken care of by general revenues. This is recognizing that we should base it on the ability to pay, to help that man to help himself, and not take his pride away from him, not put him into the class where he has got to feel like he is taking a dole.

I think the amendment is an excellent amendment. As the chairman knows, I appeared before his committee with an amendment something like this, and wanted to bring it up on this bill, in which I was going to provide that until he reaches the point where he is paying Federal income tax, he will not pay any social security tax; because why should we charge him social security on the first dollar he makes, and yet give him a refund of his income tax up to the point that he reaches $3,600, depending on how many dependents he has or whatever it is? Here we are going to charge a man on the first dollar he earns and every dollar after that, because he is in that bracket.

So I think the chairman has a good amendment here, and I am delighted with the amendment, because I think it is better than the guaranteed wage, family assistance, or whatever it is, where we would take away a man's pride; because one thing I found out when I campaigned was that the first thing anyone told me, if he was not on welfare, whether he was white, red, black, or anything, was, "I don't get one of those Government checks." He had his pride.

I am talking about a man working on the road, digging a ditch, farming, a shade-tree mechanic, or anything else; the first thing he would tell me was, "I don't get that Government check; I ain't on that dole."

To put such a man on Government assistance has always shattered me. Yet how could we help him? This tax credit, giving him some basis of helping himself without taking away his pride, I think, is the best way to do it, and I am delighted that the committee has proposed this amendment.

Mr. LONG. Mr. President, we not only agreed with the Senator's amendment, we went him one better. He wanted to take the social security tax off the poor. We have proposed to do that, not just as to the part collected from him, but also the part collected from the employer on his behalf, almost all of it. We felt there should be some small amount of tax collected on his behalf to flow into the social security fund, but this 10 percent can be justified; and, frankly, as the one who proposed this matter in committee, the argument the Senator from Florida made and the experiences he had in talking to people on the highways of Florida, which he related to me, about their plight and their desire not to be on welfare but to work to support their families, played a major part in the fact that this matter is not before the Senate.

Just as a matter of simple fact, I have been dismayed to see some of the studies indicating that the poor in this Nation are paying altogether more taxes than they should. I suspect that some of those studies are misleading, because they fail to take into account what we refer to as the transfer payments, that is, the welfare payments and social security payments being paid to the poor which makes it possible for them to have revenue with which to pay taxes. But in any event, even when you take all that into consideration, the poor are still paying too much in the way of taxes.

Insofar as we can do something about it at the Federal level, we think that this just about does the job. Maybe we can find some way to help the States to relieve their poor from some of the regressive taxes that exist in the State governments which burden the poor. That is a different problem, and that is something we will have to struggle with when we have a tax reform bill next year or the year after. But insofar as the tax system under social security involves a tax that tends to tax away from the working poor the money they need to provide for their families, this would relieve them of that burden.

Mr. CHILES. I certainly agree with the chairman. As I said before, I think sometimes when we use these terms we almost use a misnomer in terms when we talk about the working poor. Most of the people out there that I found who were working did not consider themselves poor. If they were working they did not consider themselves poor, and did not even like to be referred to as poor. They felt that they were paying a heavier burden, and knew they were paying a heavier burden, than the guy getting an oil depletion allowance or a deferred compensation allowance, or the guy who had a charitable foundation helping him out, or the person with all kinds of deductions that way. They knew they were paying more than their share, but they did not consider themselves poor, because they were working; and I think we need to do everything we can to maintain in them that feeling of pride.

Mr. LONG. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. HARTKE. Mr. President, I have a parliamentary inquiry.

The PRESIDING OFFICER (Mr. CANNON). The Senator will state it.

Mr. HARTKE. As I understand it, this amendment was agreed to previously when the committee amendments were agreed to en bloc.

The PRESIDING OFFICER. The Senator is correct.

Mr. HARTKE. Under the circumstances, however, in such a situation, is it not true that the committee amendments as agreed to en bloc were subject to further amendment?

The PRESIDING OFFICER. The Senator is correct.

Mr. HARTKE. As I understand it, when the chairman of the committee called up this amendment, notwithstanding the fact that it had previously been agreed to, there was reserved the right to offer further amendments to the amendment.

The PRESIDING OFFICER. Yes. The Senator is correct.

Mr. HARTKE. Yes. However, I would like to make this further parliamentary inquiry: If the amendment is adopted, does that preclude further consideration of any other amendment dealing with this subject matter under H.R. 1?

The PRESIDING OFFICER. No, it does not.

Mr. HARTKE. All I want to know is, is it necessary, in order to preserve the rights of a Senator at this time on this subject matter, that an amendment would have to be introduced to this amendment, or an amendment in the nature of a substitute addressed to this amendment, or are such rights preserved during the further consideration of the bill?

The PRESIDING OFFICER. All rights are preserved.

Mr. HARTKE. In other words, let me make it very clear again: Even though this amendment is agreed to on a roll-call vote, and even though there be a motion to reconsider and a motion to lay on the table the motion to reconsider that matter, would it then be subject to being reopened at a later date?

The PRESIDING OFFICER. The amendment would still be subject to further amendment.

Mr. HARTKE. The reason I ask that, and I direct my remarks to the chairman of the committee at this moment, is that this is an integral part of the commtitee's so-called workfare program. Am I correct in that?

Mr. LONG. If you want to look at it that way. It depends on the point of view. As far as I am concerned, this is something we ought to do whether we have a guaranteed work opportunity or whether we should have a family assistance plan. I would think that in either event we would want to provide this advantage for working people who are not on welfare, not seeking any welfare help, and that even when they go to work, it is far better to pay them something as a work-related tax advantage than it is to pay it as something else.

Mr. HARTKE. I want to make a few observations, but I do want to ask some questions about this amendment.

The first observation is that it is generally recognized on the floor of the Senate, as has been stated repeatedly by various Senators, that the social security tax is a regressive form of taxation, in that it places the burden on those least able to pay, in placing a larger percentage of taxation on those in the lower income groups. It is certainly much heavier for them than it is for the higher income groups, and the fact is that when you get into the astronomical figures around $100,000 a year, the percentage of taxation you pay for social security is extremely low for those individuals.

We have adopted, I think, the general view here that something should be done of a major nature to repeal outright the regressive nature of social security taxation, and substitute for that some type of fair method of taxation of a progressive nature along the lines of the graduated income tax.

That can be done in a number of ways. One is that the whole social security trust fund could be abolished and payments made out of general revenues.

I personally think that the trust fund is nothing more than an abdication of authority, and that they should be eliminated in every field. I think the trust fund concept is simply a statement that Congress does not have the ability to make individual judgments each and every time it is necessary for the future of the country.

So we freeze in concepts and principles which in some cases are outmoded as much as 30 years. That probably is one of the real difficulties with the whole welfare system—the fact that we have a combination welfare system and social security system. The social security system is tied to a regressive form of taxation, and the welfare system is operating out of the general fund. Real reformation of the welfare system has been prevented by the fact that we have had the trust fund concept, which provides for some type of insecure, illusory type of security for people who are aged.

Another method of dealing with the question of the trust fund would be to provide for some type of general assumption of the trust fund liabilities in the form of a third and a third and a third—that is, one-third coming from the employee, one-third coming from the employer, and one-third coming from the general fund of the Government. This concept, basically is followed by practically every industrialized nation in the world except the United States; that is, the social security systems throughout the industrialized world and Western civilization provide for at least a one-third contribution by the Federal Government. I would favor a prosposal similar to that as a second choice to the complete elimination of the trust fund concept itself.

I have an amendment which provides for a system of gradual assumption of the responsibility of the trust fund on a one-fifth escalating basis, but I do not want to go into that now.

The reason why I raise the question at this time is that I think the pending amcndment, by the estimates we have, costs $900 million. I ask the chairman of the committee if that estimate is correct.

Mr. LONG. The report says $900 million, and I will accept that figure.

Mr. HARTKE. In other words, that is the estimate at the present time; and, of course, that figure will escalate as the years go by, unless something of a major nature is done to change the poverty levels of the United States.

I ask the Senator if that is not a correct assumption.

Mr. LONG. It is difficult to say. As income levels rise, the cost of this proposal should go down; but, then, more people will be working, in a larger work force. So it is difficult to say.

Mr. HARTKE. I should like to address my attention now to the Senator from Florida. He said that, in campaigning, he found people not on welfare who said, "I don't get one of those Government checks." Under this system, a person will get one of the Government checks. As I understand the amendment, they will get it on a quarterly basis and come back on the tax credit basis at the end of it. I ask the chairman if that is true.

Mr. LONG. It can be either a tax credit or——

Mr. HARTKE. No. I want to make it clear. Let me ask the question again.

As I understand the system, in order to qualify for this 10-percent work bonus, the determination would be made quarterly; and at the end of that quarter, if it is determined that he is entitled to a work bonus under the amounts designated in the bill, and as reported in the bill, he would apply for it at that time, and he would receive a quarterly check. Then, if all the quarterly checks did not total the amount to which he would ultimately be entitled, he could apply the balance of his requirements and his deduction as a tax credit against his ultimate tax liability.

Mr. LONG. This provision is written as a tax credit. The workingman, at the end of the year, can simply take this on his tax return as a tax credit that is due him.

If he wants to do so, he can apply to receive it quarterly; and in that event, he receives it quarterly.

Mr. HARTKE. I am not debating at this moment the desirability or undesirability of it. All I am pointing out is that Senator CHILES has made the statement that these people are opposed to those individuals receiving the Government checks.

When the employer files the return, let us say, on April 15, for the first quarter earnings, from January to March 31, at that time the employee is entitled to make an application for that Government check and to receive it as quickly as the bureaucratic machine can turn it out. Is that not correct?

Mr. LONG. He is entitled to apply for it on a quarterly basis and to receive it every 3 months. If he fails to do so, he will receive it as a tax credit, which he claims on his tax return.

Mr. HARTKE. To go back to the tax consequences: What has been introduced into the situation is a completely new form of taxation which is based on an individual and his wife, with no consideration for exemptions. I know that in the argument made for tax reform, some people would like to eliminate exemptions entirely. I am not one who subscribes to that.

Various methods of tax credits have attempted to be applied. But the fact remains that this introduces into the tax system not only the regressive form of taxation on social security and the progressive form of taxation of exemptions for children, but also a third item—that is, a form of taxation which is in between, which gives consideration only to the husband and wife, with no consideration for the size of the family beyond that. Is that correct?

Mr. LONG. We are giving a taxpayer a refund. We are returning to him his tax money. It is a refund from the point of view of the taxpayer. It does not make any difference to us whether he has one child or five children.

Mr. HARTKE. The point is that, as the report says on page 94, "The plan incorporates the feature of not varying benefits by family size," which, under the progressive income tax law, is determinative——

Mr. LONG. He gets the money back whether he has one child or five children. The social security tax is levied on that man, and if he has five children he pays the same amount of social security tax as if he has one. The refund works on the same basis.

Mr. HARTKE. It points up clearly for the Senate that what needs to be done is not to approach this matter in this halfhearted method, in my judgment—and I respect the opinion of the chairman and the committee in this regard.

The Senator is saying that he recognizes that the tax system of social security is regressive. He wants to do something to help the working poor, and he comes back with an idea which is neither

fish nor fowl and does not deliver across the board.

In my opinion, it would be fairer to that individual, when he is working, to either eliminate entirely the regressive form of social security taxation or otherwise not assess that tax, in the first place, if he is in that low-income group.

The amendment I have prepared would meet the objections of the Senator from Florida, who is concerned about Government checks. It would eliminate any bureaucratic operation of Government checks, because the working poor person would never have that social security tax deducted from him, in the first place. That is a much more preferable item.

However, as I understand the parliamentary situation, such an amendment would be in order at a later time during the discussion of H.R. 1. I should like to repeat at this time and make a parliamentary inquiry. In the event this amendment is adopted on a rollcall vote—and I think it will be—then would an amendment which would provide for withholding of the tax assessment on the working poor still be in order?

As I understand it, the majority leader is anxious now to move on to another matter, and I am willing to concede that.

I do point out, again, that what we are dealing with here is a $900 million amendment which does not cure the evils which are admitted so far as the actual philosophy of dealing with the working poor is concerned; which, in effect, really does not provide the money for the individual at the time he needs it—that is, on a weekly basis—but forces him to go on an annual basis or a quarterly basis. It adds more bureaucracy, the added problem of making application, and probably, in my opinion, would be highly unworkable.

Mr. SCOTT. Mr. President, I think that Senate action on this amendment and any other on the committee's program to reform the family welfare system should be deferred until the whole family program is before the Senate, and all three of the pending versions—the committee's, Senator RIBICOFF's, and the House-passed bill—can be considered as a whole.

I shall vote for this amendment, but I do not consider this vote as an expression of the will of the Senate as to the merits of any one plan over any other.

Mr. MANSFIELD. Mr. President, I understand that we are ready for the vote on the pending amendment. I am all for it.

I wish to announce to the Senate that after this amendment is disposed of, the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.) will offer an amendment and he would like to speak for about 5 minutes or so on it. In line with the commitment made by the leadership with the Senate yesterday, I should like to have the privilege of calling up Calendar No. 1186, H.R. 16593, an act making appropriations for the Department of Defense.

The PRESIDING OFFICER (Mr. CANNON). The question is on agreeing to the committeee amendment.

On this question the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Louisiana (Mrs. EDWARDS), the Senator from Georgia (Mr. GAMBRELL), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Michigan (Mr. HART), the Senator from Minnesota (Mr. HUMPHREY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Minnesota (Mr. MONDALE), the Senator from New Mexico (Mr. MONTOYA), and the Senator from Maine (Mr. MUSKIE) are necessarily absent.

I further announce that the Senator from Rhode Island (Mr. PELL), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Alabama (Mr. SPARKMAN), the Senator from Virginia (Mr. SPONG), the Senator from California (Mr. TUNNEY), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I also announce that the Senator from Wyoming (Mr. MCGEE) and the Senator from North Carolina (Mr. JORDAN) are absent on official business.

On this vote, the Senator from West Virginia (Mr. RANDOLPH) is paired with the Senator from Connecticut (Mr. RIBICOFF).

If present and voting, the Senator from West Virginia would vote "yea" and the Senator from Connecticut would vote "nay."

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PELL), the Senator from New Hampshire (Mr. MCINTYRE), and the Senator from Minnesota (Mr. HUMPHREY) would each vote "yea."

Mr. SCOTT. I announce that the Senators from Colorado (Mr. ALLOTT and Mr. DOMINICK), the Senator from Tennessee (Mr. BAKER), the Senator from Delaware (Mr. BOGGS), the Senator from Massachusetts (Mr. BROOKE), the Senator from Kentucky (Mr. COOK), the Senator from New Hampshire (Mr. COTTON), the Senator from Nebraska (Mr. CURTIS), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Florida (Mr. GURNEY), the Senator from Wyoming (Mr. HANSEN), the Senator from New York (Mr. JAVITS), the Senator from Iowa (Mr. MILLER), the Senator from Illinois (Mr. PERCY), the Senator from Delaware (Mr. ROTH), the Senators from Ohio (Mr. SAXBE and Mr. TAFT), the Senator from Vermont (Mr. STAFFORD), the Senator from Texas (Mr. TOWER), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Massachusetts (Mr. BROOKE), the Senator from Nebraska (Mr. CURTIS), the Senator from Iowa (Mr. MILLER), and the Senator from Illinois (Mr. PERCY) would each vote "yea."

The result was announced—yeas 49, nays 5, as follows:

[No. 491 Leg.]

YEAS—49

Aiken	Cranston	McClellan
Allen	Dole	Moss
Bayh	Ervin	Nelson
Beall	Fannin	Packwood
Bennett	Fong	Pastore
Bentsen	Fulbright	Pearson
Bible	Hatfield	Proxmire
Brock	Hollings	Schweiker
Buckley	Hruska	Scott
Burdick	Hughes	Smith
Byrd, Harry F., Jr.	Inouye	Stennis
Byrd, Robert C.	Jackson	Stevens
Cannon	Jordan, Idaho	Symington
Case	Long	Talmadge
Chiles	Magnuson	Thurmond
Church	Mansfield	Young
	Mathias	

NAYS—5

Bellmon	Hartke	Stevenson
Cooper	Kennedy	

NOT VOTING—46

Allott	Gurney	Pell
Anderson	Hansen	Percy
Baker	Harris	Randolph
Boggs	Hart	Ribicoff
Brooke	Humphrey	Roth
Cook	Javits	Saxbe
Cotton	Jordan, N.C.	Sparkman
Curtis	McGee	Spong
Dominick	McGovern	Stafford
Eagleton	McIntyre	Taft
Eastland	Metcalf	Tower
Edwards	Miller	Tunney
Gambrell	Mondale	Weicker
Goldwater	Montoya	Williams
Gravel	Mundt	
Griffin	Muskie	

So the committee amendment was agreed to.

Mr. STEVENSON. Mr. President, I voted against the Long amendment to set up a program of work-bonuses for low-income workers because I believe it is markedly inferior to the provisions of both H.R. 1 as passed by the House and Senator RIBICOFF's substitute as a means of providing income assistance to the working poor. Under the Finance Committee program, an employer working full time and earning $4,000 would receive a bonus of $400 while an employee, also working full time and earning only $2,000 would receive a bonus of $200. What kind of logic does it make to provide a worker with a bonus twice as large as his fellow worker if he is already earning twice as much as that fellow worker. It stands to reason that the worker with the lower salary is in greater need. It should be pointed out also that the bonus does not vary with the size of the worker's family.

The provisions of welfare reform, as proposed both by the President and Senator RIBICOFF, are preferable. Under welfare reform, the working poor would receive assistance based both on family size and income levels. As incomes rise and needs therefore lessen payments would be reduced, rather than increased.

I hope that the passage of this amendment will not lessen the possibility of achieving a rational welfare reform system, but I fear that it may.

Mr. LONG. Mr. President, I ask unanimous consent that the language of

the committee report on the work bonus for low-income workers that appeared on pages 425 and 426 of the committee report, be printed in the RECORD.

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

WORK BONUS FOR LOW-INCOME WORKERS

Low-income workers in regular employment who head families would be eligible for a work bonus equal to 10 percent of their wages taxed under the social security (or railroad retirement) program, if the total income of the husband and wife is $4,000 or less. For families where the husband's and wife's total income exceeds $4,000, the work bonus would be equal to $400 minus one-quarter of the amount by which this income exceeds $4,000. Thus there would be no work bonus once total income reaches $5,600 ($5,600 exceeds $4,000 by $1,600; one-quarter of $1,600 is $400, which subtracted from $400 equals zero).

The work bonus could be taken as a tax credit when an individual files his annual tax return (this would most likely be done if an individual is entitled to only a small payment). However, the bonus could be applied for on a quarterly basis if the family's entitlement (either for the quarter or cumulatively) exceeds $30. For example, a family head earning $2.00 per hour (where the family has no other income) would be eligible for about $75 quarterly, and he could apply for and receive the bonus quarterly. If the family head earns $100 a week (and the family has no other income), annual income will total $5,200 and he will be entitled to a work bonus of $100 annually ($5,200 exceeds $4,000 by $1,200; one-quarter of $1,200 is $300, which subtracted from $400 leaves $100). In this case, he may receive $50 after the end of the second quarter and $50 after the end of the fourth quarter since his entitlement in each of the first and third quarters is less than $30.

The size of the work bonus is shown on the table below for selected examples:

Annual income of husband and wife (assuming it is all taxed under social security)

	Work bonus
$2,000	$200
3,000	300
4,000	400
5,000	150
5,600	0

The work bonus described above incorporates the features of (1) not varying benefits by family size, but only by income, providing no economic incentive for having additional children; and (2) having a gradual phaseout of the amount of the payment as income rises above $4,000 so as not to create a work disincentive.

The committee bill would apply the 10 percent work bonus only to earnings taxed under the social security and railroad retirement programs. The bonus thus may be viewed as a kind of rebate of these taxes for low-income workers (including a substantial portion of the tax paid by the employer on the employee's wages). However, the employer would continue to withhold social security taxes from the employee's earnings for deposit into the trust funds, and the employee would continue to receive credit for these earnings for social security purposes—in other words, the social security program would not be affected in any way by the work bonus.

There are certain types of work which are covered under social security but only when the amount of wages earned from a single employer exceeds $50 in a quarter. This limitation applies to the employment of domestics, yardmen and other similar non-business employees. Such employees (if they are still heads of a family) would get the work bonus with respect to all of their wages including those not covered by social security because of the $50 quarterly limitation. In order to qualify for the work bonus on these wages, however, the individual would have to arrange to perform the work as an employee of the Work Administration which would pay him the prevailing wage for the job and bill the private employer for the wages and other costs associated with making his services available. If the employment would ordinarily be covered by social security, then it will be covered under social security when arranged on this basis by the Work Administration. If the employment is not covered by social security, then the employer will not have to pay social security taxes. In either case, there will be a Federal record of all such wages on which the payment of the work bonus may be based.

The 10 percent work bonus would be administered by the Internal Revenue Service.

AMENDMENT NO. 1663

Mr. HARRY F. BYRD, JR. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER (Mr. CRANSTON). The clerk will report the amendment.

The assistant legislative clerk proceeded to state the amendment.

Mr. HARY F. BYRD, JR. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment will be printed in the RECORD.

The amendment is as follows:

Beginning on page 689, line 11, strike out through page 736, line 12, and insert in lieu thereof the following:

TITLE IV—PROGRAMS FOR FAMILIES WITH CHILDREN

PART A—TESTING OF ALTERNATIVE PROPOSALS FOR ASSISTANCE TO FAMILIES WITH CHILDREN; FISCAL RELIEF FOR STATES

AUTHORIZATION FOR CONDUCT OF TEST PROGRAMS

SEC. 401. (a) For purposes of this part—

(1) The term "family assistance test program" means a program patterned after that contained in amendment No. 1614, 92d Congress, 2d session, introduced in the Senate on September 28, 1972,

(2) the term "workfare test program" means a program patterned after that contained in parts A and B in title IV of H.R. 1, 92d Congress, 2d Session, as reported to the Senate by the Committee on Finance on September 26, 1972, and

(3) the term "family" means a family with children.

(b) (1) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") is authorized, effective January 1, 1973, to plan for and conduct or contract to conduct, in accordance with the provisions of this section, not more than four test programs. Two of such programs shall be family assistance test programs as defined in subsection (a) (1) of this section, and one of such programs shall be workfare test programs.

(2) Whenever a workfare test program is commenced, there shall commence, on the same date as such program, a family assistance test program. Except as may otherwise be authorized by the Congress, no test program under this section shall be conducted for a period of less than 24 months or more than 48 months, and to the maximum extent practical each such test program shall be conducted for the same length of time.

(3) Any such test program shall be conducted only in and with respect to an area which consists of one or more States, one or more political subdivisions of a State, or part of a political subdivision of a State, and shall be applicable to all the individuals who are residents of the State or the area of the State in and with respect to which such program is conducted.

(4) During any period for which any such test program is in effect in any State or in any area of a State, individuals residing in such State or the area of the State in which such program is in effect shall not be eligible for aid or assistance under any State plan or program for which the State receives Federal financial assistance under part A of title IV of the Social Security Act.

(5) The Secretary, in determining the areas in which test programs under this section shall be conducted, shall select areas with a view to assuring—

(A) that the number of participants in any such program will (to the maximum extent practicable) be equal to the number of participants in any other such program; and

(B) that the area in which any family assistance test program is conducted shall be comparable (in terms of size and composition of population, of average per capita income, rate of unemployment, and other relevant criteria) to an area in which a workfare test program is conducted.

(c) (1) No test program under this section shall be conducted in any State (or any area thereof) unless such State shall have entered into an agreement with the Secretary under which the State agrees—

(A) to participate in the costs of such test program; and

(B) to cooperate with the Secretary in the conduct of such program.

(2) Under any such agreement, no State shall be required to expend, with respect to any test program conducted within such State (or any area thereof), amounts greater than the amounts which would have been expended with respect to such State or area thereof (as the case may be), during the period that such test program is in effect, under the State plan of such State approved under part A of title IV of the Social Security Act. For purposes of determining the amount any State would have expended under such a plan during the period that any such test program is in effect within such State (or any area thereof), it shall be assumed that the rate of State expenditure (from non-Federal funds) under such plan would be equal to the average rate of State expenditure (from non-Federal funds) under such plan for the 12-month period immediately preceding the commencement of such test program.

(d) (1) The Secretary shall, upon completion of any plans for and prior to the commencement of any test program under this section, submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a complete and detailed description of such program and shall invite and give consideration to the comments and suggestions of such committees with respect to such program.

(2) During the period that test programs are in operation under this section, the Secretary shall from time to time (but not less frequently than once during any 6-month period) submit to the Congress a report on such programs. Each such report shall contain full and complete information and data with respect to such programs and the operation thereof, together with such recommendations and comments of the Secretary with respect to such programs as he deems desirable.

(3) At the earliest practicable date after the termination of all test programs authorized to be conducted by this section, the Secretary shall submit to the Congress a full and complete report on such programs and their operation together with (A) the Secretary's evaluation of such programs

and such comments or recommendations of the Secretary with respect to such programs as he deems desirable and (B) his recommendations (if any) for legislation to revise or replace the provisions of part A of title IV of the Social Security Act.

(e) (1) The Secretary shall—

(A) in the planning of any test program under this section; or

(B) in assembling information, statistics, or other materials, to be contained in any report to Congress under this section;

consult with, and seek the advice and assistance of, the General Accounting Office and the General Accounting Office shall consult with the Secretary and furnish such advice and assistance to him upon request of the Secretary or at such times as the Comptroller General deems desirable.

(2) The operations of any test program conducted under this section shall be reviewed by the General Accounting Office, and the books, records, and other documents pertaining to any such program or its operation shall be available to the General Accounting Office at all reasonable times for purposes of audit, review, or inspection. The books, records, and documents of each such program shall be audited by the General Accounting Office from time to time (but not less frequently than once each year).

(3) During the period that test programs are in operation under this section, the Comptroller General shall from time to time (but not less frequently than once during any 6-month period) submit to the Congress a report on such programs which shall contain full and complete information and data with respect to such programs and the operation thereof, together with such recommendations and comments of the Comptroller General with respect to such programs as he deems desirable.

(4) At the earliest practicable date after the termination of all test programs authorized to be conducted by this section, the Comptroller General shall submit to the Congress a full and complete report on such programs and their operation together with his evaluation of, and comments and recommendations (if any), with respect to such programs.

(f) In the administration of test programs under this section, the Secretary shall provide safeguards which restrict the use or disclosure of information identifying participants in such programs to purposes directly connected with the administration of such programs (except that nothing in this subsection shall be construed to prohibit the furnishing of records or information concerning participants in such programs to the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives).

(g) For the purpose of enabling the Secretary to formulate operational plans and to conduct test programs under this section, there are hereby authorized to be appropriated for each fiscal year $200,000,000.

FISCAL RELIEF FOR STATES

SEC. 402. Effective January 1, 1973, section 403 of the Social Security Act is amended to read as follows:

On page 736, line 13, strike out "412" and insert in lieu hereof "403".

On page 737, line 20, strike out "404(d)" and insert in lieu thereof "402(a)(8)".

On page 738, line 18, strike out "411(a)(1)(A)(i)" and insert in lieu thereof "407(a))".

On page 738, lines 19 through 24, strike out "subclause (I) of section 411(a)(2)(B)(1)", "subclause (II)", and "subclause (I) of subparagraph (B)(ii)" where they appear, and insert in lieu thereof "section 407(b)(1)(A)", "subparagraph (B)", and section 407(b)(2)(A)", respectively.

On page 739, line 1, strike out "409" and insert in lieu thereof "402(a)(19)".

Beginning on page 739, line 15, strike out through page 741, line 17.

On page 741, line 18, strike out "(3)" and insert in lieu thereof "(2)"

On page 741, line 19, strike out "graphs (1) and (2)" and insert in lieu thereof "graph (1)".

On page 741, line 24, beginning with "(except" strike out all through "402(d)(1))" on page 742, line 4.

On page 742, line 9, strike out "409(f)" and insert in lieu thereof "402(a)(19)(G)".

On page 742, strike lines 11 and 12 and insert in lieu thereof "tures as are for the training of personnel employed or pre-".

On page 742, line 15, beginning with ", and" strike out all through "410(a)(2)" on line 17.

On page 742, line 22, strike out "407" and insert in lieu thereof "402(a)(14) and (15)"

On page 743, line 2, strike out "404(c)" and insert in lieu thereof "402(a)(7)".

Beginning on page 743, line 12, strike out through "of such payment" on page 744, line 1, and insert in lieu thereof the following: "families and (ii) services provided pursuant to section 408(f)(2)".

On page 747, strike out lines 11 and 12 and insert in lieu thereof "shall be reduced with respect to any State for any fiscal year after June 30, 1973,".

On page 747, line 15, strike out "409(f)" and insert in lieu thereof "402(a)(19)(G)" and on line 20 strike out "409(a)" and insert in lieu thereof "402(a)(19)(A)".

On page 747, line 25, strike out "(a)(3)-(B)" and insert in lieu thereof "(a)(2)(B)".

Beginning on page 748, line 1, strike out all through page 751, line 16.

On page 751, line 18, delete "402" and insert in lieu thereof "403".

On page 751 line 19, delete "412" and insert in lieu thereof "403".

On page 751, line 20, delete "added" and insert in lieu thereof "amended".

Beginning on page 752, line 16, strike out through page 769, line 11, and insert in lieu thereof the following:

PART B—EMPLOYMENT WITH WAGE SUPPLEMENT

SEC. 420. The Social Security Act is amended by adding after title XIX thereof the following new title:

On page 769, line 12, strike out "Subpart 2" and insert in lieu thereof "Title XX".

On page 769, line 15, and on page 771, line 19, strike out "2030" and insert in lieu thereof "2001"

On page 769, lines 16 and 21, on page 770, line 5, and on page 771, line 21, strike out "2071" and insert in lieu thereof "2003".

On page 770, line 11 and lines 21 and 22, and on page 771, lines 5, 6, and 11, strike out "Work Administration" and insert in lieu thereof "Secretary"

On page 770, lines 12 and 23, strike out "it" and insert in lieu thereof "him"

On page 771, line 13, strike out "2031" and insert in lieu thereof "2002", and on line 14, strike out "subpart" and insert in lieu thereof "title"

Beginning on page 772, line 3, strike out through page 797, line 25, and insert in lieu thereof the following:

"DEFINITIONS

"SEC. 2003. For purposes of this title—

"(a) The term 'Secretary' means the Secretary of Labor.

"(b) The term 'regular employment' means any employment provided by a private or public employer.

"(c) The term 'United States', when used in a geographic sense, means the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.

On page 799, line 18, strike out "Work Administration" and insert in lieu thereof "Secretary"; and on line 21, strike out "and training" and insert in lieu thereof "with wage supplement".

Beginning on page 800, line 8, strike out through page 803, line 23.

On pages 804 through 827, strike out "402(h)" each time it appears and insert in lieu thereof "402(a)(26)".

Beginning on page 825, line 11, strike out through page 826, line 3.

On page 829, between lines 2 and 3, insert the following:

AMENDMENTS TO PART A OF TITLE IV

SEC. 430A. (a) Section 402(a)(8)(A) of the Social Security Act is amended—

(1) by striking out "and" at the end of clause (i);

(2) by striking out the semicolon at the end of clause (ii) and inserting in lieu thereof a comma; and

(3) by adding at the end of clause (ii) the following new clause:

"(iii) $20 per month, with respect to the dependent child (or children), relative with whom the child (or children) is living, and other individual (living in the same home as such child (or children)) whose needs are taken into account in making such determination, of all income derived from support payments collected pursuant to part D; and".

(b) Section 402(a)(9) is amended to read as follows: "(9) provide safeguards which permit the use or disclosure of information concerning applicants or recipients only to (A) public officials who require such information in connection with their official duties, or (B) other persons for purposes directly connected with the administration of aid to families with dependent children;".

(c) Section 402(a)(10) is amended by inserting immediately before "be furnished" the following: ", subject to paragraphs (24) and (26),".

(d) Section 402(a)(11) is amended to read as follows: "(11) provide for prompt notice (including the transmittal of all relevant information) to the Attorney General of the United States (or the appropriate State official or agency (if any) designated by him pursuant to part (D)) of the furnishing of aid to families with dependent children with respect to a child who has been deserted or abandoned by a parent (including a child born out of wedlock without regard to whether the paternity of such child has been established);".

(e) Section 402(a) is further amended—

(1) by striking out "and" at the end of paragraph (22); and

(2) by striking out the period at the end of paragraph (23) and inserting in lieu thereof a semicolon and the following: "(24) provide (A) that, as a condition of eligibility under the plan, each applicant for or recipient of aid shall furnish to the State agency his social security account number (or numbers, if he has more than one such number), and (B) that such State agency shall utilize such account numbers, in addition to any other means of identification it may determine to employ, in the administration of such plan; (25) contain such provision pertaining to determining paternity and security support and locating absent parents as are prescribed by the Attorney General of the United States in order to enable him to comply with the requirements of part D; and (26) provide that, as a condition of eligibility for aid, each applicant or recipient will be required—

"(A) to assign to the United States any rights to support from any other person he may have (i) in his own behalf or in behalf of any other family member for whom he is applying for or receiving aid, and (ii) which have accrued at the time such assignment is executed, and which will accrue during the period ending with the third month following the month in which he (or such other family members) last received aid under the plan or within such later month as may be determined under section 455(b), and

"(B) to cooperate with the Attorney General or the State or local agency he has dele-

gated under section 454, (i) in establishing the paternity of a child born out of wedlock with respect to whom aid is claimed, and (ii) in obtaining support payments for interest and for a child with respect to whom such aid is claimed, or in obtaining any other payments or property due herself or such child."

(1) Sections 402(a) (17), (18), (21), and (22), and section 410 of such Act are repealed.

On page 830, lines 19 to 21, strike out "as a division of the Work Administration (established under title XX of this Act)".

On page 833, line 3, strike out "the Work Administration" and insert in lieu thereof "recipients of assistance under title IV of this Act, and persons who have been or are likely to become applicants for or recipients of such aid,".

On page 834, line 17, strike out "title XX" and insert in lieu thereof "part A of title IV".

One page 836, lines 1 and 2, strike out ", in addition to the powers it has as a division of the Work Administration,".

On page 837, strike out line 19 and insert in lieu thereof "persons receiving assistance under part A of title IV".

On page 851, strike out lines 17, 18, and 19.

On page 851, line 20, strike out "(b)" and insert in lieu thereof "Sec. 2114(a)".

On page 852, line 4, strike out "(c)" and insert in lieu thereof "(a)".

Mr. MANSFIELD. For the information of the Senate, I want to repeat again the intention of the leadership that, at the conclusion of the brief remarks of the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.), the majority leadership will endeavor to call up H.R. 16593, the Defense appropriation bill.

Mr. President, I make that unanimous-consent request at this time.

The PRESIDING OFFICER. Is there an objection?

Mr. ROBERT C. BYRD. It has already been done.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. And I wish to tell the Senate that as far as the leadership is concerned, it hopes that there will be votes on amendments this afternoon. As I understand, there is a rumor going around that there will be no votes. I wish to disabuse Members of that thought, because there may well be votes.

We are operating on a shoestring at the present time with 54 Members present. I would urge all Senators to take into consideration the meaning of what the Senate is, and even if it is Saturday afternoon, to stay here and attend to our duties.

Mr. MATHIAS. Mr. President, will the majority leader yield?

Mr. MANSFIELD. I yield.

Mr. MATHIAS. I want to make an inquiry as to whether it is the leadership's intention to try to complete action today on the Defense appropriations.

Mr. MANSFIELD. If it could be done, I would be delighted; but I must say in all candor and in all likelihood, it cannot be done; but I would hope we could at least get started on amendments.

Mr. MATHIAS. Yes. I have always respected the majority leadership's judgment, and I think it is excellent in this case, because here we are dealing with a $75 billion bill, the second largest appropriation bill since World War II. It is a bill which, I think, requires more time and more attention than the half of the Senate which is present can give it on a rainy Saturday afternoon.

Mr. MANSFIELD. I am sure that the weather has nothing to do with only half the Senate being present, because I do not think the roads are so slick they could not be here if they wanted to. But as I said, I expressed the personal hope that it could be finished this afternoon, even late into the evening; but in all candor, I must reiterate that I do not think that is a possibly. But I do hope we could have some votes on some amendments.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARRY F. BYRD, JR. As I understand it, the amendments just submitted to the clerk's desk is the pending business; is that correct?

The PRESIDING OFFICER. That is correct.

Mr. HARRY F. BYRD, JR. Mr. President, I shall speak very briefly on this. Of course, it will not be called up for a vote today. I will describe briefly the purpose of this amendment.

Congress has had under consideration for some time now three different proposals in regard to welfare legislation. One is the administration proposal for a $2,400 guaranteed income. That has passed the House of Representatives twice, and it has been before the Senate Finance Committee since 1970. It was considered by the committee in 1970, 1971, and in 1972. It was rejected by the committee.

I think it is probably accurate to say it was rejected by the committee unanimously, although I do not want to make that statement caetgorically. It was overwhelmingly rejected by the committee.

Another proposal under discussion is the so-called Ribicoff proposal, offered by the distinguished Senator from Connecticut. It is similar to the administration backed plan, except it is a more costly version. It also provides for a guaranteed annual income. The third proposal was developed by the Committee on Finance and it is known as the workfare plan, or one might say the Long-Bennett plan, or one might say the Long plan. Whatever it might be, perhaps it is best described by calling it the workfare proposal. It seems to me that this proposal is going in the right direction.

What we want to do, as I see it, is to get people off of welfare instead of adding more people to the welfare rolls and the workfare plan is an incentive for individuals to go to work. The other two plans are lacking in work incentives and also embody the principle of guaranteed annual income. The workfare plan guarantees the principle of guaranteed job opportunities. I certainly favor the concept. I am concerned as to the cost of the workfare proposal. I am not satisfied yet as to what that cost will be. It will not be more costly than the administration program; it will be far less costly than the Ribicoff proposal, but I still am not satisfied as to the cost, and I do not believe we have adequate cost estimates.

We know the other programs will be tremendously costly; they are bound to be. The administration program doubles the number of people on welfare. That was the testimony submitted to the committee 2 years ago. There will be many more millions of people put on welfare if either the administration-backed proposal is approved or the Ribicoff proposal is approved.

It seems to me that before we go into a gigantic new program, whether it be the administration-backed proposal, the Ribicoff proposal, or the workfare proposal, regardless which one Congress may decide to take, before going into such a program it certainly should be piloted out and tested out in several areas of this country, and then let HEW come back to Congress and submit the results of such test, such pilot projects, and then Congress can decide which features will work and which will not work.

The amendment I have submitted provides for four tests: Two of the committee's work-fare plan, and two of the Ribicoff amendment plan, so that it provides for a total of four tests. HEW would be permitted to make the decision as to where it might wish to conduct these tests, I think that certainly in going into a gigantic new program that Congress should have some idea as to how these new proposals will work in practice.

Now, when the Secretary of Health, Education, and Welfare, Mr. Richardson, came before the committee, in his formal statement he said that his proposal was revolutionary and expensive—revolutionary and expensive, and most certainly he is accurate in that statement. Almost the only thing about Mr. Richardson's welfare plan I agree with him on is that it is revolutionary and expensive.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield to the chairman of the committee.

Mr. LONG. Mr. President, I do not think the Secretary had any idea how expensive his proposal could be, because while what he was proposing would call for a great deal of money, the cost of that program is far more formidable than just the first cost because there is no way a plan can be put into effect that is going to stop at a guarantee $2,400 a year to everybody. I think he started out with a guarantee of $1,600 and then he had to go to $2,400 to try to get it through the House.

Mr. HARRY F. BYRD, JR. In 1 year.

Mr. LONG. Yes. So he himself had to increase his proposal by $800 to try to get it through the House. He started by guaranteeing everybody $2,400. Almost every recipient from the day he gets the first check will scorn you on the theory it is not enough; that at a minimum it should be up to the poverty level, which is $4,000 for a family of four, and we are talking about $2,400 for a family of four under the family assistance plan.

When they go to the $4,000 figure, if the Senator thinks they are going to

satisfy those people at $4,000 he just has not had the good fortune of coming in contact with the National Welfare Rights Organization. They have been clamoring, conducting sit-down strikes and sit-down demonstrations in the halls outside of our committee room, and using their best efforts at the National Democratic Convention. They came up with a one-third vote at the National Democratic Convention calling for $6,500. That would give us some 104 million people on the welfare rolls for starters. You would soon have more people on the taking down end than you would have on the putting up end in this country under that scheme.

A person under that scheme, as under the Ribicoff amendment, would be able to keep a portion of every dollar he earns earns, so he would not go off of welfare rolls until he received more than $10,000 a year. More than one-half the people in the country would be welfare beneficiaries.

There is no way to put that family assistance plan into effect without having constant increases. Even the Senator from Connecticut (Mr. RIBICOFF) who was the sponsor of that proposal last year was urging then and urges now that you should put something far more liberal than $2,400 into effect, that that is too niggardly, even for beginners.

To show the number of people who would be on the welfare rolls, if we went to the $3,000 proposed in the Ribicoff amendment No. 559, there would be 40 million people on welfare rolls. But if we went to the Harris proposal which is $4,000 a year, the poverty level—it is said if you are going to guarantee income you could not go below the poverty level—that is up to 81 million people on the welfare rolls. Under the McGovern proposal for $6,500 it would go to 104 million people on the welfare rolls.

Mr. President, when you go down the road of guaranteed income, the Senate should know there is involved far more than just starting out by providing welfare payments for another 10 or 12 million people as would be proposed by H.R. 1. That is just openers, as the Senator from Idaho (Mr. JORDAN) said, just to use a poker player's terms. It is just openers until the next candidate for office can call your bet and propose something more. So in short order anyone going down the road to amendment No. 559 would provide at least $3,000.

One could not defend that. He would have to apologize even for offering that, and he would have to go to the Harris bill, which would authorize $4,000. That would get 81 million on the welfare payroll. So, before we get going in the direction where we would have more welfare beneficiaries than taxpayers, we had better not start on that road. That is what the committee discussed. That is what I discussed. We felt that once we started down that road, we could not go back, and that we had better turn back toward sanity while the Nation can still stand the burden being placed on it, rather than wait until we would have to make drastic changes in our form of government to bring it about.

Mr. HARRY F. BYRD, JR. If we are going to establish the principle of a guaranteed income, I do not see how we can logically make it less than the poverty level. I put that question to Governor Rockefeller, who is the foremost advocate of this program, and he said he agreed with that in principle, but he said if we could start out this way, it would be a start, and then we would go beyond that point.

That is why I am opposed to writting into law the principle of a guaranteed annual income. I do not think such a program should be put into effect unless it has been tested and we have had the opportunity to know what parts of it would work, and the many ramifications of it.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield.

Mr. BENNETT. I have listened to the proposal, and I am very interested, but I would hope it would contain an opportunity to test H.R. 1 as it came from the House, because we share the responsibility for this program with the House Ways and Means Committee. I would think that if we are going down the road of a test, and particularly if we are going to go to conference with them on the principle of a test, we should have an opportunity to test the House proposal, which is less expensive than the Ribicoff proposal.

Mr. HARRY F. BYRD, JR. I think the Senator raises a good point. It occurred to me that what we would be testing is the principle, and the principles are the same whether they be under the Ribicoff or the House-passed proposal. But I see no objection, so far as I am concerned, to changing this so that there could be an adequate test of the House-passed plan, if the Senator from Utah and other Senators feel that in testing the Ribicoff proposal, that does not give——

Mr. BENNETT. The thing that worries me about limiting it to the Ribicoff proposal is that the Ribicoff proposal starts at a level above the Senate workfare program and it also puts in single people as well as married couples. I think the House should not be required to accept the sponsorship for the Ribicoff variation to H.R. 1.

I would hope, by the time he finishes his work on his amendment, the Senator will consider probably changing it so that the test can be made on the House-passed section of H.R. 1.

Mr. HARRY F. BYRD, JR. I shall be very glad to work with the distinguished ranking Republican member of the Finance Committee on this matter to see if we cannot work it out to the point where we can get a fair test on the principle involved in both the House-passed H.R. 1 and the Ribicoff plan.

Mr. BENNETT. I thank the Senator for that consideration. I shall be very happy to work with him.

work bonus program for low-income workers.

The PRESIDING OFFICER. Without objection, it is so ordered.

ANNOUNCEMENT OF POSITION ON VOTES

Mr. GAMBRELL. Mr. President, I was necessarily absent on Saturday, September 30, when four record votes were taken on amendments to H.R. 1. I ask unanimous consent that the permanent RECORD reflects that had I been present, I would have voted as follows on those four amendments:

First. I would have voted "yea" on Senator ROBERT BYRD's amendment to make women eligible to receive social security benefits at age 60, and in the case of widows at age 55;

Second. I would have voted "yea" on Senator LONG's committee amendment, to make maintenance drugs available under medicare;

Third. I would have voted "yea" on Senator HARTKE's amendment to provide that chronic renal disease be considered to constitute disability under the medicare program.

Fourth. I would have voted "yea" on Senator LONG's committee amendment to incorporate in provision of the bill the

SOCIAL SECURITY AMENDMENTS OF 1972

The PRESIDING OFFICER. Under the previous order the Chair lays before the Senate H.R. 1, which the clerk will report.

The assistant legislative clerk read the bill by title, as follows:

A bill (H.R. 1) to amend the Social Security Act, to make improvements in the Medicare and Medicaid programs, to replace the existing Federal-State Public Assistance programs, and for other purposes.

The PRESIDING OFFICER. The pending question is amendment No. 1663.

Mr. RIBICOFF. Mr. President, I send to the desk amendments to amendment No. 1663 of the Senator from Virginia, and ask that they be stated.

The PRESIDING OFFICER. The amendments to the amendent will be stated.

The assistant legislative clerk proceeded to read the amendments.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that further reading of the amendments may be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments read as follows:

In lieu of the language proposed to be inserted by the Roth-Byrd-Spong amendment, insert the following:

TITLE IV—FAMILY PROGRAMS

ESTABLISHMENT OF OPPORTUNITIES FOR FAMILIES

PROGRAM AND FAMILY ASSISTANCE PLAN

SEC. 401. The Social Security Act is amended by adding at the end thereof (after the new title added by section 301 of this Act) the following new title:

"TITLE XXI—OPPORTUNITIES FOR FAMILIES PROGRAM AND FAMILY ASSISTANCE PLAN

"GOAL STATEMENT; APPROPRIATIONS

"SEC. 2101. (1) The Congress hereby establishes a national goal of assuring all citizens, through work or assistance, in this decade, an income adequate to sustain a decent level of life and to eliminate poverty among our people.

"(2) Therefore, in order to achieve this goal by—

"(A) providing for members of needy families with children the manpower services, training, employment, child care, family planning, and related services which are necessary to train them, prepare them for employment, and otherwise assist them in securing and retaining regular employment and having the opportunity for advancement in employment, to the end that such families will be restored to self-supporting, independent, and useful roles in their communities, and

"(B) providing a basic level of financial assistance throughout the Nation to needy families with children in a manner which will encourage work, training, and self-support,

improve family life, and enhance personal dignity,

there are authorized to be appropriated for each of the five fiscal years in the period beginning July 1, 1973, and ending June 30, 1978, sums sufficient to carry out this title.

"BASIC ELIGIBILITY FOR BENEFITS

"SEC. 2102. Every family which is determined under part C to be eligible on the basis of its income and resources shall, upon registration for manpower services, training, and employment by any of its members who are available for employment (as determined under section 2111) and in accordance with and subject to the other provisions of this title, be paid benefits by the Secretary of Labor under part A, or, if such family has no members who are registered for such services, training, and employment, shall be paid benefits by the Secretary of Health, Education, and Welfare under part B.

"PART A—OPPORTUNITIES FOR FAMILIES PROGRAM

"REGISTRATION OF FAMILY MEMBERS FOR MANPOWER SERVICES, TRAINING, AND EMPLOYMENT

"SEC. 2111. (a) Every individual who is determined by the Secretary of Health, Education, and Welfare to be a member of an eligible family and to be available for employment shall register with the Secretary of Labor for manpower services, training, and employment.

"(b) Any individual shall be considered to be available for employment for purposes of this titles unless he is determined by the Secretary of Health, Education, and Welfare to be—

"(1) unable to engage in work or training by reason of illness, incapacity, or advanced age;

"(3) the relative of a child under the age of six who is caring for such child;

"(3) the caretaker of a child, if the spouse of such caretaker or another adult relative is in the home and not excluded by paragraph (1), (2), (4), or (5) of this subsection (unless such spouse or relative has failed to register as required by subsection (a), or to accept services or employment or participate in training as required by subsection (c));

"(4) a child who is under the age of sixteen or meets the requirements of section 2155(b)(2); or

"(5) one whose presence in the home on a substantially continuous basis is required because of the illness or incapacity of another member of the household.

An individual described in paragraph (2), (3), (4), or (5) who would, but for the preceding sentence, be required to register pursuant to subsection (a), may, if he wishes, register as provided in such subsection, and upon so registering he shall, until he notifies the Secretary fo Labor that he no longer wishes to remain registered, be considered as available for employment for purposes of this title.

"(c)(1) Every individual who is registered as required by subsection (a) shall participate in manpower services or training, and accept and continue to participate in employment in which he is able to engage, except where food cause exists for failure to participate in such services or training or to accept and continue to participate in such employment, as provided by the Secretary of Labor.

"(2) No individual shall be required by paragraph (1) to accept employment if—

"(A) the position offered is vacant due directly to a strike, a lockout, or other labor dispute;

"(B) the wages, hours, or other terms or conditions of the work offered are contrary to or less than those prescribed by applicable Federal, State, or local law or are less favorable to the individual than those prevailing for similar work in the locality, or the wages for the work offered are at an hourly rate of less than the minimum wage specified in section 6(a)(1) of the Fair Labor Standards Act of 1938;

"(C) as a condition of being employed the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization; or

"(D) the individual has the demonstrated capacity, through other available training or employment opportunities, of securing work available to him that would better enable him to achieve self-sufficiency, or to accept or participate in employment or training if—

"(E) appropriate standards for health, safety, and other conditions applicable to the performance of such employment or training have not been established or are not maintained or such acceptance or participation would endanger the individual's health or safety;

"(F) the employment or training is so remote from the individual's residence that acceptance or participation would constitute a hardship; or

"(G) child care services meeting the standards prescribed under section 2134(a)(1), needed by the individual in order for him to accept or participate in employment or training, are unavailable or remote from his place of residence.

"CHILD CARE AND OTHER SUPPORTIVE SERVICES

"SEC. 2112. (a)(1) The Secretary of Labor shall make provision for the furnishing of child care services in such cases and for so long as he deems appropriate (subject to section 2179) for individuals who are currently registered pursuant to section 2111(a) or referred pursuant to section 2117(a) (or who have been so registered or referred within such period or periods of time as the Secretary of Labor may prescribe) and who need child care services in order to accept or continue to participate in manpower services, training, or employment, or vocational rehabilitation services.

"(2) In making provision for the furnishing of child care services under this subsection, the Secretary of Labor shall, in accordance with standards established pursuant to section 2134(a), but in no case less comprehensive than the 1968 Federal interagency day care requirements, arrange for or purchase, from whatever sources may be available, all such necessary child care services, including necessary transportation. Where available, services provided through facilities developed by the Secretary of Health, Education, and Welfare shall be utilized on a priority basis.

"(3) In cases where child care services in facilities developed by the Secretary of Health, Education, and Welfare are not available, and such services will not be available within such time as he and the Secretary of Labor may agree upon, the Secretary of Labor may provide such services (A) by grants to public or nonprofit private agencies or contracts with public or private agencies or other persons, through such public or private facilities as may be available and appropriate (except that no such funds may be used for the construction of facilities (as defined in section 2134(b)(2)), and (B) through the assurance of such services from other appropriate sources. In addition to other grants or contracts made under clause (A) of the preceding sentence, grants or contracts under such clause may be made to or with any agency which is designated by the appropriate elected or appointed official or officials in such area and which demonstrates a capacity to work effectively with the manpower agency in such area (including for the stationing of personnel with the manpower team in appropriate cases). To the extent appropriate, such care for children attending school which is provided on a group or institutional basis shall be provided through arrangements with the appropriate local educational agency.

"(4) The Secretary of Labor may require individuals receiving child care services made available under paragraph (2) or provided under paragraph (3) to pay (in accordance with the schedule or schedules prescribed under section 2134(a)) for part or all of the cost thereof, and may require (as a condition of benefits under this part) that individuals receiving child care services otherwise furnished pursuant to provision made by him under paragraph (1) shall pay for the cost of such services if such cost will be excludable under section 2153(b)(3).

"(5) In order to promote, in a manner consistent with the purposes of this title, the effective provision of child care services, the Secretary of Labor shall assure the close cooperation of the manpower agency with the providers of child care srevices and shall, through the utilization of training programs and in cooperation with the Secretary of Health, Education, and Welfare, prepare persons registered pursuant to section 2111 for employment in child care facilities.

"(6) The Secretary of Labor shall regularly report to the Secretary of Health, Education, and Welfare concerning the amount and location of the child care services which he has had to provide (and expects to have to provide) under paragraph (3) because such services were not (or will not be) available under paragraph (2).

"(7) Of the amount appropriated to enable the Secretary of Labor to carry out his responsibilities under this subsection for any fiscal year, not less than 50 percent shall be expended by the Secretary of Labor in accordance with a formula under which the expenditures made in any State shall bear the same ratio to the total of such expenditures in all the States as the number of mothers registered under section 211 in such State bears to the total number of mothers so registered in all the States.

"(b)(1) The Secretary of Labor shall make provision for the furnishing of the health, vocational rehabilitation, counseling, social, and other supportive services (including physical examinations and minor medical services) which he determines under regulations to be necessary to permit an individual who has registered pursuant to section 2111(a) to undertake or continue manpower training or employment under this part and shall take all necessary steps to assure that such services are made available, on a priority basis, to any individual who is a mother or a pregnant woman and is under nineteen years of ago (whether for the purpose of allowing her to participate in programs under this part or to continue to meet the requirements, other than age, of section 2155(b)(2).

"(2) In addition, the Secretary of Labor shall make provision for the offering, to all appropriate members of families which include one or more individuals registered pursuant to section 2111(a), of family planning services, the acceptance of which by any such member shall be voluntary on the part of such member and shall not be a prerequisite to eligibility for or receipt of benefits under this part or otherwise affect the amount of such benefits.

"(3) Services furnished under this subsection shall be provided in close cooperation with manpower training and employment services provided under this part. In providing services under this subsection the Secretary of Labor, to the maximum extent feasible, shall assure that such services are provided in such manner, through such means, and using suth authority available under any other Act (subject to all duties and responsibilities thereunder) as will make maximum use of existing facilities, programs, and agencies, and shall regularly report to the Secretary of Health, Education, and Welfare on the extent to which he has

been, and expects in the coming year to be, able to so provide services.

"(4) Of the sum authorized by section 2101 to be appropriated for the fiscal year ending June 30, 1974, not more than $100,000,000 shall be appropriated to the Secretary of Labor to enable him to carry out his responsibilities under paragraph (1) of this subsection.

"PAYMENTS OF BENEFITS

"SEC. 2113. Every eligible family (other than a family meeting the conditions for payment of benefits under section 2131) shall, in accordance with and subject to the other provisions of this title, be paid benefits by the Secretary of Labor as provided in part C.

"OPERATION OF MANPOWER SERVICES, TRAINING, AND EMPLOYMENT PROGRAMS

"SEC. 2114. (a) The Secretary of Labor shall develop, for each individual registered pursuant to section 2111(a), an employability plan describing the manpower services, training, and employment which the individual needs in order to enable him to become self-supporting and secure and retain employment and opportunities for advancement. Employability plans under this subsection shall be developed in accordance with priorities prescribed by the Secretary of Labor.

"(b) The Secretary of Labor shall establish manpower services, training, and employment programs for individuals registered pursuant to section 2111(a), and shall, through such programs, provide or assure the provision of manpower services, training, and employment necessary to prepare such individuals for and place them in regular employment, including—

"(1) any of such services, training, and employment which the Secretary of Labor is authorized to provide under any other Act;

"(2) counseling, testing, coaching, program orientation, institutional and on-the-job training, work experience, upgrading, job development, job placement, and followup services required to assist in securing and retaining employment and opportunities for advancement;

"(3) relocation assistance, including grants, loans, and the furnishing of such services as will aid an involuntarily unemployed individual who desires to relocate to do so in an area where there is assurance of regular employment; and

"(4) public service employment programs.

"(c)(1) For the purpose of subsection (b)(4), a 'public service employment program' is a program designed to provide employment as described in paragraph (2) for individuals who (during the period of such employment) are not otherwise able to obtain employment or to be effectively placed in training programs. Such a program shall provide employment relating to such fields as health, social service, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, criminal justice, public facilities, and public safety or any other field which would benefit the community, the State, or the United States as a whole, by improving physical, social, or economic conditions.

"(2) The Secretary of Labor shall provide for the development of public service employment programs through grants to or contracts with any public or nonprofit private agency or organization. Such programs shall be designed with a view toward—

"(A) providing for development of employability through actual work experience; and

"(B) enabling individuals employed under public service employment programs to move into regular public or private employment.

"(3) Before making any grant or entering into any contract for a public service employment program under this subsection, the Secretary of Labor must receive assurances that—

"(A) appropriate standards for health, safety, and other conditions applicable to the performance of work and training have been established and will be maintained;

"(B) available employment opportunities will be increased and the program will not result in a reduction in the employment and labor costs of any employer or in the displacement of persons currently employed, including partial displacement resulting from a reduction in hours of work or wages, or employment benefits;

"(C) the conditions of work, training, education, and employment are reasonable in the light of such factors as the type of work, the geographic region, and the proficiency of the participants;

"(D) appropriate workmen's compensation protection is provided to all participants; and

"(E) the employability of participants will be increased.

"(4) Wages paid to an individual participating in a public service employment program shall be equal to the highest of—

"(A) the prevailing rate of wages in the same labor market area for persons employed in similar public occupations;

"(B) the applicable minimum wage rate prescribed by Federal, State, or local law; or

"(C) the minimum wage specified in section 6(a)(1) of the Fair Labor Standards Act of 1938.

"(5) The Secretary of Labor shall periodically review the employment record of each individual participating in a public service employment program. On the basis of that record and any other information he may require, the Secretary of Labor shall determine the feasibility of placing such individual in regular employment or in on-the-job institutions, or other training.

"(6) The Secretary of Labor shall make payments for not more than the first three years of an individual's employment in any public service employment program. Payments during the first year of such individual's employment shall not exceed 100 percent of the cost of providing such employment to such individual during such first year, payments during the second year of such individual's employment shall not exceed 75 percent of the cost of providing such employment to such individual during such second year, and payments during the third year of such individual's employment shall not exceed 66⅔ percent of the cost of providing such employment to such individual during such third year.

"(d) In order to assure an adequate supply of information concerning opportunities for employment by States, their political subdivisions, or by private employers, any such employer receiving Federal assistance, through a grant-in-aid or contract under this title or any other provision of law, shall provide the Secretary of Labor with complete, up-to-date listings of all employment vacancies that such employer may have in positions or programs wholly or partially supported through such Federal assistance. The fulfillment of this requirement shall be a condition for receiving such assistance.

"(e) The Secretary of Labor shall enter into agreements with the heads of other Federal agencies administering grant-in-aid programs to establish annual and multiyear goals for the employment of members of families receiving benefits under this title in employment wholly or partially supported through such Federal assistance. For the purposes of carrying out these agreements Federal agencies may provide, notwithstanding any other provision of law, that the establishment of such goals shall be a condition for receiving such assistance.

"(f) Of the sums authorized by section 2101 to be appropriated for the fiscal year ending June 30, 1974—

"(1) not more than $540,000,000 shall be appropriated to the Secretary of Labor to enable him to carry out his responsibilities under subsections (a) and (b) (except subsection (b)(4)) of this section, and under section 2115, and

"(2) not more than $1,200,000,000 shall be appropriated to the Secretary of Labor for the public service employment program under subsection (b)(4) of this section.

"EQUAL EMPLOYMENT OPPORTUNITIES

"SEC. 2115. (a) (1) The Secretary of Labor shall, in the administration of part A, periodically and regularly consult with representatives of employers in the private and public sectors of the economy and with representatives of families and individuals who are receiving or are eligible to receive manpower services, training, and employment under this Act.

"(2) The Secretary of Labor shall take all necessary steps to terminate discriminatory practices of public and private employers and thereby make employment opportunities available to needy individuals. To this end, the Secretary shall assure that all participants in this program are treated without discrimination on the basis of race, religion, sex, or national origin, and for this purpose shall establish detailed equal opportunity reporting requirements with respect to all activities under this part affecting recipients of benefits hereunder, including job referrals, salary levels and placements, and on the nature of job listings made available under the program. The Secretary of Labor shall report to the Congress at least annually on the steps he has taken under this section and the results he has achieved.

"(b) Of the sums authorized by section 2101 to be appropriated for the fiscal year ending June 30, 1974, not more than $10,000,000 shall be appropriated to the Secretary of Labor to enable him to carry out his responsibilities under this section.

"ALLOWANCES FOR INDIVIDUALS PARTICIPATING IN TRAINING

"SEC. 2116. (a)(1) The Secretary of Labor shall pay to each individual who is a member of an eligible family and who is participating in manpower training under this part an incentive allowance of $30 per month. If one or more members of a family are receiving training for which training allowances are payable under section 203 of the Manpower Development and Training Act and meet the other requirements under such section (except subsection (l)(1) thereof) for the receipt of allowances which would be in excess of the sum of such family's benefit under this part and any supplementary payment to such family under section 2156, the Secretary of Labor shall determine the total of the incentive allowances per month for such members to be paid under this section, after giving consideration to the amount of training allowances being paid to others participating in the same training, but such amount shall not exceed (A) the amount of such excess or, if lower, the amount of the excess of the training allowances which would be payable under such section 203 as in effect on January 1, 1971, over the sum of such family's benefit under this part and any such supplementary payment, and shall in no event be less than (B) $30 for each such member.

"(2) The Secretary of Labor shall also pay, to any member of an eligible family participating in manpower training under this part, allowances for transportation and other costs to such member which are reasonably necessary to and directly related to such member's participation in training.

"(b) In such cases as the Secretary of Labor may prescribe, the allowances required to be paid to an individual under this section may be paid, in whole or in part, from funds available under any other Act for allowances under any manpower training program in which such individual is participating. Any allowances so paid shall be deemed, for purposes of section 2153(b)(6), to be allowances under this section.

"(c) Subsection (a) shall not apply to any member of an eligible family who is receiving wages under a program of the Secretary of Labor or who is participating in manpower training which has the purpose of obtaining for him an undergraduate or graduate degree at a college or university.

"UTILIZATION OF OTHER PROGRAMS

"SEC. 2117. In providing the manpower training and employment services and opportunities required by this part the Secretary of Labor, to the maximum extent feasible, shall assure that such services and opportunities are provided in such manner, through such means, and using all of such authority available to him under any other Act (and subject to all duties and responsibilities thereunder) as will further the establishment of an integrated and comprehensive manpower training program involving all sectors of the economy and all levels of government. The Secretary of Labor shall also take such actions as may be necessary to insure that individuals who are eligible under this part are given priority for participation in other Federal or federally assisted programs which are designed to promote employability, or to provide employment opportunities.

"REHABILITATION SERVICES FOR INCAPACITATED FAMILY MEMBERS

"SEC. 2118. (a) In the case of any individual who is a member of a family receiving benefits under this part and who is not required to register pursuant to section 2111(a) solely because of his incapacity under section 2111(b)(1), the Secretary of Labor shall make provision for referral of such individual to the appropriate State agency administering the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act, and (except in such cases as he may determine) for a review not less often than quarterly of such individual's incapacity and his need for and utilization of the rehabilitation services made available to him under such plan.

"(b) Every individual with respect to whom the Secretary of Labor is required to make provision for referral under subsection (a) shall accept such rehabilitation services as are made available to him under the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act, except where good cause exists for failure to accept such services; and the Secretary of Labor is authorized to pay to the State agency administering or supervising the administration of such State plan the costs incurred in the provision of such services to such individuals.

"(c)(1) The Secretary of Labor shall pay to each family member with respect to whom the Secretary of Labor is required to make provision for referral under subsection (a) and who is receiving vocational rehabilitation services pursuant to such provision an incentive allowance of $30 per month.

"(2) The Secretary of Labor shall also pay, to any member of an eligible family with respect to whom the Secretary of Labor is required to make provision for referral under subsection (a) and who is receiving vocational rehabilitation services pursuant to such provision, allowances for transportation and other costs to such member which are necessary to and directly related to such member's participation in such services.

"EVALUATION AND RESEARCH: REPORTS

"SEC. 2119. (a)(1) The Secretary of Labor shall provide for the continuing evaluation of the program conducted under this part and of activities conducted under part C and D insofar as they involve or are related to such program, including the effectiveness of such program in achieving its goals and its impact on other related programs. The Secretary of Labor may conduct research regarding, and demonstrations of, ways to improve the effectiveness of the program conducted under this part, and in so doing may waive any requirement or limitation imposed by or pursuant to this title to the extent he deems appropriate. The Secretary of Labor may, for these purposes, contract for evaluations of and research regarding such program. Specifically, the report shall contain information relevant to determining the need for additional training and employment opportunities, including the number of individuals—

"(A) who registered during the year;

"(B) for whom employability plans were developed during the year;

"(C) who were placed in training under this title during the year;

"(D) who completed training under this title during the year;

"(E) who were placed in jobs during the year and of that number, the number who were placed in jobs for which they were trained under this title;

"(F) the number of persons placed in public service employment during the year; and

"(G) the number of persons enrolled in manpower programs, other than those funded under this title.

"(2) Of the sums authorized by section 2101 to be appropriated for any fiscal year, in addition to amounts otherwise available therefor, not more than $10,000,000 shall be appropriated for purposes of paragraph (1).

"(b) The Secretary of Labor shall, in conducting the activities provided for in subsection (a)(1), utilize the data collection, processing, and retrieval system established for use in the operation and administration of the program under this part.

"(c) The Secretary of Labor shall make an annual report to the President and the Congress on the operation and administration of the program under this part, including an evaluation thereof in carrying out the purpose of this title and recommendations with respect thereto.

"PART B—FAMILY ASSISTANCE PLAN

"PAYMENT OF BENEFITS

"SEC. 2131. Every eligible family in which there is no member available for employment who has registered pursuant to section 2111 shall, in accordance with and subject to the other provisions of this title, be paid benefits by the Secretary of Health, Education, and Welfare as provided in part C.

"REHABILITATION SERVICES FOR INCAPACITATED FAMILY MEMBERS

"SEC. 2132.(a) In the case of any individual who is a member of a family receiving benefits under this part and who is not required to register pursuant to section 2111 (a) solely because of his incapacity under section 2111 (b) (1), the Secretary of Health, Education, and Welfare shall make provision for referral of such individual to the appropriate State agency administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act, and (except in such cases as he may determine) for a review not less often than quarterly of such individual's incapacity and his need for and utilization of the rehabilitation services made available to him under such plan. An individual who is not required to register pursuant to section 2111 (a) because he meets the description of paragraphs (2), (3), (4), or (5) of section 2111 (b) and who is also incapacitated within the meaning of paragraph (1) of such section may, if he wishes, request the Secretary of Health, Education, and Welfare to refer him to such State agency, and such individual shall, until he notifies the Secretary of Health, Education, and Welfare that he wishes to withdraw his request, be considered an individual with respect to whom the Secretary of Health, Education, and Welfare is required to make provision for referral under this subsection.

"(b) Every individual with respect to whom the Secretary of Health, Education, and Welfare is required to make provision for referral under subsection (a) shall accept such rehabilitation services as are made available to him under the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act, except where good cause exists for failure to accept such services; and the Secretary of Health, Education, and Welfare is authorized to pay to the State agency administering or supervising the administration of such State plan the costs incurred in the provision of such services to such individuals.

"(c)(1) The Secretary of Health, Education, and Welfare shall pay to each family member with respect to whom the Secretary of Health, Education, and Welfare is required to make provision for referral under subsection (a) and who is receiving vocational rehabilitation services pursuant to such provision an incentive allowance of $30 per month.

"(2) The Secretary of Health, Education, and Welfare shall also pay, to any member of an eligible family with respect to whom the Secretary of Health, Education, and Welfare is required to make provision for referral under subsection (a) and who is receiving vocational rehabilitation services pursuant to such provision, allowances for transportation and other costs to such member which are reasonably necessary to and directly related to such member's participation in such services.

"CHILD CARE AND OTHER SUPPORTIVE SERVICES

"SEC. 2133. (a)(1) The Secretary of Health, Education, and Welfare shall make provision for the furnishing of child care services in such cases and for so long as he deems appropriate (subject to section 2178) for individuals who are currently referred pursuant to section 2132(a) for vocational rehabilitation (or who have been so referred within such periods or periods of time as the Secretary of Health, Education, and Welfare may prescribe) and who need child care services in order to be able to participate in the vocational rehabilitation program.

"(2) In making provision for the furnishing of child care services under this subsection, the Secretary of Health, Education, and Welfare shall arrange for the purchase, from whatever sources may be available, all such necessary child care services, including necessary transportation, placing priority on the use of facilities developed pursuant to section 2134.

"(3) Where child care services cannot as a practical matter be made available in facilities developed pursuant to section 2134, the Secretary of Health, Education, and Welfare may provide such services, by grants to public or nonprofit private agencies or contracts with public or private agencies or other persons, through such public or private facilities as may be available and appropriate (except that no such funds may be used for the construction of facilities (as defined in section 2134(b)(2)). In addition to other grants be or contracts made under the preceding sentence, grants or contracts under such sentence may be made to or with an agency which is designated by the appropriate elected or appointed official or officials in such area and which demonstrates a capacity to work effectively with the manpower agency in such area (including provision for the stationing of personnel with the manpower team in appropriate cases.) To the extent appropriate, such care for children attending school which is provided on a group or institutional basis shall be provided through arrangements with the appropriate local educational agency.

"(4) The Secretary of Health, Education, and Welfare may require individuals receiving child care services made available under

paragraph (2) or provided under paragraph (3) to pay (in accordance with the schedule or schedules prescribed under section 2134 (a)) for part or all of the cost thereof, and may require (as a condition of benefits under this part) that individuals receiving child care services otherwise furnished pursuant to provision made by him under paragraph (1) shall pay for the cost of such services if such cost will be excludable under section 2153(b)(3).

"(b) In addition, the Secretary of Health, Education, and Welfare shall make provision for the offering, to all appropriate members of families receiving benefits under this part, of family planning services, the acceptance of which by any such member shall be voluntary on the part of such member and shall not be a prerequisite to eligibility for or receipt of benefits under this part or otherwise affect the amount of such benefits.

"STANDARDS FOR CHILD CARE; DEVELOPMENT OF FACILITIES

"SEC. 2134. (a) In order to promote the effective provision of child care services, the Secretary of Health, Education, and Welfare shall (1) establish, with the concurrence of the Secretary of Labor, standards assuring the quality of child care services provided under this title (including child care to which section 2153(b)(3) applies), (2) prescribe such schedule or schedules as may be appropriate for determining the extent to which families are to be required (in the light of their ability) to pay the costs of child care for which provision is made under section 2112 (a)(1) or section 2133(a)(1), and (3) coordinate the provision of child care services under this title with other child care and social service programs which are available.

"(b)(1) The Secretary of Health, Education, and Welfare, taking into account the requirement of section 2112(a)(7), is authorized to provide for (and pay part or all of the cost of) the construction of facilities, through grants to or contracts made with public or private nonprofit agencies or organizations, in or through which child care services are to be provided under this title.

"(2) For purposes of this subsection, the term 'construction' means acquisition, alteration, remodeling, or renovation of facilities, and includes, where the Secretary finds it is not feasible to use or adapt existing facilities for use for the provision of child care, construction (including acquisition of land therefor) of facilities for such care.

"(3) If within twenty years of the completion of any construction for which Federal funds have been paid under this subsection—

"(A) the owner of the facility shall cease to be a public or nonprofit private agency or organization, or

"(B) the facility shall cease to be used for the purposes for which it was constructed, unless the Secretary determines in accordance with regulations that there is good cause for releasing the owner of the facility from the obligation to do so,

the United States shall be entitled to recover from the owner of the facility an amount which bears to the then value of the facility (or so much thereof as constituted an approved project or projects) the same ratio as the amount of such Federal funds bore to the cost of construction of the facility financed with the aid of such funds. Such value shall be determined by agreement of the parties or by action brought in the United States district court for the district in which the facility is situated.

"(4) All laborers and mechanics employed by contractors or subcontractors on all construction projects assisted under this subsection shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276(a)-276(a)-5). The Secretary of Labor shall have with respect to the labor standards specified in this subsection the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276(c)).

"(5) Of the sums authorized by section 2101 to be appropriated for any fiscal year, not more than $100,000,000 shall be appropriated for purposes of the provisions of this subsection.

"(c) The Secretary of Health, Education, and Welfare is authorized to make grants to any public or nonprofit private agency or organization, and contracts with any public or private agency or organization, for part or all of the cost of planning; establishment of new child care facilities or improvement of existing child care facilities, and operating costs (for periods not in excess of 24 months or for such longer periods as the Secretary finds necessary to insure continued operation) of such new or improved facilities; evaluation; training of personnel, especially the training of individuals receiving benefits pursuant to part A and registered pursuant to section 2111; technical assistance; and research or demonstration projects to determine more effective methods of providing any such care.

"(d)(1) The Secretary of Health, Education, and Welfare shall, directly or through grant or contract and on a continuing basis, evaluate the child care services provided with assistance under section 2112, 2133, of this section, or in facilities constructed with assistance under this section, to assure that such services comply with the quality standards established under subsection (a) and to review the adequacy of such standards in light of the needs and particular cirmumstances of the children (and their families) receiving such services.

"(2) Of the sums authorized by section 2101 to be appropriated for any fiscal year, not more than $25,000,000 shall be appropriated for purposes of the provisions of this subsection.

"EVALUATION AND RESEARCH; REPORTS

"SEC. 2135. (a)(1) The Secretary of Health, Education, and Welfare shall provide for the continuing evaluation of the program conducted under this part and of activities conducted under parts C and D insofar as they involve or are related to such program, including the effectiveness of such program in achieving its goals and its impact on other related programs. The Secretary of Health, Education, and Welfare may conduct research regarding, and demonstrations of, ways to improve the effectivneess of the program conducted under this part, and in so doing may waive any requirement or limitation imposed by or pursuant to this title to the extent he deems appropriate. The Secretary of Health, Education, and Welfare may, for these purposes, contract for evaluations of and research regarding such program.

"(2) Of the sums authorized by section 2101 to be appropriated for any fiscal year and in addition to funds otherwise available therefore, not more than $10,000,000 shall be appropriated for purposes of paragraph (1).

"(b) The Secretary shall, in conducting the activities provided for in subsection (a)(1), utilize the data collection, processing, and retrieval system established for use in the operation and administration of the program under this part.

"(c) The Secretary of Health, Education, and Welfare shall make an annual report to the President and the Congress on the operation and administration of the program under this part, including an evaluation thereof in carrying out the purposes of this title and recommendations with respect thereto.

"PART C—DETERMINATION OF BENEFITS

"DETERMINATIONS; REGULATIONS

"SEC. 2151. Except as otherwise specifically provided in this title, detterminations under this part and part D shall be made—

"(1) by the Secretary of Labor with respect to benefits payable under part A and families claiming or receiving such benefits (and the term 'Secretary' means the Secretary of Labor when used in this part and part D with respect to such benefits and families), and

"(2) by the Secretary of Health, Education, and Welfare with respect to benefits payable under part B and families claiming or receiving such benefits (and the term 'Secretary' means the Secretary of Health, Education, and Welfare when used in this part and part D with respect to such benefits and families);

but in either case such determinations shall be made under and in accordance with regulations which shall be prescribed by the Secretary of Health, Education, and Welfare with the concurrence of the Secretary of Labor and which shall be designed to assure that such determinations will be made uniformly by the two Secretaries, so that to the maximum extent feasible any such determination made by either such Secretary (including any interpretation of law or application of fact made by either such Secretary as a basis for such a determination) will be the same as the determination which would be made by the other such Secretary on the same facts and under the same circumstances.

"ELIGIBILITY FOR AND AMOUNT OF BENEFITS

"Definition of Eligible Family

"SEC. 2152. (a) Each family (as defined in section 2155)—

"(1) whose income, other than income excluded pursuant to section 2153(b), is at a rate of not more than—

"(A) $900 per year for each of the first two members of the family, plus

"(B) $400 per year for each of the next three members, plus

"(C) $300 per year for each of the next two members, plus

"(D) $200 per year for the next member, plus

"(E) $100 per year for each additional member, and

"(2) whose resources, other than resources excluded pursuant to section 2154, are not more than $1,500,

shall be an eligible family for purposes of this title.

"Amount of Benefits

"(b) The benefit for a family under part A or part B shall be payable at the rate—

"(1) $900 per year for each of the first two members of the family, plus

"(2) $400 per year for each of the next three members, plus

"(3) $300 per year for each of the next two members, plus

"(4) $200 per year for the next member, plus

"(5) $100 per year for each additional member, reduced by the amount of income, not excluded pursuant to section 2153(b), of the members of the family.

"Exclusion of Certain Family Members

"(c) The amount of benefits which is payable to a family as determined in accordance with subsection (b) shall with respect to each family member (whether or not taken into account under subsection (b) in determining such amount) who is available for employment and fails to register as required by section 2111(a), or fails to accept manpower services or accept or continue in employment or participate in training as required by section 2111(c), or refuses to accept or continue to participate in rehabilitation services as required by section 2117 (b) or 2132(b), be reduced by—

"(1) $900 per year in the case of each of the first two such members,

"(2) $400 per year in the case of each of the next three such members,

"(3) $300 per year in the case of the next two such members,

"(4) $200 per year in the case of the next such member, and

"(5) $100 per year in the case of each additional such member,

or by proportionately smaller amounts for shorter periods.

"Period for Determination of Benefits

"(d)(1) The amount of benefits payable shall be determined in any month for the preceding month on the basis of the Secretary's determination of the family's income in such preceding month and any income which the Secretary determines pursuant to paragraph (2) should be treated as if it had been received in such preceding month.

"(2)(A) The Secretary shall prescribe the cases in which and the extent to which income received in one month shall be treated as if it were received in the month for which a determination is made pursuant to paragraph (1), and in any case in which he prescribes that income shall be so treated, he shall also prescribe the extent to which the provisions of section 2153(b) shall apply to such income.

"(B) In any case in which the Secretary determines that a family member receives income on a regular or predictable basis during a calendar year but in amounts which vary from month to month during such year, he shall treat the total amount of the annual income of such a member which is received on such basis as if one-twelfth of such total amount had been received in each month of such year and the provisions of section 2153 (b) shall be applied in like manner.

"(C) Notwithstanding any other provision of this paragraph, the Secretary shall only apply subparagraph (A) with respect to any month to—

"(i) the income of an individual who is not incapacitated and who was a member of the family both at the time the income was received and in the month for which the determination is made;

(ii) any family which received benefits under this title in any of the sixty months preceding such month (while the same individual was the head of the household in the month in which the benefits were previously received and in the month for which the determination is made) and in which, in any of the months for which it received benefits and in the month for which the determination is made, the head of the household was available for employment (as defined in section 2111(b)); and

"(iii) income received in one of the eleven months immediately preceding such month.

The Secretary may make an exception to any of the types of cases he prescribes pursuant to paragraph (A) where he finds that failure to do so would clearly be against equity or good conscience or would work extreme hardship on the family.

"(3) For purposes of paragraph (2), income not excluded under section 2153(b) with respect to the month for which a determination is made shall be considered first, to reduce the amounts described in subsection (b); if benefits are payable thereafter, they shall be reduced by applying income not so excluded with respect to the first preceding month, then with respect to the second such month, and so on through the eleventh such month, in that order. In the case of a family which did not receive benefits in each of the eleven preceding months, the Secretary may estimate (in the absence of satisfactory evidence) any amount which is needed for the determination of benefits under paragraph (2).

"(4) For purposes of this subsection an application shall be considered to have been filed on the first day of the month in which it was actually filed.

"Study of the Problems of the Long-Term Poor

"(e)(1) The Secretary shall conduct a study of a representative number of families who have been paid benefits under this title for 24 consecutive months in order to determine the causes of the problems of the long-term poor.

"(2) The Secretary shall also conduct a study of the desirability of including married couples without children and single individuals who are not members of families under the programs operated pursuant to this title and include in his report his findings on matters such as the effectiveness of such programs for such couples and individuals and the feasibility and cost of so expanding the programs.

"(3)(A) The Secretary shall also conduct a study or studies of the effects of the provision of section 2153(b)(3) upon families described in part A, and in particular shall study the effect of excluding from earned income, for purposes of determining eligibility for and amount of benefits under this title (including payments under section 2156), one-half, one-third, or other percentages of such income, in lieu of excluding two-fifths of such income, and shall include in his report his findings on the effectiveness of excluding such alternative amounts of earned income upon the effectiveness of the program in assisting families to become economically self-sufficient, and upon the costs of the program.

"(4) The Secretary shall include, in his second annual report to the Congress pursuant to section 2135(c), his findings and recommendations in regard to each of the matters upon which he has conducted studies pursuant to this subsection.

"(5) Of the sums authorized by section 2101 to be appropriated for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, not more than $1,000,000, in the aggregate, shall be appropriated for purposes of this subsection except that amounts of benefits payable by reason of excluding, in connection with a study under paragraph (3), amounts of earned income in excess of the amount which would be excluded pursuant to section 2153(b)(3), shall not be subject to the limitation of this paragraph.

"Special Limits on Gross Income

"(f) The Secretary may prescribe the circumstances under which, consistently with the purposes of this title, the gross income from a trade or business (including farming) will be considered sufficiently large to make such family ineligible for such benefits. For purposes of this subsection, the term 'gross income' has the same meaning as when used in chapter 1 of the Internal Revenue Code of 1954.

"Certain Individuals Ineligible

"(g) Notwithstanding subsection (a), no individual shall be considered a member of a family for purposes of determining the amount of such family's benefits if, after notice by the Secretary that it is likely that such individual is eligible for any payments of the type enumerated in section 2153(a)(2)(A), such individual fails within 30 days to take all appropriate steps (including acceptance of any employment offered under any of the conditions specified in subparagraphs (A) through (D) of section 2111(c)(2)) to apply for and (if eligible) obtain any such payments and the benefits payable with respect to such family shall be reduced by reason of such individual's failure in the same fashion as that prescribed in subsection (c).

"Puerto Rico, the Virgin Islands, and Guam

"(h) For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 1108(e).

"INCOME

"Meaning of Income

"SEC. 2153. (a) For purposes of this part, income means both earned income and unearned income; and—

"(1) earned income means only—

"(A) wages as determined under section 203(f)(5)(C);

"(B) net earnings from self-employment, as defined in section 211 (without the application of the second and third sentences following subsection (a)(10), and the last paragraph of subsection (a)), including earnings for services described in paragraphs (4), (5), and (6) of subsection (c); and

"(2) unearned income means all other income, including support and maintenance furnished in cash or otherwise and including—

"(A) any payments received as an annuity, pension, retirement, or disability benefit, including veterans' compensation and pensions, workmen's compensation payments, old-age, survivors, and disability insurance benefits, railroad retirement annuities and pensions, and employment insurance benefits;

"(B) prizes and awards;

"(C) the proceeds of any life insurance policy to the extent that they exceed the amount expended by family members for expenses of the insured individual's last illness and burial or $1,500, whichever is less;

"(D) gifts (cash or otherwise), support and alimony payments, and inheritances, except that gifts or inheritances received by a family member in a form not readily convertible to cash (as determined in accordance with criteria prescribed by the Secretary) may, at the option of such family member, be considered as resources for purposes of this title; and

"(E) rents, dividends, interest, and royalties.

"Exclusions From Income

"(b) In determining the income of a family there shall be excluded (in the same order as the numbered paragraphs of this subsection)—

"(1) subject to limitations (as to amount or otherwise) prescribed by the Secretary, the earned income of each child in the family who is, as determined by the Secretary under regulations, a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment;

"(2)(A) the total unearned income of all members of a family in a calendar quarter which, as determined in accordance with criteria prescribed by the Secretary, is received too infrequently or irregularly to be included, if such income so received does not exceed $60 in such quarter, and (B) the total earned income of all members of a family in a calendar quarter which, as determined in accordance with such criteria, is received too infrequently or irregularly to be included, if such income so received does not exceed $30 in such quarter;

"(3) the first $720 per year (or proportionately smaller amounts for shorter periods) of the total of earned income of all members of the family plus two-fifths of the remainder thereof;

"(4) an amount of earned income of a member of the family equal to all, or such part (and according to such schedule) as the Secretary may prescribe, of the cost incurred by such member for child care which the Secretary deems necessary to securing or continuing in manpower training, vocational rehabilitation, employment, or self-employment;

"(5) an amount of earned income which in accordance with a scheduled prescribed by the Secretary which takes into consideration only the family's total earned income which is not excluded by other paragraphs of this subsection and the number

of members in the family, in order to take appropriate account of Federal taxes which are withheld from or must be paid on such earned income;

"(6) subject to section 2156, any assistance (except veterans' pensions paid by the United States) which is based on need and furnished by any State or political subdivision of a State or any Federal or other public agency (including relocation assistance under section 2114(b)(3)), or by any private agency or organization exempt from taxation under section 501(b) of the Internal Revenue Code of 1954 as an organization described in section 501(c) (3) or (4) of such Code;

"(7)(A) allowances under section 2115(a), 2117(c), or 2132(c);

"(B) allowances of the types described in such sections which are paid by a State or political subdivision thereof to a member of a family receiving benefits under this title, to the extent that such allowances do not exceed $30 per month;

"(8) any portion of any grant, scholarship, or fellowship received for use in paying the cost of tuition and fees at any educational (including technical or vocational education) institution;

"(9) home produce of a member of the family utilized for its own consumption;

"(10) one-third of any payments received for the support of children who are family members, or as alimony paid to family members; and

"(11) any amounts received for the foster care of a child who is not a member of the family but who is living in the same house as the family and was placed in such home by a public or nonprofit private child-placement or child-care agency; and

"(12) any amounts paid to or on behalf of a member of the family because of or to be used for meeting the health care costs of such member.

Notwithstanding any other provision of this part, the total amount which may be excluded under paragraph (4) in determining the income of any family for any year shall not exceed the lesser of—

"(i) $2,000 plus $200 for each child who is a family member in excess of three such children, or

"(ii) $3,000,

or a proportionately smaller amount for a shorter period.

"RESOURCES

"Exclusions From Resources

"SEC. 2154. (a) In determining the resources of a family there shall be excluded—

"(1) the home, to the extent that its value does not exceed such amount as the Secretary determines to be reasonable;

"(2) household goods and personal effects, to the extent that their total value does not exceed such amount as the Secretary determines to be reasonable; and

"(3) other property which, as determined in accordance with and subject to limitations prescribed by the Secretary, is so essential to the family's means of self-support or to the self-care of a member of such family as to warrant its exclusion.

In determining the resources of a family an insurance policy shall be taken into account only to the extent of its cash surrender value; except that if the total face value of all life insurance policies on any person is $1,500 or less, no part of the value of any such policy shall be taken into account.

"Disposition of Resources

"(b) The Secretary shall prescribe the period or periods of time within which, and the manner in which, various kinds of property must be disposed of in order not to be included in determining a family's eligibility for benefits. Any portion of the family's benefits paid for any such period shall be conditioned upon such disposal.

"MEANING OF FAMILY AND CHILD

"Meaning of Family

"SEC. 2155. (a) Two or more individuals—

"(1) who are related by blood, marriage, or adoption,

"(2) who are living in a place of residence maintained by one or more of them as his or their own home, or who live together as a family although not in a fixed or permanent place of residence,

"(3) all of whom are residents of the United States, and at least one of whom is either (A) a citizen or (B) an alien lawfully admitted for permanent residence, or lawfully present in the United States pursuant to section 212(d)(5) of the Immigration and Nationality Act of 1952, as amended (8 U.S.C. 1182(d)(5)), and

"(4) at least one of whom is a child who is in the care of or dependent upon another of such individuals,

shall be regarded as a family for purposes of this title and part A of title IV. A parent (of a child living in a place of residence referred to in paragraph (2)), or a spouse of such a parent, who is determined by the Secretary to be temporarily absent from such place of residence for the purpose of engaging in or seeking employment or self-employment (including military service) shall nevertheless be considered (for purposes of paragraph (2)) to be living in such place of residence. Notwithstanding any other provision of this title—

"(A) no two or more individuals in any household shall be considered a family for purposes of this title if the individual who is the head of such household attends a college or university on a full-time basis (other than such an individual who is a student as part of an employability plan developed by the Secretary of Labor pursuant to section 2114(a)); and

"(B) no individual shall (except as provided in the preceding sentence) be considered a member of a family for any of the purposes of this title with respect to any month during all of which such individual is outside the United States; and for purposes of this clause after an individual has been outside the United States for any period of 30 consecutive days, he shall be treated as remaining outside the United States until he has been in the United States for a period of 30 consecutive days.

"Meaning of Child

"(b) For purposes of this title, the term 'child' means an individual who is neither married nor (as determined by the Secretary) the head of a household, and who is (1) under the age of eighteen, or (2) under the age of twenty-two and (as determined by the Secretary) a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment.

"Income and Resources or Noncontributing Individual

"(c) For purposes of determining eligibility for and the amount of benefits for any family there shall be excluded the income and resources of any individual, other than a parent of a child, or a spouse of a parent, who is a family member, which, as determined in accordance with criteria prescribed by the Secretary, is not available to other members of the family; and for such purposes such individual—

"(1) in the case of a child, shall be regarded as a member of the family for purposes of determining the family's eligibility for such benefits but not for purposes of determining the amount of such benefits, and

"(2) in any other case, shall not be considered a member of the family for any purpose.

"United States

"(d) For purposes of this title, the term 'United States', when used in a geographical sense, means the States and the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.

"Recipients of Assistance for the Aged, Blind, and Disabled Ineligible

"(e) If an individual is receiving benefits under title XX, then, for the period for which such benefits are received, such individual shall not be regarded as a member of a family for purposes of determining the amount of the benefits of the family under this title and his income and resources shall not be counted as income and resources of a family under this title.

"STATE SUPPLEMENTATION

"SEC. 2156. (a) If, in any State, the amount which a family of a given size with no other income would receive as benefits under this title, is less than the adjusted payment level applicable to a family of the same size under the plan of such State approved under part A of title IV, for January 1971 or the month prior to the month of enactment of this title, such State shall make a supplementary payment to each family described in subsection (c)(2)(D). The amount of such supplementary payment shall be computed as prescribed in subsection (b)(1).

"(b)(1) The amount of the supplementary payment made pursuant to subsection (a) shall not be less than the difference between—

"(A) the adjusted payment level applicable to such family for January 1971 or, if higher, the month preceding the month of enactment of this title under the State plan approved under part A of title IV, and

"(B)(i) the benefits, if any, paid to such family under this title, plus (ii) any income not excluded under section 2153(b) in determining such benefits (or which would not be excluded if the provisions of such section were applicable to such income).

"(2) For the purposes of this section, the 'adjusted payment level' under the State plan approved under part A of title IV with respect to any month means the amount of the money payment which a family (of a given size) with no other income would have received under such State plan plus—

"(A) the bonus value of food stamps available to a family (of the same size) in such State for such month, as defined in paragraph (3), and

"(B) at the option in the State, a payment level modification, as defined in paragraph (4).

"(3) For purposes of this section, the term 'bonus value of food stamps available to a family' of a given size with respect to any month means—

"(A) the face value of the coupon allotment which would have been provided to a family (of the same size) under the Food Stamp Act of 1964 for such month, reduced by

"(B) the charge which such family would have paid for such coupon allotment.

if the income of such family, for purposes of determining the charge it would have paid for its coupon allotment, had been equal to the adjusted payment level under the State plan (including any payment level modification with respect to the plan adopted pursuant to paragraph (2) (but not including any amount under this paragraph)). The total face value of food stamps and the cost thereof in any month shall be determined in accordance with rules prescribed by the Secretary of Agriculture in effect for such month.

"(4) For purposes of this section, a 'payment level modification' with respect to any State plan approved under part A of title IV means that amount by which a State which

for January 1971 made money payments under such plan to families with no other income which were less than 100 per centum of its standard of need could have increased such money payments without increasing (if it reduced its standard of need under such plan so that such increased money payments equaled 100 per centum of such standard of need) the non-Federal share of expenditures as aid for such month (as defined in paragraph (5)) under the plan of such State approved under such part A.

"(5) For purposes of this section, the 'non-Federal share of expenditures as aid' for any specified period under the plan of a State approved under part A of title IV is the difference between—

"(A) the total expenditures in such period under such plan for aid (excluding emergency assistance under section 406(c)(1)(A) of this Act, foster care under section 408 of this Act, and expenditures authorized under section 1119 of this Act for repairing the home of an individual who was receiving aid under such plan (as such sections were in effect prior to the enactment of this title)), and

"(B) the total of the amounts determined under section 403 and section 1118 of this Act, and under section 9 of the Act of April 19, 1950, for such State with respect to such expenditures in such period.

"(c)(1) Each State which is required by subsection (a) to make supplementary payments shall enter into an agreement which satisfies paragraph (2) and which may, at the option of the State, provide that the Secretary will, on behalf of such State, make such supplementary payments to all faimlies described in paragraph (2)(D) (or to all such families and to any other families specified by the State who are or, but for their income or resources, would be eligible for benefits under this title).

"(2) Any agreement between the Secretary and a State entered into pursuant to paragraph (1) shall specify the level of payment up to which families will be supplemented and shall provide that—

"(A) in determining the eligibility of any family for supplementary payments on the basis of the income of the family, all the provisions of section 2153(b) will apply, except that, with respect to any quarter, if benefits are paid to such family for such quarter under this title, such benefits will not be excluded from income in applying paragraph (5) of such section,

"(B) the determination of the amount of supplementary payments for which a family is eligible will be made without regard to any reduction in benefits under this title by reason of the application of section 2151 (c) or (g), and

"(C) in the case of any family whose benefits under this title have been reduced, by reason of the application of section 2151 (c) or (g), the supplementary payments for which such family is eligible will be reduced by an amount which bears the same ratio to such payments as such reduction bears such benefits (if they had not been so reduced),

"(D) such payments will be made to all families residing in the State who are receiving, or would, but for their income or resources, be eligible to receive benefits under this title, except that the State may, at its option, exclude—

"(i) families in which both parents of the child or children are present, neither parent is incapacitated, and the male parent is not unemployed, or

"(ii) if families in which both parents of the child or children are present, neither parent is incapacitated, and the male parent is employed would not have been eligible for payment under part A of title IV as in effect prior to the enactment of this title, such families and families described in clause (i), and if the agreement provides that the Secretary will, on behalf of the State, make the supplementary payments to families receiving benefits under this title, shall also provide—

"(E) such other rules with respect to eligibility for or amount of the supplementary payments, and such procedural or other general administrative provisions, as the Secretary finds necessary to achieve efficient and effective administration of both the program which he conducts under this title and the State supplementation.

"(d) Any State which has entered into an agreement with the Secretary under this subsection which provides that the Secretary will, on behalf of the State, make the supplementary payments required by subsection (a), shall, subject to section 503 of the Social Security Amendments of 1971, at such times and in such installments as may be agreed upon between the Secretary and such State, pay to the Secretary an amount equal to the expenditures made by the Secretary as such supplementary payments.

"(e) If any State, which is required by subsection (a) to make supplementary payments, does not make such payments in accordance with the provisions of subsections (b) and (c), or fails to make payments to the Secretary in accordance with subsection (d), the Secretary shall make such supplementary payments and, for this purpose, may withhold such amounts otherwise due such State under section 1903 as are necessary, in addition to the amounts, if any, such State is expending for supplementary payments, so that payments may be made in the amount prescribed in subsection (b) to all families described in subsection (c)(2)(D).

"PART D—PROCEDURAL AND GENERAL PROVISIONS

"PAYMENTS AND PROCEDURES

"Payment of Benefits

"SEC. 2171. (a)(1) Benefits under this title shall be paid at such time or times and in such installments as will best effectuate the purposes of this title, but in no event will such benefits be paid less often than monthly.

"(2)(A) Payment of the benefit of any family may be made to any one or more members of the family, or, if the Secretary finds, after reasonable notice and opportunity for hearing (which shall be held in the same manner and subject to the same conditions as a hearing under subsection (c)(1) and (2)) to the family member or members to whom the benefits are (or, but for this provision, would be) paid, that such member or members have such inability to manage funds that making payment to such member or members would be contrary to the welfare of the child or children in such family, he may make payment to any person (including an appropriate public or private agency) who is interested in or concerned with the welfare of the family. The Secretary shall investigate each case in which he has reason to believe that a family receiving payments under this title is unable to manage such payments in accordance with its best interest.

"(B) If the Secretary makes payment under subparagraph (A) to a person who is not a member of the family, he shall review his finding under the preceding sentence periodically to determine whether the conditions justifying such finding still exist, and, if they do not, he shall discontinue making payments to any person who is not a member of the family. If it appears to the Secretary that such conditions are likely to continue beyond a period specified by him, he shall take any steps he may find appropriate to protect the welfare of the child or children in the family.

"(C) No part of the benefits of any family may be paid to any member of such family who has failed to register as required by section 2111(a), or who fails to accept services or employment or participate in training as required by section 2111(c), or who refuses to accept rehabilitation services as required by section 2117(b) or section 2132(b); and the Secretary may, if he deems it appropriate, provide for the payment of such benefits during the period of such failure to any person (including an appropriate public or private agency) who is interested in or concerned with the welfare of the family, without making the finding required by subparagraph (A).

"(3) The Secretary may establish ranges of incomes within which a single amount of benefits under this title shall apply.

"(4) The Secretary may make, to any family initially applying for benefits under this title which is presumptively eligible for such benefits and which is faced with financial emergency, a cash advance against such benefits in an amount not exceeding $100, or the amount of the benefits, with respect to a period of one month, for which such family is presumptively eligible, which is greater.

"Overpayments and Underpayments

"(b) Whenever the Secretary finds that more or less than the correct amount of benefits has been paid with respect to any family, proper adjustment or recovery shall, subject to the succeeding provisions of this subsection, be made by appropriate adjustments in future payments to the family under part A or part B or by recovery from or payment to any one or more of the individuals who are or were members thereof. The Secretary shall make such provision as he finds appropriate in the case of payment of more than the correct amount of benefits with respect to a family with a view to avoiding penalizing members of the family who were without fault in connection with the overpayment, if adjustment or recovery on account of such overpayment in such case would defeat the purposes of this title, or be against equity or good conscience, or (because of the small amount involved) impede efficient or effective administration of this title.

"Hearings and Review

"(c)(1) The Secretary shall provide reasonable notice and opportunity for a hearing to any individual who is or claims to be a member of a family and is in disagreement with any determination under this title with respect to—

"(A) eligibility of the family for benefits, the number of members of the family, or the amount of the family's benefits, or

"(B) the refusal of such individual to register for or participate or continue to participate in manpower services, training, or employment, or to accept employment or rehabilitation services,

if such individual requests a hearing on the matter in disagreement within thirty days after notice of such determination is mailed or otherwise given, except that the Secretary may extend the time for requesting a hearing if he finds that good cause exists therefor.

"(2) Determination on the basis of such hearing shall be made within ninety days after the individual requests the hearing as provided in paragraph (1), or within thirty days following the final day of the hearing, whichever is sooner.

"(3) The final determination of the Secretary after a hearing under paragraph (1) shall be subject to judicial review as provided in section 205(g) to the same extent as the Secretary's final determination under section 205.

"Procedures; Prohibition of Assignments; Representation of Claimants

"(d)(1) The provisions of section 207, section 206(a) (other than the fifth and sixth sentences thereof), and subsections (a), (d), (e), and (f) of section 205 shall apply with respect to this part to the same extent as they apply in the case of title II.

"(2) To the extent the Secretary finds it will promote the achievement of the objec-

tives of this part, qualified persons may be appointed to serve as hearing examiners in hearings under subsection (c) without meeting the specific standards prescribed for hearing examiners by or under subchapter II of chapter 5 of title 5, United States Code.

"Applications and Furnishing of Information by Families

"(e)(1) The Secretary shall prescribe such requirements in the case of families or members thereof for the filing of applications, the suspension or termination of benefits, the furnishing of other data and material, and the reporting of events and changes in circumstances, as may be necessary to determine eligibility for and amount of family assistance benefits. A determination of the eligibility for and amount of benefits payable to any family shall be made, and notice of such determination provided to such family, within 30 days after application therefor has been filed in accordance with such requirements.

"(2) Each family who received benefits under part A or part B in a quarter shall be required, not later than 30 days after the close of such quarter, to submit a report to the Secretary containing such information and in such form as he may prescribe in order to enable him to determine eligibility for and the amount of the benefits payable to such family with respect to such quarter as provided in section 2152(d).

"(3) In order to encourage prompt reporting of events and changes in circumstances relative to eligibility for or amount of family assistance benefits, and more accurate estimates of expected income or expenses by members of families for purposes of such eligibility and amount of benefits, the Secretary shall prescribe the cases in which and the extent to which failure to so report or delay in so reporting shall result in a reasonable penalty.

"Furnishing of Information by Other Agencies

"(f) The head of any Federal agency shall provide such information as the Secretary needs for purposes of determining eligibility for or amount of benefits, or verifying other information with respect thereto.

"PENALTIES FOR FRAUD

"SEC. 2172. Whoever—

"(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in any application for any benefit under this title,

"(2) at any time knowingly and willfully makes or causes to be made any false statement or representation of a material fact for use in determining rights to any such benefit,

"(3) having knowledge of the occurrence of any event affecting (A) his initial or continued right to any such benefit, or (B) the initial or continued right to any such benefit of any other individual in whose behalf he has applied for or is receiving such benefit, conceals or fails to disclose such event with an intent fraudulently to secure such benefit either in a greater amount or quantity than is due or when no such benefit is authorized, or

"(4) having made application to receive any such benefit for the use and benefit of another and having received it, knowingly and willfully converts such benefit or any part thereof to a use other than for the use and benefit of such other person,

shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

"ADMINISTRATION

"SEC. 2173. The Secretary of Health, Education, and Welfare and the Secretary of Labor may each perform any of his functions under this title (or section 1124) directly through arrangements with each other or with other Federal agencies, or by contract with public or private agencies providing for payment in advance or by way of reimbursement, and in such installments, as he may deem necessary.

"ADVANCE FUNDING

"SEC. 2174. (a) For the purpose of affording adequate notice of funding available under this title, appropriations for grants, contracts, or other payments under part A and part B (other than benefits under section 2113 or 2131) are authorized to be included in an appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

"(b) In order to effect a transition to the advance funding method of timing appropriation action, subsection (a) shall apply notwithstanding that its initial application will result in enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.

"OBLIGATION OF DESERTING PARENTS

"SEC. 2175. In any case where an individual is separated from his spouse or has deserted or abondoned his spouse or his child or children and such spouse or any such child (during the period of such separation, desertion, or abandonment) is a member of a family which receives (as a consequence of such separation, abandonment, or desertion and during such period as the Secretary may specify) benefits under this title, such individual shall be obligated to the United States in an amount equal to—

"(1) the total amount of the benefits paid to such family during such period with respect to such spouse and child or children, reduced by

"(2) any amount actually paid by such individual to or for the support and maintenance of such spouse or child or children during such period, if and to the extent that such amount is excluded in determining the amount of such benefits;

except that in any case where an order for the support and maintenance of such spouse or any such child has been issued by a court of competent jurisdiction, the obligation of such individual under this subsection (with respect to such spouse or child) for any period shall not exceed the amount specified in such order less any amount actually paid by such individual (to or for the support and maintenance of such spouse or child) during such period. The amount due the United States under such obligation shall be collected (to the extent that the claim of the United States therefor is not paid by such individual or otherwise satisfied), in such manner as may be specified by the Secretary from any amounts otherwise due him or becoming due him at any time from any officer or agency of the United States or under any Federal program. Amounts collected under the preceding sentence shall be deposited in the Treasury as miscellaneous receipts.

"REPORTS OF IMPROPER CARE OR CUSTODY OF CHILDREN

"SEC. 2176. Whenever the Secretary, in the performance of his functions under this title, obtains or comes into possession of information which indicates or gives him reason to believe that any child is being or has been subjected to neglect, abuse, exploitation, or other improper care or custody, he shall so advise the appropriate State or local child welfare agency and the head of the Federal department or agency (if such department or agency is not the Department of which the Secretary is head) which is most directly concerned with or exercises primary Federal jurisdiction over factual situations of the type involved.

"ESTABLISHMENT OF LOCAL COMMITTEES TO EVALUATE EFFECTIVENESS OF MANPOWER AND TRAINING PROGRAMS

"SEC. 2177. (a) The Secretary of Health, Education, and Welfare and the Secretary of Labor (in this section referred to as the 'Secretaries') shall jointly establish or designate such local advisory committees throughout the United States as may be necessary or appropriate to assist them in evaluating the effectiveness of the training and employment programs under this title, together with related child care, family planning, and other services, in helping needy families to become self-supporting and in otherwise achieving the objectives of this title. Each such local committee shall perform its functions within an area specified by the Secretaries at the time of its establishment or designation; but at least one such committee shall be established or designated in every State.

"(b) Each local advisory committee established or designated under subsection (a) shall, as specified by the Secretaries, consist of persons representative of labor, business, the general public, recipients of benefits under this title, and units of local government (including Indian tribal organizations, where appropriate) not directly involved in administering employment and training programs under this title, and shall have a chairman elected by the committee from among its members. Members of each local committee shall be selected in such manner, and serve for such terms, as may be specified by the Secretaries.

"(c) Each local advisory committee established or designated under subsection (a) shall submit to the Secretaries at regular intervals a report on the effectiveness of the programs and services referred to in subsection (a) in the area within which it performs its functions, together with its recommendations for improving such effectiveness and such additional information as the Secretaries may request in connection with such programs and services.

"(d) The Secretaries shall provide each local advisory committee established or designated under subsection (a) with the funds necessary for the reasonable expenses of its members in the performance of its functions. There are authorized to be appropriated such sums as may be necessary to carry out this subsection.

"INITIAL AUTHORIZATION FOR APPROPRIATIONS FOR CHILD CARE SERVICES

"SEC. 2178. Of the sums authorized by section 2101 to be appropriated for the fiscal year ending June 30, 1974, not more than $1,500,000,000 in the aggregate shall be appropriated to the Secretary of Labor to enable him to carry out his responsibilities under section 2112(a) and to the Secretary of Health, Education, and Welfare to enable him to carry out his responsibilities under sections 2133(a) and 2134(ac)."

CONFORMING AMENDMENTS RELATING TO ASSISTANCE FOR NEEDY FAMILIES WITH CHILDREN

SEC. 402. (a) The heading of title IV of the Social Security Act is amended to read as follows:

"TITLE IV—GRANTS TO STATES FOR FAMILY AND CHILD-WELFARE SERVICES"

(b) The heading of part A of title IV of such Act is amended to read as follows:

"PART A—SERVICES TO NEEDY FAMILIES WITH CHILDREN".

(c) Section 401 of such Act is amended—

(1) by striking out "financial assistance and", and "dependent" each place it appears, in the first sentence; and

(2) by striking out "aid and" in the second sentence.

(d)(1) Section 402(a) of such Act is amended—

(A) by striking out "AID AND" in the heading;

(B) by striking out "aid and" in the matter preceding clause (1);

(C) by striking out "with respect to services" in clause (1) (as amended by section 522(b) of this Act);

(D) by striking out "aid to families with dependent children" in clause (4) and inserting in lieu thereof "services to needy families with children";

(E)(i) by striking out "recipients and other persons" in clause (5)(B) and inserting in lieu thereof "persons", and

(ii) by striking out "providing services to applicants and recipients" in such clause and inserting in lieu thereof "providing services under the plan";

(F) by striking out clauses (7) and (8);

(G)(i) by striking out "applicants or recipients" in clause (9) and inserting in lieu thereof "persons seeking or receiving services under the plan"; and

(ii) by striking out "aid to families with dependent children" in such clause and inserting in lieu thereof "the plan";

(H) by striking out clauses (10), (11), and (12);

(I)(i) by striking out "section 406(d)" in clause (14) and inserting in lieu thereof "section 405(d)",

(ii) by striking out "for children and relatives receiving aid to families with dependent children and appropriate individuals (living in the same home) whose needs are taken into account in making the determination under clause (7)" in such clause (as amended by section 524(a) of this Act) and inserting in lieu thereof "for members of a family receiving assistance to needy families with children and individuals who would have been eligible to receive aid to families with dependent children under the State plan (approved under this part) as in effect prior to the enactment of title XXI", and

(iii) by striking out "such children, relatives, and individuals" each place it appears in such clause (as so amended) and inserting in lieu thereof "such members and individuals";

(J) by striking out clause (15) and inserting in lieu thereof the following: "(15) provide (A) for the development of a program, for appropriate members of such families and such other individuals, for preventing or reducing the incidence of births out of wedlock and otherwise strengthening family life, and for implementing such program by assuring that in all appropriate cases family planning services are offered to them, but acceptance of family planning services provided under the plan shall be voluntary on the part of such members and individuals and shall not be a prerequisite to eligibility for or the receipt of any other service under the plan; and (B) to the extent that services provided under this clause or clause (8) are furnished by the staff of the State agency or the local agency administering the State plan in each of the political subdivisions of the State, for the establishment of a single organizational unit in such State or local agency, as the case may be, responsible for the furnishing of such services;"

(K) by striking out "aid" in clause (16) and inserting in lieu thereof "assistance to needy families with children";

(L)(i) by striking out "aid to families with dependent children" in clause (17)(A)(i) and inserting in lieu thereof "assistance to needy families with children",

(ii) by striking out "aid" in clause (17)(A)(ii) and inserting in lieu thereof "assistance", and

(iii) by striking out "aid" in clause (17)(A)(iii) (as added by section 525(a) of this Act) and inserting in lieu thereof "assistance";

(M) by striking out "clause (17)(A)" in clause (18) and inserting in lieu thereof "clause (11)(A)";

(N) by striking out clause (19);

(O) by striking out clause (20);

(P)(i) by striking out "aid is being provided under the State plan" in clause (21)(A) (as amended by section 525(b) of this Act) and inserting in lieu thereof "assistance to needy families with children or foster care under the State plan is being provided", and

(ii) by striking out "section 410" in clause (21)(C) and inserting in lieu thereof "section 407";

(Q) by striking out "aid is being provided under the plan of such other State" in each place it appears in clause (2) (as amended by section 525(e) of this Act) and inserting in lieu thereof "assistance to needy families with children or foster care payments are being provided in such other State"; and

(R) by striking out "and (23)" and all that follows and inserting in lieu thereof "and (23) provide that, to the extent services under the plan are furnished by the staff of the State or local agency administering the plan in any political subdivision of the State, such staff will be located in organizational units (up to such organizational levels as the Secretary may prescribe) which are separate and distinct from the units within such agencies responsible for determining eligibility for any form of cash assistance paid on a regularly recurring basis or for performing any functions directly related thereto, subject to any exceptions which, in accordance with standards prescribed in regulations, the Secretary may permit when he deems it necessary in order to ensure the effective administration of the plan."

(2) Clauses (5), (6), (9), (13), (14), (15), (16), (17), (18), (21), (22), and (23) of section 402(a) of such Act, as amended by paragraph (1) of this subsection, are redesignated as clauses (4) through (15), respectively.

(e) Section 402(b) of such Act is amended to read as follows:

"(b) The Secretary shall approve any plan which fulfills the conditions specified in subsection (a), except that he shall not approve any plan which imposes, as a condition of eligibility for services or foster care payments under it, any residence requirement which denies services or foster care payments with respect to any individual residing in the State."

(f) Section 402 of such Act is further amended by striking out subsection (c), and by striking out subsection (d) (as added by section 523(b) of this Act).

(g)(1) Section 403(a) of such Act is amended—

(A) by striking out "aid and" in the matter preceding paragraph (1);

(B) by striking out paragraph (1);

(C) by striking out paragraph (2);

(D)(i) by striking out "in the case of any State," in the matter preceding subparagraph (A) in paragraph (3),

(ii) by striking out "child or relative who is receiving aid under the plan, or to any other individual (living in the same home as such relative and child) whose needs are taken into account in making the determination under clause (7) of such section" in clause (i) of subparagraph (A) of such paragraph and inserting in lieu thereof "member of a family receiving assistance to needy families with children",

(iii) by striking out "child or relative who is applying for aid to families with dependent children or" in clause (ii) of subparagraph (A) of such paragraph and inserting in lieu thereof "member of a family",

(iv) by striking out "likely to become an applicant for or recipient of such aid" in clause (ii) of subparagraph (A) of such paragraph and inserting in lieu thereof "likely to become eligible to receive such assistance",

(v) by striking out "(17), (18), (21), and (22)" in clause (iv) of subparagraph (A) of such paragraph (as adde by section 527(a) of this Act) and inserting in lieu thereof "(11), (12), (13), and (14)", and

(vi) by striking out "(14) and (15)" each place it appears in subparagraph (A) of such paragraph and inserting in lieu thereof "(8) and (9)";

(E) by striking out all that follows "permitted" in the last sentence of such paragraph and inserting in lieu thereof "by the Secretary; and";

(F) by striking out "in the case of any State," in the matter preceding subparagraph (A) in paragraph (5);

(G) by striking out "section 406(e)" each place it appears in paragraph (5) and inserting in lieu thereof "section 405(e)"; and

(H) by striking out the sentences following paragraph (5).

(2) Paragraphs (3) and (5) of section 403 (a) of such Act, as amended by paragraph (1) of this subsection, are redesignated as paragraphs (2) and (3), respectively.

(h) Section 403(b) of such Act is amended—

(1) by striking out "(B) records showing the number of dependent children in the State, and (C)" in paragraph (1) and inserting in lieu thereof "and (B)"; and

(2) by striking out "(A)" in paragraph (2), and by striking out ", and (B)" and all that follows in such paragraph down through "under the State plan".

(i) Section 404 of such Act is amended—

(1) by striking out "(a) In the case of any State plan for aid and services" and inserting in lieu thereof "In the case of any State plan for services";

(2) by striking out clause (1) and inserting in lieu thereof the following:

"(1) that the plan no longer complies with the provisions of section 402; or"; and

(3) by striking out subsection (b).

(j) Section 405 of such Act is repealed.

(k) Section 406 of such Act is redesignated as section 405, and as so redesignated is amended—

(1) by striking out subsections (a), (b), and (c) and inserting in lieu thereof the following:

"(a) The term 'child' means a child as defined in section 2155(b).

"(b) The term 'needy families with children' means families who are eligible for benefits under part A or part B of title XXI, other than families in which both parents of the child or children are present, neither parent is incapacitated, and the male parent is not unemployed and, for purposes of title XIX, shall also include, as a member of such family, any child receiving foster care in the home of such family pursuant to placement in such home by a public or nonprofit private child-placement or child-care agency.

"(c) The term 'assistance to needy families with children' means benefits under part A or part B of title XXI, paid to needy families with children as defined in subsection (b).'"; and

(2)(A) by striking out "living with any of the relatives specified in subsection (a)(1) in a place of residence maintained by one or more of such relatives as his or their own home" in paragraph (1) of subsection (e) and inserting in lieu thereof "a member of a family (as defined in section 2155(a))",

(B) by striking out "because such child or relative refused" in such paragraph and inserting in lieu thereof "because such child or another member of such family refused" and

(C) by striking out "the household in which he is living" in subparagraph (A) of such paragraph and inserting in lieu thereof "such family".

(l) Section 407 of such Act is repealed.

(m) Section 408 of such Act is repealed.

(n) Section 409 of such Act is repealed.

(o) Section 410 of such Act is redesignated as section 406 and subsection (a) of such section (as so redesignated) is amended by striking out "section 402(a)(21)" and inserting in lieu thereof "section 402(a)(14)".

(p)(1) Section 422(a)(1)(A) of such Act is amended by striking out "section 402(a)(15)" and inserting in lieu thereof "section 402(a)(9)".

(2) Section 422(a)(1)(B) of such Act is amended—

(A) by striking out "provided for dependent children" and inserting in lieu thereof "provided with respect to needy families with children", and

(B) by striking out "such children and their families" and inserting in lieu thereof "such families and children".

(q) Part C of title IV of such Act is repealed.

(r) References in any law, regulation, State plan, or other document to any provision of part A of title IV of the Social Security Act which is redesignated by this section shall to the extent appropriate (from and after the effective date of the amendments made by this section) be considered to be references to such provision as so redesignated.

TITLE V—MISCELLANEOUS

PART A—EFFECTIVE DATES AND GENERAL PROVISIONS

EFFECTIVE DATE FOR TITLES III AND IV

SEC. 601. The amendments and repeals made by titles III and IV of this Act and by this part and parts B and E of this title shall become effective (and section 9 of the Act of April 19, 1950 (25 U.S.C. 639), is repealed effective) on January 1, 1974, except as otherwise specifically indicated, and except that—

(1) sections 2133 and 2134 of the Social Security Act, as added by section 401 of this Act, shall be effective upon the enactment of this Act,

(2) nothing in this Act or the amendments made thereby shall be construed to authorize any Federal payments under title XXI of the Social Security Act, as added by this Act, with respect to any family in which both parents of the child or children are present and neither parent is incapacitated—

(A) for any period prior to July 1, 1974; or

(B) for any period after July 1, 1974, if either House of the Congress, at any time after December 31, 1973, and before March 31, 1974, passes a resolution stating in substance that the Congress does not favor the making of such Federal payments; and

(3) appropriations for administrative expenses incurred during the fiscal years ending June 30, 1973, and June 30, 1974, in developing the staff and facilities necessary to place in operation the programs established by titles XX and XXI of the Social Security Act, as added by this Act, may be included in an appropriation Act for such fiscal year.

PROHIBITION AGAINST PARTICIPATING IN FOOD STAMP OR SURPLUS COMMODITIES PROGRAM BY RECIPIENTS OF PAYMENTS UNDER FAMILY AND ADULT ASSISTANCE PROGRAMS

SEC. 602. (a) Section 3(e) of the Food Stamp Act of 1964 is amended by adding at the end thereof the following new sentence: "No person who is determined to be an eligible individual or eligible spouse under section 2011(a) of the Social Security Act, and no member of a family which is determined to be an eligible family under section 2152(a) of such Act, shall be considered to be a member of a household or an elderly person for the purposes of this Act."

(b) Section 3(h) of such Act, is amended to read as follows:

"(h) The term 'State agency', with respect to any State, means the agency of State government which is designated by the Secretary for purposes of carrying out this Act in such State, or, if and to the extent that the Secretary so elects, the Federal agency administering title XX or XXI of the Social Security Act in such State."

(c) Section 10(c) of such Act is amended by striking out the first sentence.

(d) Clause (2) of the second sentence of section 10(e) of such Act is amended by striking out "used by them in the certification of applicants for benefits under the federally aided public assistance programs" and inserting in lieu thereof the following: "prescribed by the Secretary in the regulations issued pursuant to this Act".

(e) Section 10(e) of such Act is further amended by striking out the third sentence.

(f) Section 14 of such Act is amended by striking out subsection (e).

(g) Section 416 of the Act of October 31, 1949, is amended by adding at the end thereof the following new sentence: "No person who is determined to be an eligible individual or eligible spouse under section 2011(a) of the Social Security Act, and no member of a family which is determned to be an eligible family under section 2152(a) of such Act, shall be eligible to participate in any program conducted under this section (other than nonprofit child feeding programs or programs under which commodities are distributed on an emergency or temporary basis and eligibility for participation therein is not based upon the income or resources of the individual or family)."

(h)(1) Except as provided in paragraph (2), the amendments made by this section shall take effect on January 1, 1974.

(2) The Secretary of Health, Education, and Welfare may by regulation provide that the amendments made by subsection (a) and (g)—

(A) shall not apply with respect to individuals and families in any State until the expiration of such period of time (not exceeding 30 days) after December 31, 1973, as he finds necessary to avoid the interruption of such individuals' and families' income in the transition from the programs of assistance under prior law to the programs of assistance under title XX or XXI of the Social Security Act (as added by this Act); and

(B) shall not apply (in such cases as he may specify) with respect to individuals and families first becoming eligible for benefits under title XX or XXI of the Social Security Act after December 31, 1973, until the expiration of such period of time (not exceeding 30 days) after the first day of such eligibility as he finds necessary to avoid the interruption of such individuals' and families' income.

(3) In any case where the Secretary postpones the application of the amendment made by subsection (a) for a period of time as provided in subparagraph (A) or (B) of paragraph (2), each individual or family with respect to whom the postponement applies (and who had been certified to receive a coupon allotment under the Food Stamp Act of 1964, or who had been found eligible to participate in any program conducted under the Act of October 31, 1949, for the month immediately preceding the first day of such period) shall be authorized to purchase during such period the same coupon allotment (at the same charge therefor) or to receive for such period the same amount of food commodities which such individual or family had been certified to receive for such month immediately preceding the first day of such period.

LIMITATION ON FISCAL LIABILITY OF STATES FOR STATE SUPPLEMENT

SEC. 603. (a) The amount payable to the Secretary by a State for any fiscal year pursuant to its agreement under section 2156 of the Social Security Act shall not exceed the non-Federal share of expenditures as aid for quarters in the calendar year 1971 under the plan of the State approved under part A of title IV of the Social Security Act (as defined in section 2156(b)(5) of such Act, as amended by this Act).

(b) Subsection (a) shall only apply with respect to that portion of the supplementary payments made by the Secretary on behalf of the State in any fiscal year which are required to be made pursuant to section 2156.

SPECIAL PROVISIONS FOR PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

SEC. 604. (a) Section 1108 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(e)(1) In applying the provisions of—

"(A) subsections (a), (b), and (e)(1) of section 2011,

"(B) subsections (a)(2)(D) and (b)(2) of section 2012,

"(C) subsection (a) of section 2013.

"(D) subsections (a), (b), and (c) of section 2152,

"(E) subsections (a)(2)(C) and (b)(2) of section 2153, and the last sentence of subsection (b) of such section, and

"(F) the last sentence of section 2154(a), with respect to Puerto Rico, the Virgin Islands, or Guam, the dollar amounts to be used shall, instead of the figures specified in such provisions, be dollar amounts bearing the same ratio to the figures so specified as the per capita incomes of Puerto Rico, the Virgin Islands, and Guam, respectively, bear to the per capita income of that one of the States which has the lowest per capita income; except that in no case may the amounts so used exceed the figures so specified.

"(2)(A) The amounts to be used under such sections in Puerto Rico, the Virgin Islands, and Guam shall be promulgated by the Secretary between July 1 and September 30 of each odd-numbered year, on the basis of the average per capita income of each State for the most recent calendar year for which satisfactory data are available from the Department of Commerce. Such promulgation shall be effective for each of the two fiscal years in the period beginning July 1 next succeeding such promulgation.

"'(B) The term 'State', for purposes of subparagraph (A) only, means the fifty States and the District of Columbia.

"(3) If the amounts which would otherwise be promulgated for any fiscal year for any of the three States referred to in paragraph (1) would be lower than the amounts promulgated for such State for the immediately preceding period, the amounts for such fiscal year shall be increased to the extent of the difference; and the amounts so increased shall be the amounts promulgated for such year."

(b)(1) The Secretary shall make the promulgation described in section 1108(e)(2) of the Social Security Act, as amended by subsection (a), between January 1 and March 31, 1973, which promulgation shall be effective for the fiscal year beginning July 1, 1973.

(2) This subsection shall become effective upon enactment.

(c)(1) Section 248(b) of the Social Security Amendments of 1967 (Public Law 90-248) is repealed.

(2) The amendment made by this subsection shall apply to expenditures made in quarters following the quarter in which this subsection is enacted.

(d)(1) Section 1108(a) of the Social Security Act is amended by—

(A) striking out "and each fiscal year thereafter" in clause (1)(E) thereof and inserting the following new subclause immediately below such clause (1)(E):

"(F) $30,000,000 with respect to the fiscal year 1973 and each fiscal year thereafter;" and

(B) striking out "and each fiscal year thereafter" in clause (2)(E) thereof and in-

serting the following new subclause immediately below such clause (2)(E):

"(F) $1,300,000 with respect to the fiscal year 1973 and each fiscal year thereafter;"

(2) Section 1108(b) of such Act is repealed.

(3) The amendments made by this subsection shall become effective upon enactment.

DETERMINATIONS OF MEDICAID ELIGIBILITY

SEC. 605. Title XI of the Social Security Act (as amended by sections 221(a) and 241 of this Act) is amended by adding at the end thereof the following new section:

"DETERMINATIONS OF MEDICAID ELIGIBILITY

"SEC. 1124. The Secretary of Health, Education, and Welfare may enter into an agreement with any State which wishes to do so under which he (or the Secretary of Labor with respect to individuals eligible for benefits under part A of title XXI) will determine eligibility for medical assistance in any or all cases under such State's medical assistance in any or all cases under such State's plan approved under title XIX. Any such agreement shall provide for payment by the State, for use by the Secretary in carrying out the agreement, of an amount equal to one-half of the cost of carrying out the agreement, but in computing such cost with respect to individuals eligible for benefits under title XX or under part A or part B of title XXI the Secretary shall include only those costs which are additional to the costs incurred in carrying out such title or such part."

ASSISTANT SECRETARY OF LABOR FOR THE OPPORTUNITIES FOR FAMILIES PROGRAM AND CHANGE IN THE EXECUTIVE SCHEDULE—COMMISSIONER OF SOCIAL SECURTIY

SEC. 606. (a)(1) There shall be in the Department of Labor an Assistant Secretary for the Opportunities for Families Program, who shall be appointed by the President by and with the advice and consent of the Senate and shall be the principal officer of the Department in carrying out the functions, powers, and duties vested in the Secretary of Labor by part A of title XXI of the Social Security Act (and by parts C and D of such title with respect to the families and benefits to which part A of such title relates), including the making of grants, contracts, agreements, and arrangements, the provision of child care services, the adjudication of claims, and the discharge of all other authority vested in the Secretary by such parts. The Assistant Secretary for the Opportunities for Families Program shall have sole responsibility within the Department of Labor, subject to the supervision and direction of the Secretary of Labor, for the administration of the program established by part A of such title.

(2) Section 2 of the Act of April 17, 1946 (29 U.S.C. 553), is amended—

(A) by striking out "five" in the first sentence and inserting in lieu thereof "six"; and

(B) by inserting before the period at the end of the last sentence the following: ", and one shall be the Assistant Secretary of Labor for the Opportunities for Families Program".

(3) Paragraph (20) of section 5313 of title 5, United States Code, is amended by striking out "(5)" and inserting in lieu thereof "(6)".

(b)(1) Section 5316 of title 5, United States Code (relating to positions at level V of the Executive Schedule), is amended by striking out:

"(51) Commissioner of Social Security, Department of Health, Education, and Welfare.".

(2) Section 5315 of title 5, United States Code relating to positions at level IV of the Executive Schedule), is amended by adding at the end thereof the following:

"(96) Commissioner of Social Security, Department of Health, Education, and Welfare.".

(3) The amendments made by the preceding provisions of this section shall take effect on the first day of the first pay period of the Commissioner of Social Security, Department of Health, Education, and Welfare, which commences on or after the first day of the month which follows the month in which this Act is enacted.

TRANSITIONAL ADMINISTRATIVE PROVISIONS

SEC. 607. (a) In order for a State to be eligible for any payments pursuant to title IV, V, XVI, or XIX of the Social Security Act with respect to expenditures for any quarter in the fiscal year ending June 30, 1973, and for the purpose of providing an orderly transition from State to Federal administration of assistance programs for adults and families with children, such State shall enter into agreements with the Secretary of Health, Education, and Welfare and the Secretary of Labor under which the State agencies responsible for administering or for supervising the administration of the plans approved under titles I, X, XIV, and XVI and part A of title IV of the Social Security Act will, on behalf of the Secretaries, administer all or such part or parts of the programs established by sections 301 and 401 of this Act (other than the manpower services, training, employment, and child care provisions of the program established by part A of title XXI of the Social Security Act as added by section 401 of this Act), during such portion of the fiscal year ending June 30, 1973, as may be provided in such agreements; except that no such agreement shall apply, in the administration of the program established by section 401 of this Act, with respect to any family in which both parents are present, neither parent is incapacitated, and the male parent is not unemployed.

Federal Employment of Certain State and Local Employees

Employee eligibility for appointment

(b)(1)(A) During the period described in subparagraph (C) of this paragraph, a department or agency of the United States may appoint to perform its authorized functions under this Act any individual described in subparagraph (B) of this paragraph to a position in the competitive service of the United States, without regard to the provisions of title 5, United States Code, otherwise governing such appointment, except that an appointment to a position in grade GS-16, GS-17, or GS-18 shall not be made without the approval of the Civil Service Commission. Except as this subsection may otherwise provide, an appointment hereunder shall be subject to regulations of the Civil Service Commission pertaining to the appointment of incumbents of positions brought into the competitive service.

(B) An individual is eligible for appointment under subparagraph (A) if, within the ninety-day period preceding the date of that appointment—

(i) he was an employee of a State or any political subdivision of a State who was compensated in whole or in part from sums paid under title I, X, XIV, or XIX, or part A of title IV, of the Social Security Act, or under an agreement entered into in accordance with subsection (a); and

(ii) he was the incumbent of a position all or a major part of the duties of which (I) were directly related to determining on behalf of the State or political subdivision the eligibility of persons for assistance payments from sums paid to the State under such provisions of the Social Security Act or such agreement, or directly related to the making of such assistance payments (other than medical assistance payments) or (II) were in support of such determinations or the making of such assistance payments (other than medical assistance payments) and the department or agency making the appointment finds that the individual was or will be separated from employment with the State or political subdivision, or has suffered or will suffer a loss or reduction of pay or grade in that employment, because of the enactment of this Act.

An individual who meets the requirements of the preceding sentence because he is or was the incumbent of a position all or a major part of the duties of which are directly related to, or in support of, the determination of eligibility of persons for medical assistance payments shall, notwithstanding the preceding sentence, be ineligible for appointment under subparagraph (A) unless, prior to his appointment, the State by which he is or was employed has entered into an agreement with the Secretary of Health, Education, and Welfare under section 1124 of the Social Security Act (as added by section 505 of this Act).

(C) An individual shall also be eligible for appointment under subparagraph (A) if, within the ninety-day period preceding the date of that appointment, he was an employee of a State or any political subdivision of a State and was the incumbent of a position all or the major part of the duties of which were related to determining eligibility for—

(i) food stamps made available under the Food Stamp Act of 1964, or

(ii) assistance payments to individuals under the program of assistance and services to Cuban refugees operated pursuant to the Migration and Refugee Assistance Act of 1962 (22 U.S.C. 2601, et seq.).

(D)(i) In the case of an individual described in subparagraph (B), the period referred to in subparagraph (A) shall begin with the date of enactment of this Act and end, except as provided by clause (ii) of this subparagraph, with the close of the ninetieth day after the amendments and repeals to which section 501 is applicable become effective with respect to the program or part of a program in which the individual is employed.

(ii) In the case of an individual who is employed in a program or part of a program administered by a State under an agreement entered into under subsection (a), the period established by clause (i) shall end with the close of the ninetieth day after the date upon which the agreement expires.

(E) The Civil Service Commission may extend any period established by this paragraph (1) insofar as necessary to complete the transition for which subsection (a) provides.

(F) An individual appointed under subparagraph (A) who is required by that appointment to change his place of employment may be paid, in accordance with regulations of the appointing agency prescribing criteria for payment, such as travel, transportation, and related expenses and allowances (or any portion thereof) as would be provided under subchapter II of chapter 57 of title 5, United States Code, in the case of an employee of the United States transferred in the interest of the Government.

Conditions of appointment in special cases

(2)(A) Except as provided by subparagraph (B) of this paragraph, an individual appointed under paragraph (1) (hereinafter in this subsection referred to as the "appointee") may receive, at such time as Civil Service Commission regulations may provide, a career or career-conditional appointment to the competitive service without regard to the duration of his service immediately prior to his appointment if, on the last day of his employment described in paragraph (1)(B) prior to that appointment, he held a status comparable to that of a career or career-conditional employee under a merit system of a State or political subdivision of a State.

(B) An individual who is not a citizen of the United States may be appointed under paragraph (1) and retained without competitive status for not more than 5 years if, prior to his appointment, he has filed a peti-

tion for naturalization under section 334 of the Immigration and Nationality Act. If he acquires citizenship within the 5-year period, he shall thereafter become eligible to acquire competitive status subject to applicable Civil Service Commission regulations.

Compensation of appointees

(3) (A) (i) Notwithstanding section 5333 of title 5, United States Code (pertaining to new appointments) and section 5334 of title 5, United States Code (pertaining to pay on change of position), the basic pay of an appointee shall be at that rate of the grade of his position, or of a prevailing wage schedule if applicable, which is equal to his rate of compensation from a State or political subdivision of a State on the last day of the employment described in paragraph (1) (B) prior to his appointment under paragraph (1), or, if there is no such rate, at that rate which exceeds his former rate by the least amount.

(ii) If there is no rate within the grade of his position, or under a prevailing wage schedule if applicable, which equals or exceeds his former rate, he shall receive basic pay at his former rate (but not to exceed the rate for GS–18 as limited by 5 U.S.C. 5308) for a period of 2 years from the date of his appointment, subject to conditions equivalent to those set forth in clauses (A), (B), and (C) of section 5337(a) of title 5, United States Code. If such equivalent conditions continue to obtain at the end of that 2-year period, the rate of basic pay of the appointee shall be reduced to the maximum rate prescribed for the grade of his position by section 5332 of title 5, United States Code, or by the prevailing wage schedule applicable to it.

(B) The period of service required for an appointee to qualify for the benefits of section 5335 of title 5, United States Code (pertaining to periodic step-increases), or for comparable benefits under an applicable prevailing wage schedule, shall be computed from the date of his appointment under paragraph (1).

Credit for prior service

(4) In determining the length of an appointee's service to be credited for purposes of Civil Service Commission regulations pertaining to career tenure, probationary period, rate of annual leave accrual, group life or health insurance, and retention credit in reductions-in-force, credit shall be given for service with the State or political subdivision of the State by which the appointee was employed on the last day of his employment described in paragraph (1) (B) prior to his appointment under paragraph (1).

Sick leave

(5) (A) Subject to subparagraph (B) of this paragraph, an appointee shall be credited with sick leave equal to the balance of sick leave outstanding, in the service of the State or political subdivision by which the appointee was employed, on the last day of his employment described in paragraph (1) (B) prior to his appointment under paragraph (1), except if he has been compensated for that sick leave, or if it has been applied so as to increase the actuarial value of any vested interest of the employee in a retirement system of that State or political subdivision.

Sick leave credited under subparagraph (A) shall not be credited as unused sick leave for purpose of section 8339(m) of title 5, United States Code (pertaining to computation of annuity), and shall be available for use as sick leave by an appointee only after he has exhausted any accruals of sick leave under section 6307 of title 5, United States Code. An appointee who is separated from the Federal civil service with a balance of sick leave credited under subparagraph (A) shall not, during any subsequent period of Federal civil service employment, be recredited with any portion of that balance.

Retirement annuity

(6) The annuity, computed under subsection (a), (b), (c), or (d) of section 8339 of title 5, United States Code, of an appointee eligible thereof shall be increased by $10 for each full month of service credited for retirement annuity purposes, by the State or political subdivision by which the appointee was employed, on the last day of his employment described in paragraph (1) (B) prior to his appointment under paragraph (1), except if (A) the appointee has qualified for or is eligible to qualify for an annuity or other payment on account of retirement (for reasons of age or disability) from such State or political subdivision in consideration of such service, or (B) the appointee is credited for retirement annuity purposes, by such State or political subdivision, with less than 24 full months of such service. The term "annuity" as used in the remainder of section 8339, and the other sections of chapter 83 of title 5, United States Code, to apply to the annuity of an appointee entitled to the increased annuity provided by the preceding sentence, or that of his survivors, shall be deemed to describe an annuity as so increased.

STATE SUPPLEMENTARY PAMENTS DURING TRANSITIONAL PERIOD

SEC. 608 (a) In order to be eligible for any payments pursuant to title IV, V, XVI, or XIX of the Social Security Act with respect to expenditures for any quarter beginning after December 31, 1973, and for the purpose of assuring that needy families will not suffer an automatic reduction in their aid by reason of the enactment of this Act, any State which as of January 1, 1974, does not have in effect agreements entered into pursuant to section 2156 of the Social Security Act which either specifies the payment levels thereunder or are federally administered shall, for each month beginning with January 1974 and continuing until the close of June 1973 or until the State (whether before or after the close of December 1974) enters into (and has in effect) an agreement pursuant to such section which specifies such levels or is so administered, or otherwise takes affirmative action to the contrary on the basis of legislation (other than legislation which prevents the State from entering into such agreement), make supplementary payments meeting the requirements of such sections to each family which is eligible for benefits until title XXI of such benefits and such supplementary Act, to such extent and in such amounts as may be necessary to assure that the total of such benefits and such supplementary payments is at least equal to—

(1) the amount of the aid which would be payable to such family under the plan of such State approved under part A of title IV of the Social Security Act, as in effect in June 1971, or if the State by affirmative action modifies such plan after June 1971 and before January 1974, as in effect after such modification becomes effective, if such plan (as so in effect) had continued in effect through such month after December 1973, plus

(2) the bonus value of the food stamps which were provided (or were available) to such family under the Food Stamp Act of 1964 for June 1971 or for the month in which a modification referred to in paragraph (1) becomes effective.

For purposes of this subsection, an agreement entered into pursuant to section 2156 of the Social Security Act is federally administered if it provides that the Secretary of Health, Education, and Welfare will, on behalf of the State, make the supplementary payments under such agreement to families eligible therefor.

(b) Supplementary payments made as provided in subsection (a) shall be considered as assistance excludable from income under section 2154(b)(6).

PRETESTING AND EVALUATION

SEC. 609. (a)(1) For the purpose of developing the most effective, economical, and efficient administration of the Opportunities for Families Program established by the amendments made by section 401, the Secretary of Health, Education, and Welfare and the Secretary of Labor shall jointly conduct programs of pretests and evaluations of the Opportunities for Families Program in accordance wtih the succeeding provisions of this section.

(2) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

(b)(1) The Secretary of Health, Education, and Welfare, after consultation with the Secretary of Labor, shall establish pretest programs under which payments will be made to families, as defined in section 2155(a) of the Social Security Act, as amended by this Act, under the conditions and in the amounts that would be applicable to such families under title XXI of the Social Security Act (as so amended). Any such program may be established in any one or more States or political subdivisions of a State. In the case of any such program, such families shall include and be limited to families (as defined in such section 2155(e))—

parent is incapacitated or

(B) which have previously participated in such program under this subsection and in which the father is present and is not incapacitated, and the members of which would be eligible for payments under title XXI of such Act (as so amended).

(2) The Secretary of Health, Education, and Welfare may, in the case of a State in which he intends to establish a program under this subsection and whose State plan approved under part A of title IV of the Social Security Act provides aid to families with dependent children in which the father is unemployed, enter into an agreement with such State which will specify the circumstances, if any, and conditions under which payments will be made to such families under such plan notwithstanding the conduct of such program. To the extent that any action (or failure to take action) by such State or a political subdivision thereof is specified under the agreement, such action (or inaction) shall not constitute noncompliance with any requirement of part A of title IV of the Social Security Act, or with its State plan approved thereunder.

(3) In any program established under paragraph (1), the Secretary of Labor shall, after consultation with the Secretary of Health, Education, and Welfare, provide or assure the provision of any manpower services, training, or employment programs, or child care, family planning, or supportive services, as authorized to be established or provided by title XXI of the Social Security Act, as amended by this Act.

(4) The Secretary of Health, Education, and Welfare and the Secretary of Labor may carry out their functions under paragraphs (1) and (3) directly or through contracts with (A) the State or local agency administering, in the political subdivision or subdivisions involved, a State plan approved under part A of title IV of the Social Security Act, or (B) any other public (Federal or non-Federal) or private agency.

(c) In determining the States or political subdivisions to which programs under subsection (b) will apply, the Secretary of Health, Education, and Welfare and the

Secretary of Labor shall consider the relative effectiveness of a program in that location in achieving the purposes of this section.

(d)(1) If a program is established under subsection (b) in any political subdivision of a State which makes payments under its State plan approved under part A of title IV of the Social Security Act with respect to families with dependent children in which the father is unemployed, the State shall pay to the Secretary, for each quarter of a calendar year in which such program is conducted, an amount equal to the average quarterly non-Federal share of such payments (as defined in paragraph (2)) made in such political subdivision for the second, third, fourth, and fifth quarters immediately preceding the quarter in which such program is initiated.

(2) For purposes of this section, the term "non-Federal share of payments with respect to families with dependent children in which the father is unemployed", in the case of any State, means the defference between—

(A) expenditures under the State's plan approved under part A of tittle IV of the Social Security Act as aid to such families and

(B) the amount determined under section 403 or section 1118 of of such Act and under section 9 of the Act of April 19, 1950, for such State with respect to such expenditures.

(3) The Secretary of Health, Education, and Welfare may reduce any amount due a State under such section 403 or such section 9 by the amount such State is required by paragraph (1) to pay him.

(e)(1) The sums appropriated pursuant to subsection (a) shall also be available to enable the Secretary of Health, Education, and Welfare and the Secretary of Labor to evaluate, directly or by grant or contract, the programs carried on pursuant to subsection (b).

(2) The Secretary of Health, Education, and Welfare and the Secretary of Labor shall jointly submit to the President and the Congress, before December 31, 1973, a report of their evaluations under this subsection. Such report shall include a description of the extent to which such programs were successful in achieving the purposes of title XXI with respect to families included in such programs, including details as to changes in income of such individuals, the numbers of such families applying for benefits, employment experience of eligible family members, an analysis of administrative experience under such programs, and any other data and material which they may consider appropriate and of assistance in implementing the provisions of such title.

(f) In the administration of thest programs under this section, the Secretary of Health, Education, and Welfare and the Secretary of Labor shall provide safeguards which restrict the use or disclosure of information identifying participants in such programs to purposes directly connected with the administration of such programs.

FACILITIES AND EQUIPMENT

Exemption From Certain Provisions of the Economy Act During the Implementation of Title XX and XXI

SEC. 610. (a) Section 322 of the Act of June 30, 1932 (47 Stat. 412), shall not apply to any lease made by the General Services Administration within three years after the date of enactment of this Act for the purpose of acquiring space for any Federal department or agency in connection with the implementation or administration of title XXI of the Social Security Act, as amended by this Act.

AUTHORITY TO ACQUIRE TEMPORARY FACILITIES

(b) In addition to any other authority the Administrator of General Services may have, he is authorized, for a period of three years after the date of enactment of this Act, to enter into agreements, upon such terms and conditions as he deems to be in the interest of the United States, to acquire, by purchase, lease (with or without an option in the Government to purchase), or deferred payment purchase contract, personal property consisting of movable, modular, or prefabricated structures, buildings, facilities, or similar property to be placed on Government-owned or leased land for the purpose of providing space for any Federal department or agency in connection with the implementation or administration of title XXI of the Social Security Act, as amended by this Act. No such lease agreement or deferred payment purchase contract shall bind the Government for a period in excess of ten years. All such deferred payment purchase contracts shall provide that title to the property shall vest in the United States at or before the expiration of the purchase contract term, and that any installment payment made under the contract shall be applied to the contract price, including any interest specified therein.

ACCOUNTABILITY FOR EQUIPMENT AND OTHER PROPERTY PURCHASED UNDER CERTAIN SOCIAL SECURITY ACT PROGRAMS

(c) The Secretary may, in such cases and subject to such conditions as he determines appropriate, waive any obligation that would otherwise exist to account to the United States for equipment or other property purchased in whole or in part with Federal funds made available under section 3, 403, 1003, 1403, or 1603 of the Social Security Act because of the provisions of this Act amending part A of title IV of the Social Security Act to delete the provisions therein pertaining to money payments.

COST-OF-LIVING ADJUSTMENT OF BENEFITS UNDER TITLE XXI OF THE SOCIAL SECURITY ACT

SEC. 610A. (a) In accordance with the succeeding provisions of this section, the Secretary of Health, Education, and Welfare shall adjust the amounts prescribed for determining eligibility for and the amount of benefits payable to families under title XXI of the Social Security Act in order to compensate for annual increases in the cost of living.

(b)(1) Between July 1 and September 30 of each calendar year, beginning with 1974, the Secretary shall increase the dollar amounts prescribed in subsections (a)(1) and (b)(1) of section 2152 of the Social Security Act (as added by this Act) by the percentage by which the average level of the price index for the months in the calendar quarter beginning April 1 of such year exceeds the average level of the price index for months in 1973, and such amounts, as so increased, shall be the amounts employed in carrying out such subsections in months in the following calendar year.

(2) As used in this subsection, the term "price index" means the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics.

(c) The amounts prescribed in section 2152(c) of such Act (as so added) shall be similarly increased for months in each year (and, as so increased shall be the amounts employed in carrying out section 2152(g) for months in such year).

(d) In the case of any State which is required to make supplementary payments to families pursuant to section 2156 of the Social Security Act (as added by this Act), the adjusted payment level (as defined in subsection (b)(2) of such section) applicable to a family of a given size, shall, in the case of any calendar year, be increased by the same dollar amount as amounts in subsections (a)(1) and (b)(1) of section 2152 of such Act (as so added) with respect to a family of the same size are increased pursuant to subsection (b) for such year, and the adjusted payment level (as so increased) shall be in effect for purposes of carrying out section 2156 of such Act (as so added) for months in such year.

PART B—NEW SOCIAL SERVICES PROVISIONS

ADOPTION AND FOSTER CARE SERVICES UNDER CHILD-WELFARE SERVICES PROGRAM

SEC. 611. Effective July 1, 1973, part B of title IV of the Social Security Act is amended by adding at the end thereof the following new section:

"ADOPTION AND FOSTER CARE SERVICES

"SEC. 427. (a) For purposes of this section—

"(1) the term 'foster care services', with respect to any State, means—

"(A) payments for foster care (including medical care not available under the State's plan approved under title XIX or under any other health program within the State) of a child for whom a public agency has responsibility, made to any agency, institution, or person providing such care, but only if such foster care meets standards prescribed by the Secretary, and

"(B) services and administrative activities consistent with such standards as the Secretary may provide, related to the foster care of children, such as finding, evaluating, and licensing foster homes and institutions, and providing services to enable a child to remain in or return to his own home; and

"(2) the term 'adoption services' means—

"(A) services and administrative activities, consistent with such standards as the Secretary may prescribe, related to adoptions, including activities related to judicial proceedings, determinations of the amounts of the payments described in subparagraph (B), location of homes, and all activities related to placement, adoption, and post-adoption services, with respect to any child, and

"(B) payments (subject to such limitations as the Secretary may by regulation prescribe) to a person or persons adopting a child who is physically or mentally handicapped and who, for that reason, may be difficult to place for adoption, based on the financial ability of such person or persons to meet the medical and other remedial needs of such child.

"(b) In the case of any State which is eligible for payments under section 422, the Secretary shall, from the amounts allotted therefor, make payments to such State in an amount equal to 75 per centum of any expenditures for adoption services or foster care services.

"(c) There are authorized to be appropriated, in addition to sums appropriated for purposes of this section pursuant to section 421, for grants to States for adoption services and foster care services, $275,000,000 for the fiscal year ending June 30, 1974, the sum of $300,000,000 for the fiscal year ending June 30, 1975, and the sum of $320,000,000 for the fiscal year ending June 30, 1976, and each fiscal year thereafter.

"(d) From the sum appropriated pursuant to subsection (c), for any fiscal year, there shall be allotted to each State an amount which bears the same ratio to such sum as the number of children under age 21 in such State bears to the number of such children in all the States.

"(e) Notwithstanding the provisions of this section, the allotment to any State for any calendar quarter beginning on or after July 1, 1973, will be reduced by an amount equal to any reduction in expenditure of State funds for child welfare services under part B of title IV in that quarter below the average State expenditure under this part for the four quarters in the fiscal year ending June 30, 1972."

PART C—PUBLIC ASSISTANCE AMENDMENTS EFFECTIVE IMMEDIATELY

ADDITIONAL REMEDIES FOR STATE NONCOMPLIANCE

SEC. 621. (a) Section 1116 of the Social Security Act is amended by adding at the end thereof the following new subsections:

"(e) In any case in which the Secretary determines that a State has failed in a substantial number of cases—

"(1) to make payments as required by title I, X, XIV, XVI, or XIX or part A of this title IV, or

"(2) to make payments in the amount prescribed under the appropriate State plan (which complies with the conditions for approval under such title or part), he may require the State to make retroactive payment to all persons affected by such failure in order to assure, to the maximum extent possible, that with respect to each such person the sum of the aid or assistance actually received during the period in which such failure occurred plus such retroactive payments are equal to the amount of aid or assistance he would have received for such period had such failure not occurred, but such payments shall not be required with respect to any period prior to the date of the enactment of the Social Security Amendments of 1971. Expenditures for such retroactive payments shall be considered to have been made under the State plan approved under such title or part for purposes of determining the amount of the Federal payment with respect to such plan. In any case in which the Secretary does add such a requirement for retroactive payments pursuant to the preceding provisions of this subsection, the State shall disregard the amount of such retroactive payments for purposes of determining the amount of aid or assistance payable to such persons after such failure has been corrected. The Secretary may prescribe such methods of administration as he finds necessary to carry out a requirement for retroactive payments imposed under this subsection and such requirement and methods shall be deemed necessary for the proper and efficient operation of the plan under which such failure occurred.

"(f) In any case in which the Secretary has found, in accordance with the procedures of title I, X, XIV, XVI, or XIX, or part A of title IV, that in the administration of the State plan approved under such title or part there is a failure to comply substantially with any provision which is required by such title or part to be included in such plan, the Secretary may prescribe such methods of administration as he finds appropriate to correct such administrative noncompliance within a reasonable period of time, and upon obtaining assurances satisfactory to him that such methods will be undertaken (including a timetable for implementation of such methods which specifies a date by which there will no longer exist such administrative noncompliance), he may, instead of withholding payments under the title or part with respect to which such failure occurred, continue to make payments (in accordance with such title or part) to such State with respect to expenditures under such plan (for so long as he remains satisfied that the timetable is being substantially followed).

"(g) If the Secretary has reason to believe that a State plan which he has approved under title I, X, XIV, XVI, or XIX, or part A of title IV, no longer complies with all requirements of such title or part, or that in the administration of such plan there is a failure to comply substantially with any such requirements, the Secretary may (in addition to or instead of withholding payments under such title or part) request the Attorney General to bring suit to enforce such requirements."

(b) The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

STATEWIDENESS NOT REQUIRED FOR SERVICES

SEC. 622. (a) Section 2(a) of the Social Security Act is amended by inserting "except to the extent permitted by the Secretary with respect to services," before "provide" at the beginning of paragraph (1).

(b) Section 402(a) of such Act is amended by inserting "except to the extent permitted by the Secretary with respect to services," before "provide" at the beginning of clause (1).

(c) Section 1002(a) of such Act is amended by inserting "except to the extent permitted by the Secretary with respect to servservices," before "provide" at the beginning of clause (1).

(d) Section 1402(a) of such Act is amended by inserting "except to the extent permitted by the Secretary with respect to services," "provide" at the beginning of clause (1).

(e) Section 1602(a) of such Act is amended by inserting "except to the extent permitted by the Secretary with respect to services," before "provide" at the beginning of paragraph (1).

(f) The amendments made by this section shall take effect on the date of the enactment of this Act.

INDIVIDUAL PROGRAMS FOR FAMILY SERVICES NOT REQUIRED

SEC. 624. (a) Section 402(a)(14) of the Social Security Act is amended—

(1) by striking out "a program for";

(2) by striking out "for each child and relative who receives aid to families with dependent children, and each appropriate individual (living in the same home as a relative and child whose needs are taken into account in making the determintaion under clause (7))" and inserting in lieu thereof "for children and relatives receiving aid to families with dependent children and appropriate individuals (living in the same home) whose needs are taken into account in making the determination under clause (7)"; and

(3) by striking out "such child, relative, and individual" each place it appears and inserting in lieu thereof "such children, relatives, and individuals".

(b) The amendments made by subsection (a) shall take effect on the date of the enactment of this Act, or, in the case of any State, on such later date (not after January 1, 1974) as may be specified in the modification made in the State's plan approved under section 402 of the Social Security Act to carry out such amendments.

ENFORCEMENT OF SUPPORT ORDERS AGAINST CERTAIN SPOUSES OF PARENTS OF DEPENDENT CHILDREN

SEC. 625. (a) Section 402(a)(17) of the Social Security Act is amended—

(1) by striking out "and" at the end of clause (i), and

(2) by adding after clause (ii) the following new clause:

"(iii) in the case of any parent (of a child referred to in clause (ii) receiving such aid who has been deserted or abandoned by his or her spouse, to secure support for such parent from such spouse (or from any other person legally liable for such support) utilizing any reciprocal arrangements adopted with other States to obtain or enforce court orders for support, and".

(b) Section 402(a)(21) of such Act is amended—

(1) by striking out "each parent" in clause (A) and inserting in lieu thereof "each person who is the parent",

(2) by inserting "or is the spouse of the parent of such a child or children" after "under the State plan" in clause (A),

(3) by inserting "or such parent" after "such child or children" in clause (A)(i), and

(4) by striking out "such parent" each place it appears in clause (b) and inserting in lieu thereof "such person".

(c) Section 402(a)(22) of such Act is amended—

(1) by striking out "a parent" each place it appears and inserting in lieu thereof "a person",

(2) by striking out "a child or children of such parent" each place it appears and inserting in lieu thereof "the spouse or a child or children of such person", and

(3) by striking out "against such parent" and inserting in lieu thereof "against such person".

(d) The amendments made by this section shall take effect on the date of the enactment of this Act, or, in the case of any State, on such later date (not after January 1, 1974) as may be specified in the modification made in the State's plan approved under section 402 of the Social Security Act to carry out such amendments.

SEPARATION OF SOCIAL SERVICES AND CASH ASSISTANCE PAYMENTS

SEC. 626. Title XI of the Social Security Act (as amended by sections 221(a), 241, 505, and 512 of this Act) is amended by adding at the end thereof the following new section:

"SEPARATION OF SOCIAL SERVICES AND CASH ASSISTANCE PAYMENTS

"SEC. 1125. Each State, in the administration of its State plans approved under section 2, 402, 1002, 1402, or 1602, shall develop and submit to the Secretary on or before January 1, 1972, a proposal (1) providing that, to the extent services under any such State plan are furnished by the staff of the State or local agency administering such plan in any political subdivision of such State, such staff will be located, by July 1, 1972, in organizational units (up to such organizational levels as the Secretary may prescribe) which are separate and distinct from the units within such agencies responsible for determining eligibility for any form of cash assistance paid on a regularly recurring basis or for performing any functions directly related thereto, but subject to any exceptions which, in accordance with standards prescribed in regulations, the Secretary may permit when he deems it necessary in order to insure the efficient administration of such plan, and (2) indicating the steps to be taken and the methods to be followed in carrying out the proposal."

INCREASE IN REIMBURSEMENT TO STATES FOR COSTS OF ESTABLISHING PATERNITY AND LOCATING AND SECURING SUPPORT FROM PARENTS

SEC. 627. (a) Section 403 (a) (3) (A) of the Social Security Act is amended by striking out "or" at the end of clause (ii), by striking out "; plus" at the end of clause (iii) and inserting in lieu thereof ", or", and by inserting after clause (iii) the following new clause:

"(iv) the cost of carrying out the requirements of clauses (17), (18), (21), and (22) of section 402 (a); plus".

(b) The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

FISCAL RELIEF FOR STATES

SEC. 628. Title XI of the Social Security Act (as amended by sections 221(a), 241, 505, 512, and 526 of this Act) is further amended by adding at the end thereof the following new section:

FISCAL RELIEF FOR STATES

"SEC. 1126. (a) The Secretary shall, subject to subsection (c), pay to any State which has a State plan approved under title I, X, XIV, or XVI, or part A of title IV, of

this Act, for each quarter beginning after June 30, 1971, in addition to the amounts (if any) otherwise payable to such State under such titles, such part, section 1118, and section 9 of the Act of April 19, 1950, on account of expenditures as cash assistance, an amount equal to the excess (if any) of—

"(1) an amount equal to the lesser of—

"(A) the non-Federal share of the expenditures, under the State plans approved under such title or such part A (as the case may be), as cash assistance for such quarter (not counting any part of such expenditures which is in excess of the amount of the expenditures which would have been made as cash assistance under such plans if such plans had remained as they were in effect for January 1971, or

"(B) an amount equal to 120 per centum of the amount referred to in clause (2), over

"(2) an amount equal to 100 per centum of the non-Federal share of the total average quarterly expenditures, under such plans, as cash assistance during the 4-quarter period ending December 31, 1970.

"(b) For purposes of subsection (a), the non-Federal share of expenditures for any quarter under State plans approved under title I, X, XIV, or XVI, or part A of title IV, of this Act as cash assistance, referred to in subsection (a)(1), means the excess of—

"(1) the total expenditure for such quarter under such plans as (A) old-age assistance, (B) aid to the blind, (C) aid to the disabled, (D) aid to the aged, blind, or disabled, and (E) aid to families with dependent children, over

"(2) the amounts determined for such quarter for such State with respect to such expenditures under sections 3, 1003, 1403, 1603, 403, and 1118 of this Act and (in the case of a plan approved under title I or X or part A of title IV) under section 9 of the Act of April 19, 1950.

"(c) No payment under this section shall be made for any quarter to any State on account of expenditures, as cash assistance, under a State plan of such State if the standards, under any plan of such State approved under title I, X, XIV, or XVI, or part A of title IV, for determining eligibility for, or the amount of, cash assistance to individuals under such plan have been so changed as to be less favorable, to all (or any substantial class or category) of the applicants for or recipients of such assistance under the plan, than the standards provided for such purpose under such plan as in effect for January 1971, or, if more favorable to any such applicants or recipients, for any month after January 1971, and prior to the month in which this section is enacted."

PAYMENT UNDER AFDC PROGRAM FOR NONRECURRING SPECIAL NEEDS

SEC. 629. (a) Section 406(b) of the Social Security Act is amended by striking out "and includes" and inserting in lieu thereof "and, in the case of nonrecurring special needs (as determined in accordance with regulations prescribed by the Secretary) which involve a cost of $50 or more, includes a payment with respect to a dependent child (and the relative with whom he is living) which is made dirccctly to the person furnishing the food, living accommodations, or other goods, services, or items necessary to meet such needs. Such term also includes".

(b) The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

PART D—LIBERALIZATION OF INCOME TAX TREATMENT OF CHILD CARE EXPENSES AND RETIREMENT INCOME

LIBERALIZATION OF CHILD CARE DEDUCTION

Increase in Dollar Limits

SEC. 631. (a) Paragraph (1) of section 214 (b) of the Internal Revenue Code of 1954 (relating to expenses for care of certain dependents) is amended to read as follows:

"(1) DOLLAR LIMIT.—

"(A) Except as provided in subparagraphs (B) and (C), the deduction under subsection (a) shall not exceed $750 for any taxable year.

"(B) The $750 limit of subparagraph (A) shall be increased (to an amount not above $1,125) by the amount of expenses incurred by the taxpayer for any period during which the taxpayer had 2 dependents.

"(C) The dollar limits of subparagraphs (A) and (B) shall be increased (to an amount not above $1,500) by the amount of expenses incurred by the taxpayer for any period during which the taxpayer had 3 or more dependents."

Liberalization of Income Test for Working Wives and Husbands With Incapacitated Wives

(b) Paragraph (2)(B) of section 214(b) of such Code is amended by striking out "$6,000" and inserting in lieu thereof "$12,000".

Effective Date

(c) The amendments made by this section shall apply to taxable years beginning after December 31, 1971.

LIBERALIZATION OF RETIREMENT INCOME CREDIT

In General

SEC. 632. (a) Section 37 of the Internal Revenue Code of 1954 (relating to retirement income) is amended to read as follows:

"SEC. 37. CREDIT FOR THE ELDERLY.

"(a) GENERAL RULE.—In the case of an individual—

"(1) who has attained the age of 65 before the close of the taxable year, or

"(2) who has not attained the age of 65 before the close of the taxable year but who has public retirement system pension income for the taxable year,

there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 15 percent of such individual's section 37 amount for such taxable year.

"(b) SECTION 37 AMOUNT.—For purposes of subsection (a)—

"(1) IN GENERAL.—An individual's section 37 amount for the taxable year is the applicable initial amount determined under paragraph (2), reduced as provided in paragraph (3).

"(2) INITIAL AMOUNT.—The initial amount is—

"(A) $2,500 in the case of a single individual,

"(B) $2,500 in the case of a joint return where only one spouse is eligible for the credit unter this section,

"(C) $3,750 in the case of a joint return where both spouses are eligible for the credit under this section, or

"(D) $1,875 in the case of a married individual filing a separate return.

"(3) REDUCTION.—Except as provided in paragraphs (4) and (5)(B), the reduction under this paragraph in the case of any individual is—

"(A) any amount received by such individual as a pension or annuity—

"(i) under title II of the Social Security Act,

"(ii) under the Railroad Rctirement Act of 1935 or 1937, or

"(iii) otherwise excluded from gross income, plus

"(B) in the case of any individual who has not attained age 72 before the close of the taxable year—

"(i) except as provided in clause (ii), one-half the amount of earned income received by such individual in the taxable year in excess of $2,000, or

"(ii) if such individual has not attained age 62 before the close of the taxable year, and if such individual (or his spouse under age 62) is eligible for a credit by reason of subsection (a)(2), any amount of earned income in excess of $1,000 received by such individual in the taxable year.

"(4) SPECIAL RULES FOR DETERMINING THE REDUCTION PROVIDED IN PARAGRAPH (3).—

"(A) JOINT RETURNS.—In the case of a joint return, the reduction under paragraph (3) shall be the aggregate of the amounts resulting from applying paragraph (3) separately to each spouse.

"(B) SEPARATE RETURNS OF MARRIED INDIVIDUALS.—In the case of a separate return of a married individual, paragraph (3)(B)(i) shall be applied by substituting '$1,000' for '$2,000', and paragraph (3)(B)(ii) shall be applied by substituting '$500' for '$1,000'.

"(C) NO REDUCTION FOR CERTAIN AMOUNTS EXCLUDED FROM GROSS INCOME.—No reduction shall be made under paragraph (3)(A) for any amount excluded from gross income under section 72 (relating to annuities), 101 (relating to life insurance proceeds), 104 (relating to compensation for injuries or sickness), 105 (relating to amounts received under accident and health plans), 402 (relating to taxability of beneficiary of employees' trust), or 403 (relating to taxation of employee annuities).

"(5) SPECIAL RULES FOR INDIVIDUAL ELIGIBLE UNDER SUBSECTION (a)(2).—

"(A) Except as provided in subparagraph (B), the section 37 amount of an individual who is eligible for a credit by reason of subsection (a)(2) shall not exceed such individual's public retirement system pension income for the taxable year.

"(B) In the case of a joint return where one spouse is eligible by reason of subsection (a)(1) and the other spouse is eligible by reason of subsection (a)(2), subparagraph (A) shall not apply but there shall be an additional reduction under paragraph (3) in an amount equal to the excess (if any) of $1,250 over the amount of the public retirement system pension income of the spouse who is eligible by reason of subsection (a)(2).

"(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) EARNED INCOME.—The term 'earned income' has the meaning assigned to such term in section 911 (b), except that such term does not include any amount received as a pension or annuity. The determination of whether earned income is the earned income of the husband or the earned income of the wife shall be made without regard to community property laws.

"(2) MARITAL STATUS.—Marital status shall be determined under section 153.

"(3) JOINT RETURN.—The term 'joint return' means the joint return of a husband and wife made under section 6013.

"(4) PUBLIC RETIREMENT SYSTEM PENSION INCOME.—An individual's public retirement system pension income for the taxable year is his income from pensions and annuities under a public retirement system for personal services performed by him or his spouse, to the extent included in gross income without reference to this section, but only to the extent such income does not represent compensation for personal services rendered during the taxable year. The amount of such income taken into account with respect to any individual for any taxable year shall not exceed $2,500. For purposes of this paragraph, the term 'public retirement system' means a pension, annuity, retirement, or similar fund or system established by the United States, a State, a possession of the United States, any political subdivision of any of the foregoing, or the District of Columbia.

"(d) NONRESIDENT ALIEN INELIGIBLE FOR CREDIT.—No credit shall be allowed under this section to any nonresident alien."

Technical Amendments

(b)(1) Section 904 of the Internal Revenue Code of 1954 (relating to limitation on foreign tax credit) is amended by redesignating subsection (g) as subsection (h), and by inserting after subsection (f) the following new subsection:

"(g) COORDINATION WITH CREDIT FOR THE ELDERLY.—In the case of an individual, for

purposes of subsection (a) the tax against which the credit is taken is such tax reduced by the amount of the credit (if any) for the taxable year allowable under section 37 (relating to credit for the elderly)."

(2) Section 6014(a) of such Code (relating to tax not computed by taxpayer) is amended by striking out the last sentence thereof.

(3) Section 6014(b) of such Code is amended—

(A) by striking out paragraph (4),

(B) by redesignating paragraph (5) as paragraph (4), and

(C) by inserting "or" at the end of paragraph (3).

(4) Sections 46(a)(3)(C), 56(a)(2)(A)(ii), and 56(c)(1)(B) of such Code are each amended by striking out "retirement income" and inserting in lieu thereof "credit for the elderly".

(5) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by striking out the item relating to section 37 and inserting in lieu thereof the following:

"Sec 37 Credit for the elderly."

Effective Date

(c) The amendments made by this section shall apply to taxable years beginning after December 31, 1971.

PART E—MISCELLANEOUS CONFORMING AMENDMENTS

CONFORMING AMENDMENT TO SECTION 228(d)

SEC. 641. Section 228(d)(1) of the Social Security Act is amended by striking out "receives aid or assistance in the form of money payments in such month under a State plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting in lieu thereof "receives payments with respect to such month pursuant to title XX or part A or part B of title XXI".

CONFORMING AMENDMENTS TO TITLE XI

SEC. 642. Title XI of the Social Security Act is amended—

(1)(A) by striking out "I,", "X,", and "XIV," in section 1101(a)(1),

(B) by striking out "and XIX" in such section and inserting in lieu thereof "XIX, XX, and XXI", and

(C) by inserting "(and when used in part C or D of title XXI)" after "requires" in section 1101(a)(6);

(2) by striking out "I, X, XIV, XVI," in section 1106(c)(1)(A) and inserting in lieu thereof "XVI";

(3)(A) by striking out "and each fiscal year thereafter" in paragraphs (1)(E), (2)(E), and (3(E) of section 1108(a), and

(B) by striking out section 1108(b);

(4) by striking out the text of section 1109 and inserting in lieu thereof the following:

"SEC. 1109. Any amount which is disregarded in determining the eligibility for and amount of payments to any individual pursuant to title XX or any family pursuant to part A or B of title XXI, shall not be taken into consideration in determining the eligibility for or amount of such payments to any other individual or family under such title XX or part A or B of title XXI.";

(5) by striking out "title I, X, XIV, and XVI, and part A of title IV" in section 1111 and inserting in lieu thereof "title XX or part A or B of title XXI";

(6)(A) by striking out "I, X, XIV, XVI," in the matter preceding clause (a) in section 1115, and inserting in lieu thereof "XVI",

(B) by striking out "of section 2, 402, 1002, 1402, 1602, or 1902" in clause (a) of such section and inserting in lieu thereof "of section 402, 1602, or 1902,", and

(C) by striking out "under section 3, 403, 1003, 1403, 1603, or 1903" in clause (b) of such section and inserting in lieu thereof "under section 403, 1603, or 1903,";

(7)(A) by striking out "I, X, XIV, XVI," in subsections (a) (1), (b), and (d) of section 1116 and inserting in lieu thereof "XVI",

(B) by striking out "under section 4, 404, 1004, 1404, 1604," in subsection (a)(3) of such section and inserting in lieu thereof "under section 404, 1604,",

(C) by striking out "I, X, XIV, XVI, or XIX or part A of title IV" in subsection (e) of such section (as added by section 521 of this Act) and inserting in lieu thereof "XIX",

(D) by striking out "I, X, XIV, XVI," in subsection (f) of such section (as so added) and inserting in lieu thereof "XVI", and

(E) by striking out "I, X, XIV, XVI," in subsection (g) of such section (as so added) and inserting in lieu thereof "XVI";

(8) by repealing section 1118;

(9)(A) by striking out "aid or assistance, other than medical assistance to the aged, under a State plan approved under title I, X, XIV, or XVI, or part A of title IV" in section 1119 and inserting in lieu thereof "services under a State plan approved under part A of title IV or under title XVI", and

(B) by striking out "under section 3(a), 403(a), 1003(a), 1403(a), or 1603(a)" in such section and inserting in lieu thereof "under section 403(a) or 1603(a)";

(10) by repealing section 1125 (as added by section 526 of this Act); and

(11)(A) by striking out "section 3(a) (4) and (5), 403(a)(3), 1003(a)(3) and (4), 1403(a) (3) and (4), or 1603(a) (4) and (5)" in subsection (a) of section 1130 and inserting in lieu thereof "section 403(a)(2) or 1603(a) (1) and (2),"

(B) by striking out "(other than the services provided pursuant to section 402(a)(19)(G))" in such subsection,

(C) by striking out "(as defined in section 408)" and "(as defined in such section)" paragraph (2)(E) of such subsection, and

(D) by striking out "aid or assistance (under State plans approved under titles I, X, XIV, XVI, or part A of title IV)" in the portion of such subsection which follows paragraph (2) and inserting in lieu thereof "benefits under title XX or XXI" and by striking out "aid or assistance" and inserting "benefits" in lieu thereof in such portion of such subsection.

CONFORMING AMENDMENTS TO TITLE XVIII

SEC. 643. (a) Section 1843 of the Social Security Act is amended by striking out subsections (a) and (b) and inserting in lieu thereof the following:

"(a) Subject to section 1902(e), the Secretary at the request of any State shall, notwithstanding the repeal of titles I, X, and XIV by section 303 of the Social Security Amendments of 1971 and the amendments made to title XVI and part A of title IV by sections 302 and 402 of such amendments, continue in effect the agreement entered into under this section with such State insofar as it includes individuals who are eligible to receive benefits under title XX or XXI or are otherwise eligible to receive medical assistance under the plan of such State approved under title XIX.

"(b) The provisions of subsection (h)(2) of this section as in effect before the effective date of the repeal and amendments referred to in subsection (a) shall continue to apply with respect to the individuals included in any such agreement after such date."

(b) Section 1843(c) of such Act is amended by striking out the semicolon and all that follows and inserting in lieu thereof a period.

(c) Section 1843(d)(3) of such Act is amended to read as follows:

"(3) his coverage period attributable to the agreement with the State under this section shall end on the last day of any month in which he is determined by the State agency to have become ineligible for medical assistance."

(d) Section 1843(f) of such Act is amended—

(1) by striking out "receiving money payments under the plan of a State approved under title I, X, XIV, or XVI or part A of title IV, or";

(2) by striking out "if the agreement entered into under this section so provides,";

(3) by striking out "I, XVI, or"; and

(4) by striking out "individuals receiving money payments under plans of the State approved under titles I, X, XIV, and XVI, and part A of title IV, and".

(e) Section 1843 of such Act is further amended by striking out subsections (g) and (h).

CONFORMING AMENDMENTS TO TITLE XIX

SEC. 644. Title XIX of the Social Security Act is amended—

(1) by striking out "families with dependent children" in clause (1) of the first sentence of section 1901 and inserting in lieu thereof "needy families with children", and by striking out "permanently and totally" in such clause;

(2) by striking out ", except that the determination of eligibility for medical assistance under the plan shall be made by the State or local agency administering the State plan approved under title I or XVI (insofar as it relates to the aged)" in section 1902(a)(5);

(3) by striking out "effective July 1, 1969," in section 1902(a)(11)(B);

(4) by striking out section 1902(a)(13)(B) and inserting in lieu thereof the following:

"(B) in the case of individuals described in paragraph (10) with respect to whom medical assistance must be made available, for the inclusion of at least the care and services listed in clauses (1) through (5) of section 1905(a), and";

(5)(A) by striking out "receiving aid or assistance under a State plan approved under title I, X, XIV, or XVI, or part A of title IV, or who meet the income and resources requirement of the one of such State plans which is appropriate" in the matter in section 1902(a)(14)(A) (as amended by section 208 (a) of this Act) which precedes clause (i) and inserting in lieu thereof "receiving assistance to needy families with children as defined in section 405b) or assistance for the aged, blind, and disabled under title XX, or who meet the income and resources requirements for such assistance", and

(B) by striking out "who are not receiving aid or assistance under any such State plan and who do not meet the income and resources requirements of the one of such State plans which is appropriate" in the matter in section 1902(a)(14)(B) which precedes clause (i) and inserting in lieu thereof "who are not receiving assistance to needy families with children as defined in section 405(b) or assistance for the aged, blind, and disabled under title XX and who do not meet the income and resources rquirements for such assistance";

(6)(A) by striking out "who are not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV", in the portion of section 1902(a)(17) which precedes clause (A) and inserting in lieu thereof "other than those described in paragraph (10) with respect to whom medical assistance must be made available,", and

(B) by striking out "or is blind or permanently and totally disabled" in clause (D) of such section;

(7) by striking out "or is blind or permanently and totally disabled" in section 1902(a)(18);

(8) by striking out "section 3(a)(4)(A)(i) and (ii) or section 1603(a)(4)(A) (i) and (ii)" in section 1902(a)(20)(C) and inserting in lieu thereof "section 1603(a)(1) (A) and (B)";

(9) by striking out "effective July 1, 1969," in sections 1902(a)(24) and 1902(a)(26);

(10) by striking out "(after December 31, 1969)" in section 1902(a)(28)(F)(i);

(11) by striking out the last sentence of section 1902(a);

(12) by striking out section 1902(b)(2) and inserting in lieu thereof the following:

"(2) any age requirement which excludes any individual who has not attained age 22 and is or would, but for the provisions of section 2155(b)(2), be a member of a family eligible for assistance to needy families with children as defined in section 405(b); or";

(13) by striking out section 1902(c);

(14)(A) by striking out "and section 1117" and ", beginning with the quarter commencing January 1, 1966" in the matter preceding clause (1) of section 1903(a), and

(B) by striking out "money payments under a State plan approved under title I, X, XIV, or XVI, or part A of title IV" in clause (1) of such section and inserting in lieu thereof "assistance to needy families with children as defined in section 405(b) or assistance for the aged, blind, and disabled under title XX,";

(15) by striking out section 1903(c);

(16) effective July 1, 1973, by striking out "each of the plans of such State approved under titles I, X, XIV, XVI, and XIX" in section 1903(j)(2) (as added by section 225 of this Act) and inserting in lieu thereof "the State plan";

(17) by striking out "has been so changed that it" in section 1904(1);

(18)(A) by striking out "not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV, who are—" in the matter preceding clause (1) in section 1905(a) and inserting in lieu thereof "who are not receiving assistance to needy families with children as defined in section 405(b) or assistance for the aged, blind, and disabled under title XX, who are—",

(B) by striking out clause (ii) of such section and inserting in lieu thereof the following:

"(ii) members of a family, as described in section 2155(a), except a family in which both parents of the child or children are present, neither parent is incapacitated, and the male parent is not unemployed,",

(C) by striking out clauses (iv) and (v) of such section and inserting in lieu thereof the following:

"(iv) blind as defined in section 2014(a)(2),

"(v) disabled as defined in section 2014(a)(3), or",

(D) by striking out "aid or assistance under State plans approved under title I, X, XIV, or XVI" in clause (vi) of such section and inserting in lieu thereof "benefits under title XX", and

(E) by striking out "aid or assistance furnished to such individual (under a State plan approved under title I, X, XIV, or XVI), and such person is determined, under such a State plan," in the second sentence of section 1905(a) and inserting in lieu thereof "benefits paid to such individual under title XX, and such person is determined"; and

(19) by striking out the semicolon and everything that follows in the second sentence of section 1905(b) and inserting in lieu thereof a period.

EFFECTIVE DATE OF CERTAIN PROVISIONS

SEC. 650. Notwithstanding any other provision of this Act, sections 410 and 411, parts B, C, D, and E of title IV, and title V of this Act shall be effective at such time as the Congress may determine in subsequent legislation.

On page 8, line 18, strike out "402" and insert in lieu thereof "410".

On page 10, line 21, strike out "403" and insert in lieu thereof "411".

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the amendments be considered en bloc.

Mr. LONG. Mr. President, reserving the right to object, I am not sure I want to object, but I would like to familiarize myself with the amendments prior to that time.

Mr. RIBICOFF. This is the basic Ribicoff proposal I spoke of last week. It is my amendment No. 1614, which I intended to call up today. It is being put in as a substitute to the amendment offered by the Senator from Virginia, and this will join the issue of the entire welfare proposal in title 4.

Mr. LONG. I must object for the record, but I believe in due course after I study the amendments I will be willing to agree to the consent request. I simply want to reserve my rights at this point.

Mr. RIBICOFF. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Objection is heard.

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order of the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, following my earlier colloquy with the distinguished Senator from Utah (Mr. BENNETT), I modify my amendment to H.R. 1 to permit a test of the House version of the family assistance plan as well as the version in the Ribicoff amendment.

I send to the desk a modification of my amendment, and ask that it be so modified.

The PRESIDING OFFICER. The amendment will be so modified.

The modifications are as follows:

1. Section 401(a)(1) as added by the amendment is modified to read:

(1) The term "family assistance test program" means (A) a program patterned after that contained in title IV of H.R. 1, 92d Congress, 1st session, as passed by the House of Representatives, or (B) a program patterned after that contained in amendment No. 1614, 92d Congress, 2d session, introduced in the Senate on September 28, 1972,

2. Section 401(b)(1) as added by the amendment is modified so that the last sentence thereof reads as follows:

One of such programs shall be a family assistance test program as defined in subsection (a)(1)(A) of this section, one of such programs shall be the family assistance program defined in subsection (a)(1)(B) of this section, and two of such programs shall be workfare test programs.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from Connecticut, as modified.

Mr. HARRY F. BYRD, JR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the amendment as notified which is the pending business, submitted by the Senator from Virginia this past Saturday be withdrawn and in its place there be substituted a similar amendment to be offered by the distinguished Senator from Delaware (Mr. ROTH) that the Senator from Virginia has cosponsored.

Mr. RIBICOFF. Mr. President, reserving the right to object—and I shall not object—would the distinguished Senator from Virginia also include in his unanimous consent request that my substitute proposal for the Senator from Virginia's become the substitute proposal for the amendment of the Senator from Delaware, so that we can have the same chronology as now pertains?

Mr. HARRY F. BYRD, JR. Yes. I include that as a part of my unanimous consent request. I may say that the proposal which will be offered by the Senator from Delaware is virtually identical, I might say it is identical, to my own amendment. It is identical in principle and virtually identical in language to the one I offered, Saturday. I merely want to make it the Roth-Byrd amendment, rather than the Byrd-Roth amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. RIBICOFF. Mr. President, one more request. I ask unanimous consent that my amendments to the substitute amendment be considered en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. RIBICOFF. Now can we get back on the track?

Mr. ROBERT C. BYRD. Mr. President, may I ask the distinguished Senators whether or not in their opinions there will be a disposition of the substitute, or both the substitute and the amendment in the first degree, today?

Mr. LONG. Mr. President, it is impossible to say at this point. We will simply have to see how the debate goes, and see if the Senate seems to be ready to vote before the day is over.

Mr. PASTORE. Mr. President, reserving the right to object, it is my understanding that there cannot be a vote on this amendment or the substitute today. I was wondering, inasmuch as we have the Defense appropriation bill, if we could not have a discussion on this amendment for a reasonable time and then, if it is not culminated by that time, we ought to go on to the Defense appropriation bill.

Mr. LONG. We are not asking unanimous consent to vote or not to vote. It seems to me we just ought to debate the amendment and the substitute for the amendment, and after we have debated for a while, we can see whether the Senate appears to be in a mood to vote on this issue, and if not we will go to the Defense bill.

Mr. PASTORE. That is exactly the point I am making. I thought I had made it very clear. But I hope we will not dillydally here all day without accomplishing anything. There is not going to be a vote on it today, and here we are: We have

the Defense bill that is ready to move, and I was wondering if we cannot get going on the things where we can get results.

Mr. LONG. Frankly, Mr. President, I hope we can vote on this amendment today, but we will have to wait and see.

Mr. PASTORE. I do, too.

Mr. LONG. First, though, the Senator wants to discuss his amendment.

Mr. PASTORE. But I hope we will find out about 1 o'clock, and not at 6 o'clock this evening.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. ROBERT C. BYRD. Mr. President, I think both Senators have put their finger on the point here that I wanted to develop. If it is possible to vote on the substitute and the amendment in the first degree today, I would hope that we could do so. I realize we will not know that until there has been some debate. But once debate has been completed on those two amendments, possibly we can vote on them today. That is my understanding. If not, it may be possible, I would hope, to reach an agreement today to vote on those two amendments at a certain hour tomorrow. I would hope that would be the case. I know that Senators at the moment are not ready to respond to that, and I am not stating it as a question at this time; but I would hope that it could be developed later.

Mr. RIBICOFF. Mr. President, may I respond to the distinguished assistant majority leader and the distinguished Senator from Rhode Island?

I think we are approaching the moment of truth on welfare reform. We have been with it for 3 years. I do not see in this body great interest in welfare reform, nor do I see great interest in welfare reform in the executive branch. My feeling is that the Senate has made up its mind as to what it wants to do.

I doubt whether we are going to be able to get enough people on this floor to listen, or enough Senators to become involved to discuss this amendment with the completeness it deserves. I think the point made by the distinguished Senator from Rhode Island is well taken. I would suggest for consideration by the chairman of the Finance Committee, the Senator from Delaware, the Senator from Virginia, and the Senator from Utah that we discuss this amendment and welfare reform as far as we can go today; it will be in the RECORD; I would hope that Senators who are not here during the day will have an opportunity to look at the RECORD and read the debate tomorrow morning; and I would foresee a strong possibility of reaching an agreement sometime to vote by mid-Tuesday afternoon on the various proposals. At that stage, I would say the voting should go compartively rapidly.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. ROBERT C. BYRD. Do I understand the Senator to say he hopes an agreement will be reached today?

Mr. RIBICOFF. Today.

Mr. ROBERT C. BYRD. To vote tomorrow?

Mr. RIBICOFF. To vote tomorrow. I think that would be better for the Senate and better for the country, because, as I say, I am a realist, and when I look around this floor, I realize the complications. I regret to say I believe most Senators are going to vote on the issue viscerally instead of intellectually.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. PASTORE. I want to compliment the Senator from Connecticut. He has never indulged in dilatory practices on this floor. I know he has a very earnest amendment; in fact, I believe I voted for it last time, and I shall vote for it again. I think most of us are familiar with it, and he is quite right.

What I was trying to obviate was the idea that there would just be discussion today. Any time that word gets out, you know what happens on the floor. The absenteeism is almost staggering.

I would hope Senators would get the impression that those of us who come here at 9 o'clock on Monday morning and leave here at 8 o'clock on Friday night ought to be considered, too.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. ROBERT C. BYRD. I wonder if it would be a reasonable request that no later than 1 p.m. today—and it could be much earlier, depending on whether or not Senators wish to talk on the pending question—the pending business be laid aside and the Senate proceed to the consideration of the defense appropriation bill.

Mr. HARRY F. BYRD, JR. Mr. President, reserving the right to object, this is a vitally important piece of legislation. There are billions of dollars involved. It is a very complicated piece of legislation, and a very technical piece of legislation. I am just wondering whether the Senate wants to, in a matter of 2 hours and 10 minutes, cease debate on a matter of this magnitude and go on to something else.

Mr. BENNETT. For today only.

Mr. PASTORE. For today only.

Mr. HARRY F. BYRD, JR. But then I assume we would want to devote a great deal of time tomorrow to debate. If Senators do not want to do that, we will be getting this down to a piece of major legislation, passed twice by the House, considered by the Senate Finance Committee in 1970, 1971, and 1972, and brought here to the Senate floor with the idea of just a very brief debate.

If that is what the Senate wants to do, I do not think I shall object, but I just want to point out that I think we are dealing pretty cavalierly with a very important subject.

Mr. ROBERT C. BYRD. Mr. President, who has the floor?

Mr. RIBICOFF. I am pleased to yield to the distinguished Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, may I say that if my request is acceded to, we would go on to the Defense appropriation bill no later than 1 o'clock today, or possibly earlier, and at some point toward the end of the day, if Senators wished to again debate the now pending question, they would have the opportunity to do so, even if the Senate had to stay in session late for them to debate the question, without any votes, of course.

Mr. HARRY F. BYRD, JR. Mr. President, if the Senator will yield, we are on this question now. The Senator from Virginia wants to discuss it.

Mr. ROBERT C. BYRD. And may do so.

Mr. HARRY F. BYRD, JR. I want adequate time to discuss it.

Mr. ROBERT C. BYRD. How much time would the Senator like?

Mr. HARRY F. BYRD, JR. I probably will not use it, but I would like to have an hour.

Mr. PASTORE. Mr. President, will the Senator yield? There is no criticism of the Senator from Virginia.

Mr. HARRY F. BYRD, JR. I did not take it as criticism.

Mr. PASTORE. Well, I mean he got a little heated up, which he usually does not do. Something rubbed him the wrong way.

But that is apart from the question. We are here, and we want to listen to what he has to say. The Senator is absolutely right; this is an important question. But he will recall that we all stayed here Saturday afternoon on the Defense bill, and we stayed and we stayed and we stayed. Then something happened, and around 4 o'clock we were sent home. That was the pending business. That has been taken off, and we have come back to H.R. 1, which is fine. I am not finding any fault. All I am saying is that we should begin to think in terms of getting our work done.

Mr. HARRY F. BYRD, JR. That is exactly what the Senator from Virginia was suggesting, that we stay on this bill and try to get it handled.

Mr. PASTORE. We have been on this bill for 2 weeks, and we have not reached the other end of the tunnel. I think we have been at the Rubicon here for a couple of months, but nobody has ever crossed it, and I am trying to cross the Rubicon; that is all.

Mr. HARRY F. BYRD, JR. The bill just came in 2 days ago.

Mr. RIBICOFF. Mr. President, may I say to my distinguished colleague, for whom I have the highest respect, that, frankly, we have on the floor today just about the Senators who are interested in one phase or another of welfare reform. I wish 100 Members of the Senate were interested in welfare reform. But, unfortunately, from 3 years of experience, living with this matter and working with it, the Senators on the floor today represent the interest of the U.S. Senate in what happens to 25 million people.

What has happened is that welfare reform has become another code word in America. It was busing, now it is welfare, and the Senate of the United States and the administration are taking a powder. They are afraid to discuss this

issue. It is an issue that everybody wants to hide under the sheets.

What I am saying is that I would hope that we would be debating this important issue for one solid week. But as I look around the Chamber, I do not hear any speeches, any discussion, beyond the Senators who are on the floor today.

So far as I am concerned, I am ready to vote at any time. But I would not deny a moment of time to the concerned Senators, with different philosophies, who have worked so hard on welfare reform.

I have the highest respect for the Senator from Virginia, for the chairman, for the ranking minority member, for the Senator from Arizona, and for the Senator from Delaware, all of whom have worked hard on different phases of this program.

But we can add it up, I say to the distinguished Senator from Rhode Island: We have the Senator from Virginia for an hour, the Senator from Delaware for an hour, and I have another three-quarters of an hour. I can answer questions, if anyone has them. I suppose the distinguished chairman has an hour. The distinguished Senator from Utah might have an hour. And that is it. And yet we are talking about the future of 25 million people.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. ROBERT C. BYRD. Mr. President, my request was not made with any desire to deny any Senator an opportunity to speak at whatever length he wishes to speak.

I ask unanimous consent that, at no later than 2 p.m. today, the pending bill be set aside and that the Senate proceed to the consideration of the Defense appropriation bill, the time to be equally divided between the Senator from Louisiana, the manager of the bill——

Mr. HARRY F. BYRD, JR. I did not think we were going to have a time limitation.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the pending bill be set aside no later than 2 p.m. today and that the Senate proceed then to the consideration of the Defense appropriation bill.

Mr. McCLELLAN. Mr. President, reserving the right to object, can the Senator make it definitely at 2 p.m., so that we will know?

Mr. ROBERT C. BYRD. No, because the debate might peter out earlier, as they say in West Virginia, and it could then come to a close and the bill laid aside.

Mr. McCLELLAN. So we all have to sit around and wait for something to peter out that may not peter out?

Mr. ROBERT C. BYRD. No. If we made it precisely at 2 p.m. and it petered out by 12:30, we would then have to sit around and wait an hour and a half.

Mr. McCLELLAN. I will be amenable.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, at the request of the distinguished junior Senator from Virginia (Mr. SPONG) that he, Mr. SPONG, be added as a cosponsor of the amendment jointly sponsored by the distinguished Senator from Delaware (Mr. ROTH) and the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.)

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER. Would the Senator from Delaware send his amendment to the desk?

Mr. ROTH. Yes.

The amendment reads as follows:

Beginning on page 689, line 11, strike out through page 769, line 11, and insert in lieu thereof the following.

TITLE V—PROGRAMS FOR FAMILIES WITH CHILDREN

PART A—TESTING OF ALTERNATIVE PROPOSALS FOR ASSISTANCE TO FAMILIES WITH DEPENDENT CHILDREN

AUTHORIZATION FOR CONDUCT OF TEST PROGRAMS

SEC. 401. (a) For purposes of this part—

(1) The term "family assistance tests" means (A) the programs contained in title IV of H.R. 1, 92d Congress, 1st Session, as passed by the House of Representatives, or (B) the program referred to in clause (A) as amended by amendment No. 1614, 92d Congress, 2nd Session, introduced in the Senate on September 28, 1972,

(2) the term "workfare test program" means the program contained in parts A and B title IV of H.R. 1, 92d Congres, 2d Session, as reported to the Senate by the Committee on Finance on September 26, 1972, and

(3) the term "family" means a family with children.

(b) (1) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") is authorized, effective January 1, 1973, to plan for and conduct, in accordance with the provisions of this section, not more than three test programs. One of such programs shall be the family assistance test program defined in subsection (a)(1)(A) of this section, one of such programs shall be the family assistance program defined in subsection (a)(1)(B) of this section, and one of such programs shall be the workfare test program.

(2) Whenever the workfare test program is commenced, there shall commence, on the same date as such program, both family assistance test programs. Except as may otherwise be authorized by the Congres, no test program under this section shall be conducted for a period of less than 24 months or more than 48 months, adn to the maximum extent practical each such test program shall be conducted for the same length of time.

(3) Any such test program shall be conducted only in and with respect to an area which consists of one or more States, one or more political subdivisions of a State, or part of a political subdivision of a State, and shall be applicable to all the individuals who are residents of the State or the area of the State in and with respect to which such program is conducted.

(4) During any period for which any such test program is in effect in any State or in any area of a State, individuals residing in such State or the area of the State in which such program is in effect shall not be eligible for aid or assistance under any State plan or program for which the State receives Federal financial assistance under part A of title IV of the Social Security Act.

(5) The Secretary, in determining the areas in which test programs under this section shall be conducted, shall select areas with a view to assuring—

(A) that the number of participants in any program will (to the maximum extent practicable (be equal to the number of participants in any other such program; and

(B) that the area in which any family assistance test program is conducted shall be comparable (in terms of size and composition of population, of average per capita income, rate of unemployment, and other relevant criteria) to an area in which a workfare test program is conducted.

(c)(1) No test program under this section shall be conducted in any State (or any area thereof) unless such State shall have entered into an agreement with the Secretary under which the State agrees—

(A) to participate in the costs of such test program; and

(B) to cooperate with the Secretary in the conduct of such program.

(2) Under any such agreement, no State shall be required to expend, with respect to any test program conducted within such State (or any area thereof), amounts greater than the amounts which would have been expended with respect to such State or area thereof (as the case may be), during the period that such test program is in effect, under the State plan of such State approved under part A of title IV of the Social Security Act. For purposes of determining the amount any State would have expended under such a plan during the period that any such test program is in effect within such State (or any area thereof), it shall be assumed that the rate of State expenditure (from non-Federal funds) under such plan would be equal to the average rate of State expenditure (from non-Federal funds) under such plan for the 12-month period immediately preceding the commencement of such test program.

(d)(1) The Secretary shall, upon completion of any plans for and prior to the commencement of any test program under this section, submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a complete and detailed description of such program and shall invite and give consideration to the comments and suggestions of such committees with respect to such program.

(2) During the period that test programs are in operation under this section, the Secretary shall from time to time (but not less frequently than once during any 6-month period) submit to the Congress a report on such programs. Each such report shall contain full and complete information and data with respect to such programs and the operation thereof, together with such recommenadations and comments of the Secretary with respect to such programs as he deems desirable.

(3) At the earliest practicable date after the termination of all test programs authorized to be condutced by this section, the Secretary shall submit to the Congress a full and complete report on such programs and their operation together with (A) the Secretary's evaluation of such programs and such comments or recommendations of the Secretary with respect to such programs as he deems desirable and (B) his recommendations (if any) for legislation to revise or replace the provisions of part A of title IV of the Social Security Act.

(e)(1) The Secretary shall—

(A) in the planning of any test program under this section; or

(B) in assembling information, statistics, or other materials, to be contained in any report to Congress under this section;

consult with, and seek the advice and assistance of, the General Accounting Office and the General Accounting Office shall consult with the Secretary and furnish such advice and assistance to him upon request of the Secretary or at such times as the Comptroller General deems desirable.

(2) The operations of any test program conducted under this section shall be re-

viewed by the General Accounting Office, and the books, records, and other documents pertaining to any such program or its operation shall be available to the General Accounting Office at all reasonable times for purposes of audit, review, or inspection. The books, records, and documents of each such program shall be audited by the General Accounting Office from time to time (but not less frequently than once each year).

(3) During the period that test programs are in operation under this section, the Comptroller General shall from time to time (but not less frequently than once during any 6-month period) submit to the Congress a report on such programs which shall contain full and complete information and data with respect to such programs and the operation thereof, together with such recommendations and comments of the Comptroller General with respect to such programs as he deems desirable.

(4) At the earliest practicable date after the termination of all test programs authorized to be conducted by this section, the Comptroller General shall submit to the Congress a full and complete report on such programs and their operation together with his evaluation of, and comments and recommendations (if any), with respect to such programs.

(f) In the admiration of test programs under this section, the Secretary shall provide safeguards which restrict the use or disclosure of information identifying participants in such programs to purposes directly connected with the administration of such programs (except that nothing in this subsection shall be construed to prohibit the furnishing of records or information concerning participants in such programs to the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives).

(g) For the purpose of enabling the Secretary to formulate operational plans and to conduct test programs under this section, there are hereby authorized to be appropriated for each fiscal year such sums as may be necessary.

(h) Nothing in this Act shall be construed as a commitment, on the part of the Congress, to enact (at any future time) legislation to establish, on a permanent basis, any program tested pursuant to this section or any similar program.

PART B—EMPLOYMENT WITH WAGE SUPPLEMENT

SEC. 420. The Social Security Act is amended by adding after title XIX thereof the following new title:

On page 769, line 12, strike out "subpart 2" and insert in lieu thereof "title XX".

On page 769, line 15, and on page 771, line 19, strike out "2030" and insert in lieu thereof "2001."

On page 769, lines 16 and 21, on page 770, line 5, and on page 771, line 21, strike out "2071" and insert in lieu thereof "2003".

On page 770, line 11 and lines 21 and 22, and on page 771, lines 5, 6, and 11, strike out "Work Administration" and insert in lieu thereof "Secretary".

On page 770, lines 12 and 23, strike out "it" and insert in lieu thereof "him".

On page 771, line 13, strike out "2031" and insert in lieu thereof "2002".

Beginning on page 772, line 3, strike out through page 797, line 25, and insert in lieu thereof the following:

"DEFINITIONS

"SEC. 2003. For purposes of this title—

"(a) The term "Secretary" means the Secretary of Labor.

"(b) The term 'regular employment' means any employment provided by a private or public employer.

"(c) The term 'United States', when used in a geographic sense, means the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.

On page 799, line 18, strike out "Work Administration" and insert in lieu thereof "Secretary":

Beginning on page 800, line 8, strike out through page 803, line 23.

On pages 804 through 827, strike out "402(h)" each itme it appears and insert in lieu thereof "402(a)(26)".

On page 823, srike out lines 5 through 11 and insert in lieu thereof "to such State or political subdivision from amounts which would otherwise represent the Federal share of assistance to the family of the absent parent."

Beginning on page 825, line 11, strike out through page 826, line 3.

On page 829, between lines 2 and 3, insert the following:

AMENDMENTS TO PART A OF TITLE IV

SEC. 430A. (a) Section 402(a)(8)(A) of the Social Security Act is amended—

(1) by striking out "and" at the end of clause (i);

(2) by striking out the semicolon at the end of clause (ii) and inserting in lieu thereof a comma; and

(3) by adding at the end of clause (ii) the following new clause:

"(iii) $20 per month, with respect to the dependent child (or children), relative with whom the child (or children) is living, and other individual (livng in the same home as such child (or children)) whose needs are taken into account in making such determination, of all income derived from support payments collected pursuant to part D; and".

(b) Section 402(a)(9) is amended to read as follows: "(9) provide safeguards which permit the use of disclosure of information concerning applicants or recipients only to (A) public officials who required such information in connection with their official duties, or (B) other persons for purposes directly connected with the administration of aid to families with dependent children;".

(c) Section 402(a)(10) is amended by inserting immediately before "be furnished" the following: ", subject to paragraphs (24) and (26),".

(d) Section 402(a)(1) is amended to read as follows: "(11) provide for prompt notice (including the transmittal of all relevant information) to the Attorney General of the United States (or the appropriate State official or agency (if any) designated by him pursuant to part (D)) of the furnishing of aid to families with dependent children with respect to a child who has been deserted or abandoned by a parent (including a child born out of wedlock without regard to whether the paternity of such child has been established);".

(e) Section 402(a) is further amended—

(1) by striking out "and" at the end of paragraph (22); and

(2) by striking out the period at the end of paragraph (23) and inserting in lieu thereof a semicolon and the following: "(24) provide (A) that, as a condition of eligibility under the plan, each applicant for a recipient of aid shall furnish to the State agency his social security account number (or numbers, if he has more than one such number), and (B) that such State agency shall utilize such account numbers, in addition to any other means of identification it may determine to employ, in the administration of such plan; (25) contain such provisions pertaining to determining paternity and securing support and locating absent parents as are prescribed by the Attorney General of the United States in order to enable him to comply with the requirements of part D; and (26) provide that, as a condition of eligibility for aid, each applicant or recipient respect will be required—

"(A) to assign to the United States any rights to support from any other person he may have (i) in his own behalf or in behalf of any other family member for whom he is applying for or receiving aid, and (ii) which have accrued at the time such assignment is executed, and which will accrue during the period ending with the third month following the month in which he (or such other family members) last received aid under the plan or within such later month as may be determined under section 455(b), and

"(B) to cooperate with the Attorney General or the State or local agency he has delegated under section 454, (i) in establishing the paternity of a child born out of wedlock with respect to whom aid is claimed, and (ii) in obtaining support payments for herself and for a child with respect to whom such aid is claimed, or in obtaining any other payments or property due herself or such child."

(f) Sections 402(a) (17), (18), (21), and (22), and section 410 of such Act are repealed.

(g) The amendments made by this section shall become effective on January 1, 1973.

On page 829, line 1, strike out "(d)" and insert in lieu thereof "(e)".

On page 830, lines 19 to 21, strike out "as a division of the Work Administration (established under title XX of this Act)".

On page 833, line 3, strike out "the Work Administration" and insert in lieu thereof "recipients of assistance under title IV of this Act, and persons who have been or are likely to become applicants for or recipients of such aid,".

On page 834, line 17, strike out "title XX" and insert in lieu thereof "part A of title IV".

On page 836, lines 1 and 2, strike out ", in addition to the powers it has as a division of the Work Administration,"

On page 837, strike out line 19 and insert in lieu thereof "persons receiving assistance under part A of title IV".

On page 851, strike out lines 17, 18, and 19.

On page 851, line 20, strike out "(b)" and insert in lieu thereof "Sec. 2114(a)".

On page 852, line 4, strike out "(c)" and insert in lieu thereof "(b)".

SOCIAL SECURITY AMENDMENTS OF 1972

The Senate continued with the consideration of the bill (H.R. 1) to amend the Social Security Act, to make improvements in the medicare and medicaid programs, to replace the existing Federal-State public assistance programs, and for other purposes.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that Mr. Sidney Johnson, a member of the staff of the Committee on Labor and Public Welfare, be permitted the privilege of the floor during consideration of H.R. 1.

Mr. ROBERT C. BYRD. Will the Senator please repeat that? What committee was that?

Mr. RIBICOFF. The Committee on Labor and Public Welfare. We would like to have Mr. Johnson here, on behalf of the Senator from Minnesota (Mr. MONDALE) during discussion of the child care provisions in title 1.

Mr. ROBERT C. BYRD. Is this just for that?

Mr. RIBICOFF. During consideration of title 1.

Mr. ROBERT C. BYRD. Just for today?

Mr. RIBICOFF. This was requested by the Senator from Minnesota (Mr. MONDALE).

Mr. ROBERT C. BYRD. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HANSEN. I ask unanimous consent that my staff member, Mrs. Marilyn Koester be permitted on the floor during debate and voting on H.R. 1.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIBICOFF. Mr. President, today I am calling up my welfare reform proposal as a substitute for Senator HARRY BYRD's pilot project proposal now pending before the Senate.

I fully agree with the distinguished Senator from Virginia that innovative programs should not be implemented on a nationwide basis until they are tested on an experimental basis.

But the proposal of the distinguished Senator from Virginia would leave the present welfare system intact for 2 to 4 years while different programs are being tried out. Allowing the present welfare system to continue for that length of time is intolerable. The present welfare system is bankrupting State and local governments and is not helping the truly needy.

We can all agree that we must help those who are unable to work. Millions of young children and their mothers, together with the blind, the disabled, and the elderly need help and they need it now. Pilot programs relating to those able to work will tell us nothing more about those who cannot work. Delaying reform for this part of the welfare system would be indefensible.

Therefore, under my proposal the program for unemployables would commence on January 1, 1974 and much of the existing cumbersome and inefficient welfare structure in this country would be swept away at long last.

The area where experimentation is needed is in the new area of Federal aid to the working poor. This is the question that has troubled many Americans and hamstrung our attempts at welfare reform. Scare stories have circulated about millions of new people added to the welfare rolls—suggesting that millions of bums and freeloaders will be milking the Government and the taxpayer of money. It is time to face this issue squarely.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator from Connecticut yield at that point?

Mr. RIBICOFF. I yield.

Mr. HARRY F. BYRD, JR. I do not like to interrupt the Senator but I should like to clarify one point. The Senator from Connecticut mentioned the blind and disabled. They are in a different section. They would not be affected by my proposal.

Mr. RIBICOFF. That is correct, but I think that what we must make sure of is, when we are talking about piloting out, we are piloting out the phases of welfare that have been proposed by the distinguished Senator from Louisiana (Mr. LONG) and myself and the administration. The pilots would deal with the so-called working poor which is a new category. Keeping in mind that there are now 14 million people on the welfare rolls, we must make sure in the process that we are doing whatever we can to alleviate their problems and working whatever welfare reform we can on the system that now exists.

This is what troubles me.

Under all three proposals for welfare reform—the Finance Committee's, H.R. 1 and mine—there is a separation of employables from unemployables. Since the Finance Committee bill and my proposal essentially agree on who is unemployable—aged, ill, incapacitated persons and mothers with preschool children—our proposals for unemployables would cover the same numbers of people—about 10 million persons. These people essentially are present AFDC recipients who numbered 10.6 million people—7.7 million children and 2.9 million adults—in calendar 1971. The President's plan, mainly because it requires mothers with children over age 3 rather than 6 to work, would cover about 9 million people under FAP.

All three proposals would also assist those already working or able to work, but only mine would test this concept out before full national implementation. In any event, since these people would be working and receiving benefits they should not be characterized as on welfare. They are workers receiving additional assistance while they worked.

While it is clear by now that these millions of people receiving benefits should be characterized as workers rather than on welfare, it is also clear that we are all talking about helping millions of additional people. Such programs should be tried out first. And that is why I have proposed to pilot out the OFF program. If it does not work we can stop it from going into effect.

Therefore my new welfare reform amendment—No. 1614—provides for pilots to be carried out by the Secretaries of Health, Education, and Welfare and Labor. They would be designed to test out the basic features of the opportunities for families program which provides income supplements to the working poor.

Under the provision of amendment 1614 the Secretaries of HEW and Labor would establish pilot projects immediately upon enactment.

They would be required to report their findings to Congress and the President by December 31, 1973. Congress would then have until the end of March—90 days—to disapprove the OFF program. If either House of Congress passed a resolution stating that Congress does not favor the making of such payments, the OFF program would not be implemented. Absent congressional disapproval, however, the OFF program would go into effect on July 1, 1974. Such a trigger mechanism is similar to the congressional veto power contained in the Legislative Reorganization Act of 1946.

It is time for Congress to take a hard look at just what is being proposed in this opportunities for families program. It is designed to assure that it is always more profitable to work than to remain on welfare.

Under present law there is an incentive to remain on welfare rather than go to work. This is because the low-income family headed by the father is not eligible for assistance if he is working full time but is poor.

Thus a family on welfare knows that if a member of the family goes to work it will lose all its welfare benefits. Under the present system, then, going to work often provides less income than welfare.

OFF is designed to end that problem which is a key element in the present welfare mess.

INADEQUACIES OF THE FINANCE COMMITTEE BILL

The Finance Committee bill separates the employables from the unemployables. There is a remarkable similarity between the definitions of the Finance Committee bill and mine as to who is considered unemployable. Basically the elderly, ill, incapacitated and their caretakers would be eligible for AFDC under the committee bill and FAP under my proposal.

The Finance Committee proposal retains the existing, widely discredited State AFDC programs for mothers with young children, and adds on top of it another program for families with an overlapping jumble of wage subsidies, social security tax rebates, work disincentives and subpoverty wage programs.

Rather than coordinate and improve the operation of our welfare program, the committee proposal compounds the lack of coordination by scattering new programs throughout the Federal Government. The new workfare programs would be administered by the Departments of Health, Education, and Welfare, Treasury and a new Federal Work Administration in addition to the 1152 administrative units at the State and local level which already handle the AFDC program.

ADMINISTRATION OF THE PROGRAM

The committee proposal would create an administrative nightmare—a welfare bureaucracy of gigantic proportions. Un-

der the present AFDC system which would continue under the Finance Committee plan some 86,000 persons are employed in State and local governments to administer payments. Under present law the figure is projected to reach 100,000 by the end of calendar 1973.

The committee would add to this huge system a Work Administration which, according to the Finance Committee report (p. 350):

> Will also use 150,000 participants in the guaranteed employment program to perform administrative tasks.

The Works Administration would have to establish new local offices across the country. Additional thousands of employees would have to be employed in the Internal Revenue Service because it is that agency which administers the 10% work bonus. Under my proposal with its centralized network, uniform procedures and economies of scale, the manpower estimate is around 80,000—6,000 less than under present law.

For those unable to work, the Finance Committee would retain the AFDC system with all its flaws. But a guaranteed annual income concept is included in the committee proposal. Instead of receiving matching grants each State would receive a bloc grant. States would be required to provide a benefit level of $2,400 for a family of four, $2,000 for a family of three and $1,600 for a family of two. States with benefit levels below these levels would simply be required not to reduce payments below present levels. Thus southern States could continue to pay families $700 and $800 a year.

For those able to work a three-part system would be established. First, a Work Administration to administer a wage subsidy would be established. Second, a 10-percent work bonus under IRS direction would be created and thirdly, a guaranteed job program at very low wages would be created.

WAGE SUBSIDY

A wage subsidy would be paid by the newly created Work Administration equaling three-fourths of the difference between a low wage in private industry and the minimum wage. Thus, if the minimum wage is $1.60, an employee making $1.20 would get an additional 30 cents in wages, which is three-fourths of the difference between $1.20 and $1.60. The language of the committee bill always refers to three-fourths of the minimum wage. Yet, the committee report indicates that the bill would pay three-fourths of the difference between $1.50 and $2 an hour. They are making the assumption that the Federal minimum wage is $2. If the Federal minimum wage were actually $2 an hour, the employee making $1.50 an hour would get approximately 38 cents additionally from the Government. In either case such a subsidy would encourage employers to pay low wages since they could expect the Federal Government to pick up the cost of higher wages.

One strange thing about this provision is that there would be no subsidies provided to wages that were less than three-quarters of the minimum wage. Thus the lowest income members of the working poor would not be aided by this provision.

10-PERCENT PAYMENT

Participants referred to private sector jobs would receive an additional subsidy of 10 percent of wages covered by social security. This payment, made by the Internal Revenue Service, would only apply to the base hourly wage, not to the wage subsidy portion of hourly income. This payment would be phased out as income rises above the poverty line at a 25-percent rate, dampening any incentives to move above the poverty line. Thus the breakeven point for this provision—that is, that point of income where no more benefits are available—is $5,600. This provision alone could make at least 20 million people eligible for the "work" bonus. The breakeven point of $5,600 is about the same as the breakeven point under my original proposal—amendment 559—which received no sympathy from my colleagues on the Finance Committee.

Such a proposal rewards a family with $4,000 of earnings twice as much as a family with $2,000 and thus provides the least to those with the greatest need.

Administratively this proposal would involve the keeping of a huge volume of records and the maintenance and transfer of records between IRS, the Work Administration, and perhaps other agencies. Millions of tax records would become a part of the welfare maze.

The wage subsidy and the work bonus would be lumped on top of each other.

Thus a worker making $1.20 would first receive a 30-cent wage subsidy to make up three-quarters of the difference between his earnings—$1.20—and the minimum wage—$1.60. Then an additional 10-percent "bonus" computed on the base wage of $1.20—12 cents in this case—the employee's total hourly wage would then be $1.20 plus 30 cents plus 12 cents or $1.62.

This seems like a cumbersome and inefficient way to get to the minimum wage. It would be easier and less costly from an administrative viewpoint to just require all jobs to pay the minimum wage or at least combine the wage subsidy and the work bonus into one larger subsidy.

While I share the view of the committee that it is desirable to relieve the poor of the burden of paying social security taxes—I have publicly supported a social security rebate to impoverished working Americans—I cannot accept the committee proposal since it is part and parcel of an unworkable and inequitable overall plan.

The legislation I have developed would provide relief from both social security and income taxes through the earnings disregard feature. That is, in determining what is income for the purposes of computing the welfare payment, my proposal disregards the first $720 of income, 40 percent of additional income, and amounts paid for social security and income taxes.

May I say to the distinguished chairman of the Committee on Finance that I think the most imaginative and constructive part of his suggestion is a rebate of social security taxes. He and I have no disagreement. I am sure both of us could easily work out a proposal where we could assure that those on welfare and the working poor would be rebated the social security taxes they pay. This is the least we could do. I hope before this legislation is finished, no matter what course it takes, that our distinguished chairman and I can work out this particular proposal because it is constructive. I commend him for his thoughts and ideas.

GUARANTEED JOB OPPORTUNITY

The third provision of the Finance Committee bill would establish a new Federal bureaucracy—the Work Administration—to create very low-wage jobs.

The Work Administration would attempt to provide job placement, job development, employability plans and manpower training. All employable adults registering for welfare would be required to become employees of the Work Administration as a condition of receiving assistance. The Work Administration would attempt to place registrants in private jobs.

Those not so placed in "regular" jobs would become direct employees of the Work Administration at $1.20 an hour, far less than either the poverty line or the Federal minimum wage. These employees would receive no wage subsidy or 10 percent supplement. In fact, the Work Administration employees would be in limbo between Federal and private employment—ineligible for social security, unemployment compensation or workmen's compensation.

The people placed in these guaranteed jobs would only be allowed to work up to a maximum of 32 hours a week at a wage rate of $1.20 an hour. That works out to a weekly wage of $38.40 or $1,920 a year. This is less than half the poverty level. Even if the jobs paid $1.50 an hour—three-quarters of a possible new minimum wage—the weekly wage would only be $48 or $2,400 a year. This is $1,600 less than the poverty level.

It intrigues me, Mr. President, when one considers the conservative cast of the Committee on Finance, to contemplate that they would set up this Government corporation with the responsibility over 1 million people; it is a bureaucracy of such magnitude we cannot contemplate it.

Furthermore, I cannot imagine how anyone, industry or labor, could countenance a work pool of some 1 million people. It would completely shatter the wage structure we have built over a period of years. To think that this Work Administration then would be farming out in a subservient position to employers who are looking for labor would be almost equivalent to slave labor. It is impossible for me to contemplate how conservative, liberal, or moderate Members of this body could countenance such a system as that. It would completely shatter the wage structure in America.

What are we going to do if a person of moderate means wants to hire a maid? She is going to apply to the Work Administration to send in a maid for $1.20 an hour—I am going to pay and the Government is going to subsidize the wealthier members of our society.

I can imagine the horror that would prevail in this country to think that the

more affluent members of our society could get domestic maids from this Work Administration pool to work in the homes of the more affluent, to be subsidized at a rate of 30 cents an hour by the Federal Government, to ease the work on the daily basis of housewives of America. It is a shocking thing to contemplate that this country would go back to the indentured employee.

It is shocking to contemplate that under the committee bill sweatshops would arise, people paying substandard wages would arise, industries would flee from the sections of the country that paid decent living wages; employers who want to avoid the minimum wage law of the State or the Nation would go into areas where there would be large pools of labor and get labor for $1.20 an hour.

Frankly, anybody that cannot pay the minimum wage has no right to even be in business in America today.

These direct Work Administration employees would be required to perform "useful work which can contribute to the betterment of the community." For mothers with younger children, training to improve the quality of life—improve homemaking, beautifying apartments, acquiring consumer skills—would be provided. The Work Administration would also provide temporary employment with reimbursement to the Work Administration. In effect, the Federal Government would be maintaining a subpoverty wage manpower pool at the disposal of the business community.

The concepts embodied in the Work Administration are confused and often erroneous. While the basic idea of making the Federal Government the employer of last resort is a sound one, the down-grading of public service jobs relative to private sector employment is unfortunate. The emphasis on providing "incentives" for workers to move into "regular" private employment by paying Work Administration employees only $1.20 an hour is misplaced at best.

A major problem with the committee's proposal is that the private sector does not have sufficient jobs. In fact, over 5 million Americans are unemployed. Thus, even with extraordinary motivation, a Work Administration employee cannot escape his $1.20-an-hour job if there are no other jobs. He is doomed to remain at a menial $1.20-an-hour salary—$1,500 below a poverty-level wage on an annual basis. And the Work Administration by paying only $1 an hour for those in manpower training, is discouraging rather than encouraging participants to upgrade their skills and increase their income.

Rather than discouraging public service employment, we should be fostering it. It has been estimated that State and local government could utilize as many as 4 million people in public service activities of all kinds—conservation, education, health, consumer protection, recreation, sanitation, criminal justice, child care. It should be obvious to all that our inner cities are decaying, our air and water getting dirtier and our public services becoming increasingly unable to meet the challenge of providing us with the manner of existence we as Americans desire.

Public service jobs should provide workers with at least a poverty-level wage, In this way we can both fight poverty and improve our communities.

The proposal that I submitted, that I thought had been worked out with the administration, consists of two facets: aid to those unable to work; and aid to the working poor including a preliminary pilot program of this concept.

ASSISTANCE FOR THOSE WHO CANNOT WORK

This category includes children under 16, mothers with children under age 6, the elderly, ill or incapacitated, or their caretakers, caretakers of a child where the father or other adult relative in the home is working or registered for training, the caretakers of a child where suitable day care is unavailable, and unemployed, male-headed families for whom jobs are unavailable.

PAYMENT LEVEL

Those unable to work will be assured a basic Federal payment to a family of four of $2,600. The payment will increase as the cost of living rises.

MAINTENANCE OF BENEFITS

In those States where payment levels exceed $2,600, States would be required to make supplemental payments to assure that no recipient receives a smaller payment than he or she receives under the present law. To alleviate the harmful effects of State welfare cutbacks of the last few years, the States would be required to supplement up to the higher of their January 1971 level or any higher previous or subsequent level.

STATE FISCAL RELIEF

Under the provisions of my amendment, every State would receive substantial fiscal relief. Under present law States receive matching funds from the Federal Government ranging from 50 percent to 83 percent of a State's costs. Under my proposal the Federal Government will pay 100 percent of the first $2,600 of cost.

If we are talking about relief to States or revenue sharing, there could not be a more important, significant revenue-sharing proposal than for the Federal Government to pick up the first $2,600 of welfare costs of the States. Almost one-half of the total number of States would find themselves out of the welfare business when it came to actual costs.

In addition, while my amendment requires a State with a higher payment level to make supplements, the States would be "held harmless" from additional costs once their payments reached the levels for calendar year 1971.

Total savings to State and local governments in the first fiscal year will amount to $2.8 billion compared to $2.4 billion under H.R. 1 and $2.3 billion under the committee proposal. Fiscal relief would also be provided on an emergency interim basis. The States would receive $1 billion in fiscal relief in the interval before the new welfare program takes effect.

In other words, every State in the Nation has been begging for relief from its welfare costs, and since this program would not go into effect until January 1, 1974, provision is made for relief to the States in the interim period. The total emergency relief proposal is $1.2 billion.

I ask unanimous consent at this point in the RECORD to insert a table of interim relief to all States.

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

EMERGENCY FISCAL RELIEF UNDER THE RIBICOFF-ADMINISTRATION AGREEMENT

This provision provides that once a state reaches its calendar 1971 AFDC cost levels, the federal government will assume all cost rises up to 20% above fiscal 1971 levels. States would receive regular matching funds for cost rises above that level. As a condition of fiscal relief states would have to maintain payment levels at the January 1971 level.

This program is an interim measure pending the effective date of FAP. Retrospective fiscal relief in fiscal 1972 and 1973 would amount to $1.2 billion as follows:

	1972	*1973*
Alabama	$5.9	$5.9
Alaska	1.5	1.7
Arizona	1.7	2.3
Arkansas	2.6	3.0
California	98.6	167.4
Colorado	4.1	8.0
Connecticut	9.7	9.7
Delaware	1.3	1.3
District of Columbia	5.3	5.3
Florida	6.6	6.6
Georgia	8.2	8.2
Hawaii	2.9	2.9
Idaho	.6	1.0
Illinois	40.7	40.7
Indiana	5.3	5.3
Iowa	1.7	4.9
Kansas	2.4	5.2
Kentucky	2.9	5.3
Louisiana	.0	8.7
Maine	2.5	2.5
Maryland	9.8	9.8
Massachusetts	33.1	33.1
Michigan	34.7	34.7
Minnesota	8.5	10.3
Mississippi	2.9	2.9
Missouri	6.1	10.2
Montana	.2	.5
Nebraska	2.2	2.2
Nevada	.2	.6
New Hampshire	1.3	1.7
New Jersey	24.0	30.6
New Mexico	.4	1.0
New York	78.3	127.4
North Carolina	6.0	6.0
North Dakota	.6	.6
Ohio	21.1	21.1
Oklahoma	8.0	8.0
Oregon	2.6	4.8
Pennsylvania	38.1	47.5
Rhode Island	3.8	3.8
South Carolina	1.5	1.5
South Dakota	1.0	1.0
Tennessee	2.0	3.9
Texas	2.7	15.0
Utah	1.7	1.7
Vermont	1.3	1.3
Virginia	6.0	6.0
Washington	1.1	7.3
West Virginia	2.6	2.6
Wisconsin	8.7	8.7
Guam	.4	.4
Puerto Rico	.1	.1
Virgin Islands	.0	1.6
Total	515.6	704.5

(Figures are in millions of dollars and may not add due to rounding.)

Source: Senate Finance Committee.

4. UNIFORM STANDARDS AND PROCEDURES

Mr. RIBICOFF. Mr. President, national, uniform benefit levels, eligibility rules, and Federal administration would be established by the Ribicoff-administration agreement.

Procedures of the original Ribicoff amendment to assure fairness, including right to counsel, written opinions in welfare adjudication, elimination of punitive and cumbersome reporting and checking procedures are also included as are protection of employee rights, elimination of State residency requirements and determination of eligibility based on current need.

5. CHILD CARE

The proposal I introduce today provides $1.5 billion for the creation of child-care services and $100 million for the construction of child-care facilities to assist working mothers.

Mothers with children under age 6 are exempt from the work requirements. Mothers with children over age 6 would register for work only if adequate day care were available and close to their place of residence or employment. Adequate day care is defined to mean child care services no less comprehensive than those provided for by the 1968 Federal interagency day care requirements.

B. ASSISTANCE TO THOSE ABLE TO WORK: A PILOT PROGRAM

The most innovative portion of our welfare reform proposal is the opportunities for families—OFF—program. It would provide income suppelements to those people who work but still have low incomes to insure that it is always financially more profitable to work than simply receive welfare. Such a proposal would also remove the incentive for fathers to leave their families.

In addition, one of the basic tenets of this proposal is that all those who are able to work should be required to do so. Every able-bodied applicant who applies for welfare, including those already on welfare, would have to register for employment or training with the Department of Labor.

I know this is one of the provisions that the distinguished Senator from Wisconsin (Mr. NELSON), who is now occupying the Chair, is concerned with.

The only exemption from this requirement would be for those responsible for the care of aged, ill, or incapacitated family members or children under age 6. Failure to report for work or training would result in a loss of benefits unless the recipient could show that jobs or day care were unavailable.

Those deemed employable would immediately be referred to suitable employment paying at least the federal minimum wage. If no jobs were available the Department of Labor would develop employability plans and provide the necessary job training. In addition, in recognition of the fact that the private job market does not have sufficient jobs available for all those able to work, my proposal creates 300,000 meaningful public service jobs in the first year of the program.

Because of the innovative nature of the OFF program, my amendment would require that aid to the working poor be tried out on a limited basis to test out its structure and theories. It is time to try out on a pilot basis any new major social program before committing the resources of the Federal Government to total implementation.

We need to know more about the effect of various earnings disregards on those who work as well as the effect of OFF on work habits, and families. We also need to study the possibility of covering single people and childless couples under the OFF program and to develop appropriate administrative procedures.

Upon completion of the pilot programs and an evaluation of its results, the full OFF program would be implemented unless either House of Congress objected within 90 days.

Full implementation of the OFF program would ensure that those able to work would always find it more profitable to do so rather than to rely solely on public assistance.

All of us can find parts of this program we would change or vary to some extent. However, I firmly believe that this entire proposal makes a significant step forward in our fight to eliminate poverty in this country and I urge the Senate to adopt it.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point various tables, explanations, and questions and answers to clarify and explain many of the different facets of the three proposals now before the Senate.

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

PROGRAMS FOR THOSE UNABLE TO WORK

ELIGIBILITY

Ribicoff-administration agreement

1. Elderly, ill or incapacitated.
2. Mother or other relative caring for a child under age 6.
3. Caretaker of an ill or disabled family member.
4. Child under 16, or a student.
5. Mother or other female caretaker of a child where father or other adult male in the home is registered or has accepted work/training.
6. Family headed by mother too remote from employment program.
7. Caretaker of a child where adequate day care services (i.e., meeting 1968 Federal Interagency Day Care Requirements) are unavailable or remote.

Finance

1. Same as Ribicoff.
2. Same as Ribicoff.
3. Same as Ribicoff.
4. Child living with neither parent, together with his caretaker relatives.
5. Family headed by incapacitated father where mother is not home or is caring for father.
6. Same.

Generally, the AFDC law is followed, limiting eligibility to needy families containing at least one child under 18 who is living at home and has been deprived of support because of the death, absence from home or incapacity of a parent.

President

1. Same as Ribicoff.
2. Mother or other relative caring for a child over age 3.
3. Same as Ribicoff.
4. Same as Ribicoff.
5. Same as Ribicoff.

PAYMENT LEVEL

Ribicoff

$2600 plus mandatory state supplementation plus escalator based on rises in cost of living.

Finance committee

States cannot reduce AFDC payment levels below $1600 for two-member family, $2000 for three member family and $2400 for four-member family. If payment levels are already below these levels, no reduction in payments is allowed.

President

$2400 plus incentives for states to make supplemented payments.

ADMINISTRATION

Ribicoff

National uniform administration, payments eligibility standards and other rules. Efficiency through centralized computer process at a national level.

Finance committee

Retention of AFDC state system with 54 different jurisdictions and 1152 local administrative units independent of each other. Continued split of authority between federal and state guidelines.

Guaranteed job to be provided at ¾ of the minimum wage for 32 hours a week. Thus the wage is $38.40 a week under present minimum wage law. This comes to $1920 per year—less than half the poverty level. If the minimum wage law changed to $2.00, the worker in a guaranteed job would get $1.50 an hour—only $2400 a year or $1600 less than the poverty level.

If an employer pays $1.20 per hour (¾ of the minimum wage) the government will provide a subsidy to raise the wage ¾ of the rest of the way to the minimum wage. In this case ¾ of the difference is 30¢. So the employee would get an additional 30¢ from the government, making his $1.50. Note that the Committee is assuming that a $2.00 minimum wage is in effect for its purposes.

Such workers would not even be eligible for the 10% work bonus or the wage subsidy.

President

Same as Ribicoff.

FULL-YEAR COSTS, PAYMENTS AND SERVICES: 1 FISCAL YEAR

[In billions of dollars]

	Current law	H.R. 1	Ribicoff-admin stration agreement	Finance Committee Bill
Payments to families	5.3	6.2	7.2	[1] 6.7
Payments to adults	2.4	4.6	4.6	4.2
Payments for food stamps	2.9	.2	.1	1.8
Hold-harmless; fiscal relief		1.1	.8	
Subtotal: Payments	10.6	12.1	12.7	12.7
Child care	.6	.9	.9	.8
Training	.3	.5	.5	
Public jobs		.8	1.2	4.1
New employment service		.1	.1	
Administration	.6	1.1	1.1	1.3
Support services				.7
Subtotal: Related and support activities	1.5	3.4	3.8	6.9
Impact on other programs		—.1	—.1	—.1
Grand total	12.1	15.4	16.4	19.5

[1] Includes: wage subsidy, 1.9; 10 percent rebate, 1.1; residual AFDC, 3.7; total, 6.7.

ELIGIBLES

Ribicoff

FAP—10 million.
OFF—14 million.

Finance Committee

AFDC—10 million.
Workfare—20 million.

President

FAP—9 million.
OFF—10 million.

CHRONOLOGY OF RIBICOFF BILL

FAP goes into effect January 1, 1974.

OFF—Immediately upon enactment, the Secretaries of HEW and Labor shall establish pretest programs. A report shall be issued to Congress and the President by December 31, 1973 on the success or failure of the program and the relevaint findings.

The OFF program automatically triggers into effect on July 1, 1974 unless either House of Congress between January 1974 and March 31, 1974 passes a resolution stating in substance that the Congress does not favor the making of such payments.

QUESTION

Wouldn't the Ribicoff-Administration welfare proposal create a giant welfare bureaucracy?

RESPONSE

No.

1. Current—86,000

To pay benefits to the present cascload, state and local governments employ an estimated 86,000 people. This is compared to a total of 203,000 welfare agency personnel assigned to both payments and services.

2. Projected Under Existing Law—100,000

By the end of calendar 1973, it is projected that the number of employees needed to administer assistance payments alone under the payment system will rise to approximately 100,000.

3. H.R. 1 and Ribicoff Estimate—80,000

Our preliminary manpower estimate for H.R. 1 is 80,000 even though there will be one-third more cases under H.R. 1.

This is 6,000 less than current staffing, attributable to economies of scale achievable with more productive methods under new uniform federal claims and payments procedures.

4. Finance Committee Bill—150,000

According to page 550 of the Finance Committee report: "The Work Administration will also use 150,000 participants in the guaranteed employment program to perform administrative tasks." The Work Administration would be headed by a three-man board appointed by the President. New local offices would have to be established across the country to administer the program. This is in addition to the 86,000 employees under present law and the IRS personnel.

Under my proposal the present facilities of local HEW and Labor branches would be used.

5. Conclusion

We believe federal administration is a means, not only of modernizing and consolidating, but it also offers us an opportunity to achieve management efficiencies in an area in which staffing (50% federlaly funded) has risen very rapidly.

QUESTION

Does the Ribicoff bill have provisions to assure against fraud and other forms of abuse.

RESPONSE

Yes. While the proposal assures recipients of due process, right to counsel, hearings, written opinions and all the protections of the Administrative Procedure Act it is careful to assure that the system is run efficiently.

New Applicant

When the new applicant applies in the local office for assistance, he is pre-screened for the services needed. He is given a complete interview, fills out an application and presents any evidence he may have as to his need. He is eligible for any emergency payment if necessary. And the initial payment is determined.

Since the system will be run on a national computer set-up, the national master file will be screened. This will prevent the present mess in which people can apply for benefits in many different jurisdictions.

The national office will make a 100% review of key items on the application and a computer check run through the Social Security Administration and the Internal Revenue Service will determine if the applicant's stated earnings are correct. This information is quickly relayed via computer to the local office where payment is made.

Continuing Beneficiary

Beneficiary:

(1) Beneficiary required to report major changes in income immediately.

(2) Beneficiary required to file a full report quarterly.

Local Office:

(1) Receives and checks change reports and quarterly reports.

(2) Conducts sample investigations on a spot-audit basis.

(3) Analyzes status of applicants who have been on the welfare rolls for two years or more to determine the causes of the plight of the long-term poor.

National Office:

(1) Checks on earnings and other benefits received.

(2) Screens national file for duplicates.

(3) Requests quarterly reports and sample investigations.

(4) Compiles statistics.

(5) Adjusts payment if necessary.

QUESTION

Senator Long suggests that welfare reform has to start by separating employables from unemployables and affording different treatment to each group, especially providing "work, training, child care, and any other service needed."

RESPONSE

This idea is basic in any welfare reform plan. The current welfare reform bill would separate families with as few as one employable member into a program separate from that for families with no employable members. The program for families with unemployable members would principally be administered by the Labor Department so that the main emphasis will be on job training, employable services, and job placement. Job training will be expanded, including public service jobs program—to provide on-the-job training in useful work when not enough regular jobs are available; child care will be expanded to enable parents to work; and the Labor Department will upgrade employment services provided to assistance beneficiaries.

QUESTION

Does the Ribicoff bill have penalties to assure that rules are being complied with?

RESPONSE

Yes.

(1) All employables are required to register for work and training and to accept suitable jobs. Refusal to comply with this requirement results in the loss of benefits to that member of the family who refuses to comply.

(2) A deserting parent would be civilly liable to the federal government for support and maintenance. The Ribicoff proposal also permits amounts due the federal government to be deducted from any benefits due the deserting parent under any federal program.

(3) Makes interstate flight to avoid parental responsibilities a misdemeanor punishable by a fine up to $1000, one year, or both.

(4) Consistent with equity and good conscience any overpayments made could be recovered by the government.

(5) Penalty for fraud-making any knowing and willful false statements or representation of a material fact in application or receipt of benefits or failing to disclose knowledge of his own or other person's fraud is a misdemeanor—fine of $1,000, one year, or both.

QUESTION

Senator Long says that if a person is employable he should not draw a welfare check, but should work or be trained for work.

RESPONSE

I agree with Senator Long in principle, but find major obstacles to putting this principle into practice: first, lack of enough jobs for the employables to take; second, lack of sufficient skills among the employables to take jobs that are available; third, the lack of sufficient training capacity to upgrade all employables at once (and the great expense of building up such training capacity); and fourth, the lack of sufficient child care capacity to take care of the children of employables and the near impossibility of creating such capacity at one fell swoop. Even if all these obstacles could be overcome and all employable recipients could be put in job training or in jobs, this in itself would not assure their families of income adequate to meet their basic needs. Under my plan, placement efforts will be stepped-up, training programs will expand, child care capacity will increase, and incentive payments will be made to encourage continued work effort.

Under my proposal 300,000 public service jobs payable at the minimum wage level would be made available in the first year.

QUESTION

Senator Long states that under his bill the Labor Department decides who is "employable" and who "unemployable."

RESPONSE

My plan provides that HEW and Labor will jointly develop regulations for operating the new welfare system. Under jointly developed regulations, local federal offices would determine who must register for employment training services, and placement, in accordance with the law, which provides very specific and limited exemptions (basically the aged, children, disabled persons, and mothers of small children). The registration will be with the Labor Department which will then decide who is ready for immediate job placement and who needs training or other services. There is very little basic difference between this approach and Senator Long's.

Both the Finance Committee version and my own plan recognize that there are some people who are employable and some who are not.

Under both bills the categories of those exempt from work requirements are similar:

Ribicoff

(1) Elderly, ill or incapacitated.

(2) Mother or other relative caring for a child under age 6.

(3) Caretaker of an ill or disabled family member.

(4) Child under 16, or a student.

(5) Mother or other female caretaker of a child where father or other adult made in the home is registered or has accepted work/training.

(6) Family headed by mother too remote from employment program.

(7) Caretaker of a child where adequate day care services (i.e., meeting 1968 Federal Interagency Day Care Requirements) are unavailable or remote.

Long

(1) Same as Ribicoff.

(2) Same as Ribicoff.

(3) Same as Ribicoff.

(4) Child living with neither parent, together with his caretaker relatives.

(5) Family headed by incapacitated father where mother is not in home or is caring for father.

(6) Same as Ribicoff.

In both bills exempt individuals may voluntarily register. Past studies indicate that some 80% of people such as welfare mothers with small children will want to work.

QUESTION

Senator Long says that the Family Assistance Plan increases costs and caseloads just as the present system does and that a family assistance system will be easy to get into and hard to get out of.

RESPONSE

The best way to get people off welfare and into jobs is obviously to get them jobs and train and encourage them to work. In order to encourage work, my welfare reform plan would permit recipients to work and keep a part of their earnings. It would also allow a male-headed family in which the father works full-time to receive supplemental assistance, if his income is small enough. This removes the strong economic incentive in the present system for fathers to desert their families in order to qualify them for welfare.

It is true that because of the damage done by the present system, the cure for it will be costly to begin with, but as fewer families are broken up to go on welfare, and more people return to work, long-run welfare costs will be reduced.

As for being easy to get on, the new welfare system would be very tightly administered, following the successful methods used in social security programs, and it will be *easy*, rather than hard, to get off because of the work incentives in the program. My whole reform program is based on the fundamental principle of encouraging a return to work.

QUESTION

Senator Long charges that FAP includes a "guaranteed annual" income which adds to the welfare problem rather than reforming it.

RESPONSE

To be eligible to receive assistance under the new programs, applicants would be *required* to register for work training and placement, and would be *required* to accept training and jobs or required to accept vocational rehabilitation if appropriate. In other words, anyone who is able to work but refuses to do so would be guaranteed exactly *nothing*. The so-called working poor are not guaranteed anything either. Many working poor families would become *eligible* for the program, but it should be kept in mind that most working poor families will receive only an income supplement, not a full assistance payment, and that many such families' payments will be very small.

Senator Long's bill does provide a guaranteed income in that it requires that states do not reduce their AFDC payments below $1600 for a two-member family, $2000 for a three-member family and $2400 for a four-member family.

States with payment levels below these levels would not reduce at all.

DESCRIPTION OF FAP-OFF INTERRELATIONSHIP AND EXAMPLES OF EARNINGS DISREGARD

Under present law there is an incentive to remain on welfare rather than go to work. This is because the low-income family headed by the father is not eligible for AFDC if he is working full-time. On the other hand, the family headed by a female is eligible for assistance whether she is working full-time, part-time, or not at all. (This results from 1967 amendments which created a feature like OFF under females heading a family could work and retain a part of their earnings under a monthly earnings disregard of $30 plus ⅓ of remaining income).

The OFF program for the working poor is really an extension of the $30 plus ⅓ program. It provides that in both male and female-headed families a participant in the program can go to work and not be entirely cut off from welfare. Thus it simply adds to present law a provision that a male-headed family in which the father works full-time and is poor should receive supplemental assistance. Its purpose then is to assure that a beneficiary is always better by working than by simply receiving public assistance.

If determined eligible for FAP, a recipient would be entitled to the assistance payment provisions which provide $2600 a year for a family of four with no employable member.

If eligible for OFF, an applicant would be provided with a job and income supplements or if already working, an income supplement. Under the OFF plan, the recipient would be able to continue working and receive benefits—benefits phased out gradually as earnings increased, thereby preventing a "notch" problem in which benefits terminate abruptly upon going to work. Benefits would be determined by disregarding a portion of income earned. Under my proposal the first $720 of earned income (representing work-related expenses) would be disregarded and an additional 40% of income would be ignored.

EXAMPLES OF BENEFITS PAYABLE UNDER THE $2,600 PROPOSAL

Example A: Family of 4 earning $1,000:

Earnings	$1,000
Disregard	−72
	280
Disregard 40% of remaining income	−112
Countable income in determining benefits	168

Amount needed to reach $2,600=$2,432=OFF payment

To compute the payment needed to reach the $2,600 level you deduct the countable income ($168) from $2,600.

Total Income=Earnings $1,000, plus OFF $2,432=$3,432.

Example B: Family of 4 earning $2,000:

Earnings	$2,000
Disregard	−720
	1,280
Disregard 40 percent of remaining income	−512
Countable income in determining benefits	768

Amount needed to reach $2,600=$1,832=OFF payment.

Total Income (Earnings $2,000+OFF $1,832)=$3,832.

Example C: Family of 4 earning $2,600:

Earnings	$2,600
Disregard	−720
	1,880
Disregard 40 percent of remaining income	−752
Countable income in determining benefits	1,128

Amount needed to reach $2,600=$1,472=OFF payment.

Total Income (Earnings $2,600+OFF $1,472)=$4,072.

Example D: Family of Four Earning $3,000:

Earnings	$3,000
Disregard	−720
	2,280
Disregard 40% of Remaining Income	−912
Countable Earnings in determining benefits	1,368

Amount needed to reach $2,600=$1,232=OFF Payment.

Total Income (Earnings $3,000+OFF $1,232)=$4,232.

Example E: Family of Four Earning $4,000:

Earnings	$4,000
Disregard	−720
	3,280
Disregard 40% of remaining income	−1,312
Countable earnings in determining benefits	1,968

Amount needed to reach $2,600=$632=OFF Payment.

Total income (Earnings $4,000+OFF $632)=$4,632.

Example F: Family of Four Earning $5,055:

Earnings	$5,055
Disregard	−720
	4,335
Disregard 40% of remaining income	−1,734
Countable earnings in determining benefits	2,600

Amount needed to reach $2,600=0=OFF Payment.

Total Income (earnings $5,055+OFF $0)=$5,055.

Thus $5,055 is the breakeven point at which families would receive no benefits.

DAY CARE UNDER THE FINANCE COMMITTEE BILL

A Bureau of Child Care is established as part of Title IV in Senator Long's workfare proposal. It contains the following provisions:

1. A BROAD ELIGIBILITY

While it places priority on child care needs of low income individuals working under the provisions of this bill, it is also available to non-welfare recipients and seeks to meet, to the extent feasible "the needs of the nation for child care services." The Committee report states that this Bureau of Child Care has "the goal of making child care services available throughout the nation to the extent that they are needed and not supplied under other programs."

2. STANDARDS

Its emphasis on custody is clear from the way in which the adult-child ratios are defined. Under the Mondale Comprehensive bill, limits are set on the *maximum* number of children per adult. This bill sets limits on the *minimum* number of children per adult. For example, the Mondale Comprehensive bill would require that for three year olds in a day care center, there be no more than a 5 to 1 child-adult ratio. In the same case, the Long bill would require *no less* than a 10 to 1 ratio. And that is just the minimum. The Long bill gives the director the authority to define this ratio so there could be 15 to 1, 20 to 1, or worse. Last year you introduced an amendment to the Mondale bill which required that day care standards be no less than the 1968 Federal InterAgency Day Care Requirements. Since this bill provides much lower standards than the requirements, it would seem to be at odds with our position.

3. PARENT PARTICIPATION

Parent participation is limited to a requirement that parents be given the opportunity to meet from "time to time", the staff, and observe, from time to time, the children receiving care in a facility. Nothing about parent participation in decision making, policy formation, choice of curriculum, etc. is provided.

4. DELIVERY SYSTEM

The Bureau of Child Care is part of a newly created Work Administration—separate from any existing Department. It has the authority to purchase or provide child care in any way it wishes. No role is assured for states or localities. This has been a major issue in the child care battle of last year. The

Bureau offices would be established in all major cities and simply purchase services from whoever it wished (including profit makers) or provide them itself.

5. FEE SCHEDULE

The bill provides that some kind of graduated fee schedule be established by the director but gives no hint of up to what level the services will be free or how fast the fees will rise. Under the provisions of Senator Long's original Child Care Corporation the understanding was the program would be totally financed by fees imposed on the participants—those least able to afford them.

6. DEVELOPMENTAL PROGRAMS

It would be permissible to place children in developmental programs such as Head Start, "if the parents of such children agree", but many other kinds of custodial care are authorized, including the opportunity to according to the Committee report "use facilities of low quality . . . . with the understanding that the facilities will be promptly improved."

7. LICENSING

Any facility in which the child care services are provided by the Bureau "shall not be subject to any health, fire, safety, sanitary or other requirements imposed by states or localities" on the grounds that this bill contains some vague requirements in these areas and state and local requirements are unnecessary rigid.

8. AUTHORITY

$800 million is authorized for FY 73, with such funds as necessary in succeeding years and the authority to sell up to $50 million a year in revenue bonds beginning in 1975.

9. NATIONAL ADVISORY COUNCIL

Establishes National Advisory Councils including Secretary of HEW, HUD and Labor, welfare workers and consumers provided that not more than one individual represent welfare recipients.

10. MODEL PROGRAMS

Contains a provision providing up to $400,000 a year to each state to develop model child care, whatever that means.

11. LACK OF COORDINATION AMONG DAY CARE PROGRAMS

The Bureau of Child Care, which is virtually identical to Senator Long's Child Care Corporation, would not draw together the many child care services now funded and operated by federal and state governments. It would just add one more program on top of a system which is now confused. In hearings before the Finance Committee last September on child care, Elliot Richardson strongly opposed the provisions of the Child Care Corporation. Senator Mondale, in testimony before the Committee, also opposed the concept of the Child Care Corporation. He pointed out that the Child Care Corporation provisions ran directly counter to the 1970 White House Conference on Children which selected as their number one priority the provision of "comprehensive family oriented child development programs including health services, day care and early childhood education." All of the major child care organizations.

[From the Washington Post, Oct. 1, 1972]

THE SENATE VOTES ON WELFARE REFORM

Over thee years ago, President Nixon made a welfare reform proposal to which he appeared fully committed and which we believed had many good features. The President's plan put a federal floor under the incomes of families with children and extended assistance for the first time to the working poor. Although we thought the federal minimum was to low and objected to some coercive features of the bill, we believed it represented a major step in the right direction—a step toward a fair national system that would protect those who could not work and provide incentives for those who could.

This week in the hectic atmosphere of an election campaign, the Senate must act on that proposal—or what is left of it. The senators are now faced with three choices. The first is the administration-backed bill which passed the House as H.R. 1 but failed to get a serious hearing in the ultra-conservative Senate Finance Committee. In our opinion, this bill is now far less desirable than President Nixon's original proposal. Indeed, it is a travesty on the intentions he expressed three years ago. The bill would still put a federal floor under welfare benefits ($2,400 a year for a family of four), but would, in effect, tax the earnings of the poor at confiscatory rates and provide no guarantee or even encouragement to states to maintain benefits above the meager federal minimums. It seems likely that passage of this bill would both lower the amounts that welfare families were forced to live on in many states, and make it even less attractive for them to increase their earnings than under present laws. We believe the Senate should reject it.

A second version, supported by Senator Ribicoff seems to us to preserve the sound features of the President's original proposal and to avoid some of its more serious pitfalls. The Ribicoff version would given recipients only slightly more money ($2,600 for a family of four which still seems to us too low), but it would require states that now pay more than that to maintain their benefits and would provide more safeguards for recipients against being forced into exploitative jobs without adequate provision for the care of their children. This version was actually worked out by Senator Ribicoff in collaboration with Secretary Richardson of HEW, but the President has refused to support it. The President's intransigence appears to indicate that he finds more political advantage in blaming the opposition for not passing his bill than in working for a constructive solution—along lines originally proposed by him—that would improve the lives of millions of people.

Finally, there is Senator Long's version supported by a majority of the Senate Finance Committee, but officially opposed by the administration. The Long bill is an extraordinarily complex amalgam of a good idea with some dangerously coercive features bordering on slave labor for the poor. The good idea is creating public service jobs for people who are now forced onto welfare because they cannot find employment. We support the general concept of public service job creation with enthusiasm. Indeed, we do not see how even stringent "work requirements" can result in employment for the poor if no jobs are available. Unfortunately, however, the jobs that would be created under the Long bill would be at substandard wages. Moreover, all welfare benefits would be abolished for families headed by an able-bodied adult, except women with children under six. This kind of coercion seems to us demoralizing and very close to publicly approved servitude.

We hope that despite the lateness of the hour and the administration's unconstructive attitude, the Senate will pass the Ribicoff version of welfare reform. If it does not, perhaps some sort of a test program—which several senators have proposed—would be better than nothing. We would urge the senators, however, to view with great skepticism any attempt to work out a last-minute compromise between the administration and Senator Long. Job creation for the poor is a sound idea, but the Long bill is so complex and fraught with dangers for the poor that the probability of hastily turning it into a constructive piece of welfare legislation seems to us virtually zero.

Mr. RIBICOFF. Mr. President, I yield the floor.

Mr. HARRY F. BYRD, JR. Mr. President, I think it is very important that there be a reform, a change, in the present welfare system. It is outdated, it is being mishandled, it is being badly administered, and I favor a change in the present program.

But, Mr. President, in considering changing the present program, it is important that Congress be sure that it is going to something better, and not to something worse, something more expensive, something less desirable.

I want to recap for just a moment the situation in which the Senate finds itself.

Three different programs have been considered by Congress. First is the one known as H.R. 1, which has passed the House of Representatives twice. That program has been under consideration by the Senate Committee on Finance in 1970, 1971, and 1972. The committee refused to approve that program, even though it is an administration measure.

One of its chief architects was Dr. Moynihan, Special Counsel to the President, who made this statement in regard to the family assistance plan, the H.R. 1 proposal:

This bill provides a minimum income to every family, united or not, working or not, deserving or not.

I invite the attention of the Senators to page 1950 of the committee hearings.

The second proposal is the one offered by the able and distinguished Senator from Connecticut (Mr. RIBICOFF). It is similar in nature to H.R. 1. It is a more expensive, expanded version of H.R. 1.

The third proposal is the one developed by the committee and supported by a majority of the members of the Committee on Finance, and known as the workfare proposal.

Of the three plans, it seems to me that the concept of the third plan; namely, workfare, is the concept which the American people want. This provides a marked contrast to the other two plans with regard to work incentives and with regard to whether the principle of a guaranteed annual income should be written into law.

The workfare program does not provide for a guaranteed annual income; it does provide for guaranteed job opportunities. That is the direction it seems to me we ought to go in revising our welfare laws.

The aspect of the workfare plan I am not totally in accord with is its cost. I feel that we do not have an adequate estimate as to the cost of that program.

Certainly it would be less expensive than the program offered by the distinguished Senator from Connecticut, and would be no more expensive, than that provided by H.R. 1. Nevertheless, I am not satisfied as to the accuracy of the estimates of what that program could cost.

What would the first two programs do to the welfare rolls? I call attention, in the CONGRESSIONAL RECORD of September 30, 1972, at page S16411, to a statement by the distinguished chairman

of the Committee on Finance, the senior Senator from Louisiana (Mr. LONG), in which he says that the number of people who would be on the welfare rolls if we went to the $3,000 provided in Ribicoff Amendment No. 559 would be 40 million persons on the welfare rolls. If we went to the Harris proposal—that is another plan that has been floating around—which is $4,000 a year, the poverty level, then 81 million people would be on the welfare rolls.

Then there is another plan floating around called the McGovern proposal, for $6,500; and, according to the chairman of the Senate Finance Committee, if that proposal were enacted 104 million persons would go on the welfare rolls.

So, with the exception of the workfare plan, all of the plans that are being considered provide for a substantial increase in the number of individuals drawing public assistance.

Under H.R. 1, the House-passed proposal and the proposal backed by the Secretary of Health, Education, and Welfare, Mr. Richardson, it was testified that the number of welfare recipients would double. At that point, there were about 12 million persons on welfare, and under the H.R. 1 proposal the number would go to 24 or 25 million persons.

What the American people need to ponder and need to understand, as I see it, is that all of the proposals with the exception of the committee workfare proposal provide for a very substantial increase in the number of individuals drawing public assistance.

To my way of thinking, that is going in the wrong direction.

To my way of thinking, what we want to do is get people off of the welfare rolls and into jobs.

I have found it impossible to support H.R. 1, even though it has passed the House twice and even though it has the strong support of the administration. Before giving my reasons, let me quote three words from the sponsor of this legislation in his official testimony before the Committee on Finance. In that official testimony, Secretary Richardson termed his welfare proposal "revolutionary and expensive."

Mr. President, I hope that Congress will heed those words. Those are not the words of the senior Senator from Virginia. Those are not the words of one who is opposed to H.R. 1, the administration-backed plan. Those are the words of the Secretary of Health, Education, and Welfare, the chief sponsor of the proposed legislation.

He terms it revolutionary and expensive. Most certainly, that proposal is revolutionary and expensive. Those are about the only three words of all the testimony given by the distinguished Secretary of Health, Education, and Welfare with which the senior Senator from Virginia can fully agree.

I cannot support that proposal, and what I say in regard to that proposal applies in the main to the Ribicoff proposal.

I cannot support that proposal because it is lacking in work incentives, because it would write into law the principle of a guaranteed annual income, because it would cost at least $5 billion more than the present program. I cannot support that program because 80,000 new Federal employees would be required to administer it. Above that, I cannot support that revolutionary and expensive program because it would add millions of people to the public assistance rolls.

Mr. RIBICOFF. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield.

Mr. RIBICOFF. When the distinguished Senator talks about 80,000 new employees, are these not basically substitute employees for those who are operating the welfare system in 1,154 jurisdictions? In other words, we have some 86,0000 people now engaged in administering welfare throughout the Nation. Under my proposal, the 80,000 would not be added to the 86,000 but would be a substitute for the 86,000. So that if my proposal were adopted and we nationalized welfare under a Federal system, the total number of employees would be 80,000 as against the 86,000 now administering welfare throughout the Nation. In many cases the new Federal employees will simply be existing State employees transferred to Federal employment. Incidentally, all of the accrued rights such as pensions would be preserved.

Mr. HARRY F. BRYD, JR. I was speaking specifically of H.R. 1. The Senator is correct that under H.R. 1 many of those 80,000 presumably would be those who are now handling a State program. But the point I am suggesting is that there would be 80,000 new Federal employees.

I am concerned about the fact that the Department of Health, Education, and Welfare is so gigantic now—it has 102,000 to 110,000 employees—that it cannot effectively administer the welfare program now. For that reason, I am very much opposed to 80,000 new employees being put on the Federal rolls to handle the welfare program. I would prefer that they continue—such portion of them as there are—on the State's payroll, rather than on the Federal payroll.

Mr. RIBICOFF. I just wanted the record to be straight.

As I understand the objection of the distinguished Senator from Virginia, he objects to these employees being shifted from State, county, and local administration to Federal administration. But in the total, overall number of employees, there will not be 80,000 new employees on top of the 86,000.

Mr. HARRY F. BYRD, JR. There will be new Federal employees. There would be less persons—I do not know about the precise figure—employed by State and local communities. But there would be 80,000 more Federal employees.

Mr. RIBICOFF. Since the distinguished Senator has stressed the number of new Federal employees under H.R. 1 and my proposal, I wonder how the Senator from Virginia feels about the committee proposal for a Works Administration.

I read from page 550 of the Finance Committee report:

> The Work Administration will also use 150,000 participants in the guaranteed employment program to perform administrative tasks.

So, in addition to the 86,000 people now involved in welfare, the Finance Committee says that their proposal will take an additonal 150,000. Additional thousands of personnel would be needed by the IRS to administer the work bonus. Would the Senator comment on that phase of the committee proposal?

Mr. HARRY F. BYRD, JR. That was a part of my reservation in regard to the committee plan. It ties in with my reservation as to what the plan will cost. I have not come to the pilot tests that the amendment offered by the Senator from Delaware and myself calls for, but that is an additional reason why I think the workfare program should be piloted out before being put into effect nationwide, just as I think there should be a pilot project and pilot tests of the so-called Ribicoff proposal and the H.R. 1 proposal.

My proposal is that before putting any of these into effect nationwide—because they are new programs, they are gigantic programs, they are expensive programs, all of them—we ought to know what we are doing and ought to have a pilot test. That is the reason why the Senator from Delaware and I have presented the proposal for pilot projects.

Mr. RIBICOFF. I should like to comment to the distinguished Senator that at least he has been consistent throughout the 3 years of consideration and discussion of this entire program. From its inception, the Senator from Virginia has been against the policy and the philosophy and the theories and the details of H.R. 1 and all substitutes to that program. At least, he is one of the few consistent members of the Committee on Finance; and he was not taken in by this new "work administration" program, with its many pitfalls.

I understand what the Senator from Virginia is trying to achieve with the assistance of the distinguished Senator from Delaware. The Senator from Virginia may recall that in September 1970, in the Finance Committee, I proposed that we pilot this whole thing out, similar to the philosophy and thinking of the Senator from Virginia and the Senator from Delaware.

Mr. HARRY F. BYRD, JR. If the Senator will yield at that point, I might say that, so far as the Senator from Virginia is concerned, he got this idea from the able Senator from Connecticut, who first suggested that to the committee; and the Senator from Connecticut suggested it to the President of the United States at a meeting some of us attended with him in San Clemente, in September 1970.

Mr. RIBICOFF. This is the irony of the situation we are in now. I had felt that the entire committee, by December 1970, was more than willing to have a pilot program go into effect to try out the administration thinking. The administration at that time vigorously and vehemently opposed piloting out these programs. If the program had been piloted out on January 1, 1971, we would now be in a position to have all the information available and to determine whether the proposals worked or did not work. I worked in combination with the administration over the intervening 2 years, and we finally came forth with the amendment that I put in the other

day, and is now pending as a substitute for the Roth-Byrd proposal, only to find that the administration has changed its mind. After 2 years of work in trying to find a solution, I find myself alone and completely bereft of administration support.

As I look back on the 3 years it would have been much better for all of us on the Finance Committee not to have accommodated ourselves to the importunities of the administration but instead to have insisted on the floor of the Senate that the programs be piloted. In December, 1970, we could have probably had a unanimous vote in this body to pilot out the program, this brings me to a thought that I wonder whether the distinguished Senator from Virginia might agree with; from now on, when HEW comes before the Finance Committee with any proposal, should not view it with great skepticism because it has proven over the past 3 years, the way HEW has handled the entire problem of welfare has been unreliable and that we must be skeptical and question the bona fides, the knowledge, and the intentions of the Department of Health, Education, and Welfare.

Mr. HARRY F. BYRD, JR. Mr. President, I concur in the statement made by the distinguished Senator from Connecticut who himself served with such great distinction and ability as Secretary of HEW some 10 years ago. I find it very difficult and time consuming to draw out from the witnesses, or from Secretary Richardson, the needed information.

I think that this might be a good time to quote several sentences in the committee hearings dealing with the cost of the new program.

I refer to page 114 of the committee hearings in which I invited the attention of the committee and the Secretary to page 2 of his statement that day

Now, Mr. Secretary, on page 2 of your statement you say that during the decade of the sixties, the AFDC rolls increased by 4.4 million people, a 147 percent increase. Then you say further in the year following the President's initial call for welfare reform, in August, 1969, the rolls increased an additional 50 percent.

So over a 10-year period the rolls increased by 147 percent, but over a 1-year period they increased by an additional 50 percent.

Incidentally, that was subsequently corrected where, instead of a year from August 1969 it was 18 months from August 1969 that the rolls increased by 50 percent.

So the Secretary says in a 10-year period the rolls increased by 147 percent but he says in an 18-month period beginning August 1969 they increased by 50 percent.

So I say that there is something the matter with the administration of this law by the Department of Health, Education, and Welfare. It has been lax in handling it. They do not seem to have any interest in holding down the welfare rolls. I cannot see any evidence that they have such an interest. The welfare rolls by the Secretary's own testimony increased 50 percent in 18 months; beginning August 1969.

I submit that it can be held down if those administering the laws both here in Washington and in the States will make an effort to hold down the welfare rolls. I think a great many of those people are placed on welfare rolls for political purposes.

Today's New York Times, in column 8 on page 1, states that a dramatic decrease in welfare case load persons and expenditures for July is to be announced by the Human Resources Administration.

That is good news. Finally the people themselves, the taxpayers, are waking up to the fact that the politicians and the administrators have been squandering and wasting their money and putting people on welfare rolls who have no right to be there and, in many cases, as has been brought out a number of times by the Senator from Louisiana (Mr. LONG) where the same person has drawn four, five, or six welfare checks. So I think it is very important that the administrators tighten up on the administration of the laws. It is good to know that New York State at long last is beginning to do this.

I want to bring out two other points in that regard.

Speaking now of H.R. 1, on page 287 of the committee hearings, a question by me to Secretary Richardson:

Senator BYRD. So we have established the costs for fiscal 1972 at $10 billion for welfare plus $3.4 billion for medicaid.

Secretary RICHARDSON. Yes.

Now, I refer the Senate to page 225 of the committee hearings:

Secretary BYRD. What will be the total costs of the welfare programs, the Federal share, for fiscal year 1973. That is, total costs.

Secretary RICHARDSON. The total cost is, as I said, $14.9 billion, the cost of H.R. 1. Table one of the report of the Committee on Ways and Means on H.R. 1. gives these figures, and they are also reproduced in the Senate Finance Committee print "Welfare Programs for Families" in chart 7.

Senator BYRD. Let me ask you this question to be sure I understand your response. The total cost of the welfare program, the Federal share, plus the cost of medicaid, the two items together, will total $19.4 billion for the Federal Government. Is that correct?

Secretary RICHARDSON. Yes it is.

Mr. President, what those pages of this committee hearing bring out is this, that on page 287 the welfare cost for fiscal year 1972 leaving out medicaid, was established at $10 billion and then on page 225, the welfare costs for fiscal year 1973, leaving out medicaid, if we go to H.R. 1 and accept that proposal, would be $14.9 billion. That is a 49-percent increase in 1 year if the proposal of HEW were adopted.

The able Senator from Connecticut mentioned the fact that more than 2 years ago the Senate Committee on Finance was favorable to a pilot project to test the merits or demerits of H.R. 1.

Mr. FANNIN. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. Mr. President, I am glad to yield to the distinguished Senator from Arizona.

Mr. FANNIN. Mr. President, I am glad that the Senator from Virginia has taken the position that he has. I support it completely.

I want to bring out that when we refer to a pilot program, I refer back to the former Senator from Delaware, Mr. Williams, who very ably worked in this legislation for a pilot program and then for writing the legislation.

I ask the distinguished Senator from Virginia if it is his idea of a pilot program that we should determine from the pilot program the proper way in which to write the legislation.

Mr. HARRY F. BYRD, JR. Yes, the Senator is correct. It seems to me that before we embark on a nationwide program, which everyone will agree, I think, is revolutionary and expensive, that we ought to have a pilot project, the result of which could advise the Congress what legislation would be needed and what should be included in the legislation to make it the most effective type possible for the recipients, those needy people who deserve and ought to have welfare, and also the best way to protect the taxpayers.

Mr. FANNIN. Mr. President, I wholeheartedly agree with the distinguished Senator from Virginia. I ask the distinguished Senator from Connecticut if it is not true that at the time he offered his recommendation of a pilot program, it was his intention to have the legislation rewritten and approved, and then they would come back to the legislation after the pilot program had been tested, and we would then make changes. We would write the legislation after we had our experience with the pilot program and would not be waiting for the results of the pilot program before going forward with the legislation.

Mr. RIBICOFF. No. My original proposal was for a pilot program before writing the legislation. In discussions with the administration, I was importuned zealously to try to come to the opposite position—to oppose any pilots. Compromise and have a pilot program and have it go into effect unless their plan was rejected by Congress.

What I want to point out is that in the original contemplation and discussion with former Senator Williams—who opposed the legislation deeply, sincerely, and strongly—he had agreed with me and was very sympathetic to the approach to have purely a pilot program first.

I had argued long and hard with various representatives of this administration that they ought to accept this approach because it became very apparent to me in 1970 that this body would not under any circumstances go along with welfare reform. Therefore, since they would not go along with it, we were losing valuable time and that what we should do was to have a pilot program since the chairman of the Finance Committee and the ranking minority member of the committee at that time, former Senator Williams, would go along with it, and former Senator Williams assured me that as far as he was concerned he would be willing to give a blank check to HEW for the authorization they would want for a full fledged pilot program in different sections of the country. If my original position had been adopted, we would be in a position now—knowing the results of the

pilots and ready to enact a meaningful reform proposal.

It was and is a deep source of regret to me now that at that time I did not follow my better judgment and refuse to listen to the demands of the administration and stay with the distinguished chairman of the committee and former Senator John Williams, and write our own pilot program for legislation irrespective of the administration.

That is why it is such a disillusioning experience, after having worked for 3 years to try to find a basis of compromise and adjustment with the administration, to suddenly find that the rug is pulled out from under us.

Mr. ROTH. Mr. President, will the Senator yield?

Mr. FANNIN. I will in a moment.

I think the record will show, certainly to my knowledge, that the distinguished Senator from Connecticut did not offer a pilot program before the Senate other than the one that would have a test program. Is that not correct?

Mr. RIBICOFF. That is absolutely correct. However, the Senator, having been in Government for a long time, is certainly not under any illusion that that is now it worked out. I did not offer it, because I was working with the administration that I trusted, and I must confess that my trust was misplaced.

I had urged this matter upon the administration during this period of time. I had discussed this with our distinguished chairman, and I am sure that he will be willing to tell the Senate that this is the case and will confirm it. And I also discussed it with former Senator Williams of Delaware, for whom I had the highest respect, although we disagreed philosophically on many issues.

I had discussed this time and time again with him. We had come to an agreement between ourselves, the Senator from Louisiana, the Senator from Delaware, and myself. And I had urged upon the administration that if they would accede to such a program, it could be achieved. They practically begged me not to do this, but to stay with their program. They said this would kill their program. They said that next year would be a different year and they would be able to achieve reform.

I agreed, contrary to my better judgment, I must confess. And I am sure that the distinguished chairman of the committee will confirm the statements I make, because I kept him completely informed on what was going on. He knew that we were trying to work this out. And I know that we told the administration in no uncertain terms that the only way we could get H.R. 1 passed would be through a pure pilot program basis. And I regret that that plan was not adopted.

Mr. FANNIN. All I am trying to establish, and I think the RECORD will show this, is that former Senator Williams explained on the floor of the Senate that he was willing to allow any amount of money that would be necessary, $2 billion or whatever the amount was that would be necessary.

Mr. RIBICOFF. We talked about $500 million at that time.

Mr. FANNIN. He said he was perfectly willing to go forward. However, he was deeply disappointed when this did not take place. He had the support, as I remember it, of every committee member on this side of the aisle as far as the Finance Committee was concerned. This was something that he was very desirous of placing into effect.

When the legislation came to the floor, the Senator from Connecticut will remember that it contained a test program, but with a stipulation that it would go ahead and be improved and changes made, which would be very difficult to bring about if those changes were necessary.

Mr. RIBICOFF. That is absolutely correct. But I am giving the Senator the background on how this took place. There is no question in my mind that this was being fought on the other side constantly. The great irony was to have the Senator from Connecticut, a Democrat, carry the banner for a Republican administration, because the administration could not find a Republican to carry the ball for them, until toward the end, in a legislative maneuver, I was able to enlist the minority leader, the Senator from Pennsylvania (Mr. SCOTT), who joined with me at that time. The administration could not find a Republican member of the Committee on Finance. I was carrying on this battle for the administration as if I were the spokesman for the administration—and I was the spokesman for the administration for 3 years. The only voice that kept H.R. 1 alive in the Senate was the Senator from Connecticut because I felt deeply that the President was on the right track.

I felt this was an innovative program he had given to Congress and the American people. I had many conferences with Mr. Moynihan, Mr. Finch, Mr. Richardson, and Mr. Veneman.

For 3 years two members of my personal staff, not the staff of the Committee on Finance, have worked full time on welfare legislation. They had little time for anything else. I refer to Taggart Adams, who worked for me until the end of 1970 and is now assistant U.S. attorney for New York, and Jeff Peterson, my special assistant who is now on the floor with me. They know more about welfare than anyone else in the Nation. Jeff has spent the better part of the last 2 years working on this legislation. Between them they spent 3 years working on this legislation with people all over the country. No stone was left unturned as Mr. Peterson and Mr. Adams developed ideas and sought suggestions from people in every facet of the welfare field.

If the distinguished Senator from Virginia is interested in cost, as his father before him was, I think he would be very interested in asking the question: How much money has HEW spent in 3 years tooling up for H.R. 1, what has been the advice of their staff working at HEW on H.R. 1, and how much money has been spent working this out? I think he would be shocked at how much money has gone down the drain on a measure they have not wholeheartedly supported.

Mr. HARRY F. BYRD, JR. I think that is an excellent question. I will prepare a letter today for Mr. Richardson, have it in the RECORD tomorrow, and get it to his office. I hope we will have a forthright answer.

Mr. RIBICOFF. I think the Senator will be shocked.

Mr. FANNIN. I remind the Senator that he was not the only one who attended the meeting at the western White House. He was working with Senator Bennett. He will recall at the time the workfare program started with that meeting in California. It was discussed and that is where the first idea of the workfare program was finally brought to the surface. He will rceall this was something that was considered and that now it is under consideration, and if we had had the test program that the distinguished Senator from Delaware, then Senator John Williams had insisted upon, we would be further along today.

Mr. RIBICOFF. No question about that. I think the 100 men and women on this floor must contemplate the irony of how we have gone around this circle at the expense of energy and time of the Committee on Finance, the hours spent by members of the Committee on Finance, the hours every member spends, the commitment of our staff, as well as the committee staff. Fabulous amounts of money have been used, because HEW has tooled up on the basis of this program going through. They have a welfare structure ready to put into effect. When the history of this is written it will be an interesting story of, "Who killed Cock Robin?"

Mr. HARRY F. BYRD, JR. Mr. President, I think the Senator from Arizona has raised an important point. If we are going to have a pilot program and test these programs, the purpose of the test should be to inform Congress and to furnish information to Congress on which Congress can subsequently act.

I would be as strongly opposed now as I was 2 years ago to say to HEW, "You can have these pilot projects and put them into effect if, in your judgment, they turn out satisfactorily." I do not think that is the way to do it.

As the Senator from Arizona developed today, many of those who favor the pilot program want it to go into effect automatically. That would be like another Gulf of Tonkin resolution, giving unspecified power to the executive branch. I think it would be a grave error; it would be foolhardy. I cannot imagine Congress doing something like that, saying in effect: "Here are three programs. After you test them, take the one you prefer and do not bother us with them." We will get into more of a welfare mess if Congress has no more interest in protecting the taxpayers than that.

That is not the proposal offered by the distinguished Senator from Delaware, and it is not the proposal the Senator from Arizona proposed.

Mr. ROTH. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield.

Mr. ROTH. I would like to point out that in the Roth-Byrd amendment it very explicitly states that this legislation is not to be construed as a commitment on the

part of Congress to establish any particular plan. The basic purpose of my amendment is to test the various approaches so that Congress can then intelligently determine what the best approach is.

Of course, we have three different proposals before us: the so-called Ribicoff proposal, H.R. 1, and the workfare plan of the Committee on Finance. To me it would be completely inconsistent to try to give authority to the executive branch to put any one of the plans into effect. Instead, what will happen is that both HEW and GAO will report on a regular basis to the Ways and Means Committee in the House and the Committee on Finance in the Senate on, one, how they intend to test, and, two, every 6 months the results of the tests up to that time.

I strongly agree with those who said that the executive branch should be required to come back here and make recommendations based on these tests, and that is the time when Congress should decide what is the soundest approach.

I might also point out that the junior Senator from Delaware was a Member of the House of Representatives when this legislation was first considered. In April 1970 he proposed in the House that the President's program should be tested. It was my feeling at that time that the existing tests were inadequate and that Congress should authorize a major pilot program before taking any definitive action. I so proposed on the floor of the House.

I agree that we find ourselves not much further along the road at this time despite the need for welfare reform. I believe the need for testing is as great today as it was in 1970.

Perhaps one advantage is that we do have three approaches; the Ribicoff approach which differs from H.R. 1 in detail and we have the workfare program which very substantially differs from H.R. 1. So we have the advantage of testing three different approaches. I think this is sound, but as I stated earlier, it would be a mistake to let the executive branch have the authority to establish any one of the three plans without returning to Congress. After all, sound testing may show it desirable to adopt a combination of ideas from these plans or some of them.

Mr. HARRY F. BYRD, JR. I certainly agree with the able Senator from Delaware. I cannot conceive, frankly, how the House of Representatives twice passed H.R. 1. It is just unbelievable to me that the House could have passed that legislation.

I want at this time to pay tribute to the members of the Senate Finance Committee. Had it not been for the members of that committee, this legislation probably would have been enacted several years ago, and as a result of that, the welfare costs would have skyrocketed and it would have doubled the number of people drawing public assistance.

The able chairman of the committee and the ranking Republican member of the committee, the Senator from Utah (Mr. BENNETT) both were convinced, and their colleagues on the committee subsequently became convinced, that a workfare program could be developed and could be brought to the floor of the Senate. The committee did just that.

I favor the concept of the workfare program. I think it is the appropriate concept for the Congress to consider. As I said earlier, there are some aspect of it that I have some doubts about. I am not completely clear as to the cost. For that reason, I think that it, along with the other two programs, should undergo a pilot test, prior to being put into execution.

I think the best argument for the proposal of the Senator from Delaware (Mr. ROTH) has been given by the Secretary of Health, Education, and Welfare himself. The best argument was in three words which were his official words in his original statement to the Finance Committee, that this proposal is "revolutionary and expensive."

Is it not logical that before the Congress embarks on a program which its chief proponent says is "revolutionary and expensive," we should know more about it, we should know how it is going to work in practice, we should have the benefit of a test, and then let Congress decide which aspects of it will be helpful and which aspects should not be approved.

The American people are very sensible, intelligent people. Besides that, they are very compassionate people.

The American people want to help those in need, and every Member of the Senate wants to help those in need; but I think that the American people have seen such abuses of the welfare programs throughout our Nation that they expect the Congress to take some action to correct those.

So far as the Senator from Virginia is concerned, I favor welfare reform. But I want to emphasize that the proposals before us are not welfare reform. At least two of the three proposals are welfare expansion, doubling the number of people drawing public assistance. I do not call that welfare reform.

Somewhere along the line some consideration has got to be given to the wage earners of this Nation, those who, by the sweat of their brow, earn the taxes to pay for what we in Congress spend.

H.R. 1 is a proposal lacking in work incentive, very costly, $5 billion more than the present program. It would substantially increase the number of people drawing public assistance, and it would write into law the principle of a guaranteed annual income. Once you write that principle into law, then it is Katie-bar-the-door. There is no stopping then.

The able senior Senator from Louisiana (Mr. LONG), chairman of the committee, put into the RECORD Saturday figures that I think the American people should acquaint themselves with.

I refer to page S16411 of the CONGRESSIONAL RECORD of September 30, 1972, in which the Senator from Louisiana points out that if we approve the $3,000 proposed in the Ribicoff Amendment No. 559, there would be 40 million people on welfare.

If we went to the proposal of the Senator from Oklahoma (Mr. HARRIS), which is $4,000, the poverty level, there would be 81 million people on welfare. If we went to the proposal of the Senator from South Dakota (Mr. MCGOVERN) for $6,500, there would be 104 million people on welfare.

Of course, when we deal with any of those figures, whether it be 40 million or 81 million or 104 million, it is utterly fantastic and could not be supported by the Federal Treasury or by the taxpayers of this Nation.

So I think the more the people understand these proposals—that is why I want to see some discussion of this matter in the Congress—the more the American people understand H.R. 1, the more the American people understand what a guaranteed annual income means over a period of time, the more determined they will be that there shall be no such program.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield.

Mr. LONG. The Senator well knows that it takes a certain amount of political courage for a Senator to risk being misunderstood by even opposing the family assistance plan as advocated by the President of the United States. People are led to believe that if a Republican President would recommend it, it must mean it is somewhat moderate or conservative in nature. So with a Republican President recommending it, the public would be led to think that it could not have the dire results that some of us fear.

I was perhaps the strongest welfare advocate in the Senate, advocating more welfare benefits than any Member in this body, at the time President Nixon served as a Senator.

My views have not changed with regard to the problem, but I would point out that when we increase the number of people on welfare from 15 million even to 26 million, which would result from the family assistance plan being enacted, we add 11 million more people to the welfare rolls.

If Senators are afraid now to vote against ever-increasing welfare expenditures and against expanding welfare rolls, they will be far more fearful and much more subject to intimidation when there are 26 million people on those rolls than when there are 15 million.

Furthermore, no one can logically argue that we should guarantee an annual income to people and then advocate a level of income which would be below the poverty level. That is almost axiomatic—so much so that the Senator from Connecticut has advocated proposals that would move the guarantee on up to the poverty level. Even the administration, in its press coverage in initiating H.R. 1, apologized, in effect for the low level of benefits and said that in due course it ought to go up to the poverty level, which would be $4,000, and that the only reason they were not advocating that was that to do so would greatly increase the cost, as indeed it would.

Now, S. 2747, introduced by the Senator from Oklahoma (Mr. HARRIS) embodies that position, which has compelling logic; that is, that if we are going to have a guaranteed income, we

ought to guarantee people an amount equal to the poverty level. That is the Harris bill, and this is the official HEW estimate for the number of people we would then have on the welfare rolls: 81 million.

If Senators have difficulty mustering the political courage to vote against something they think is unsound when we have 15 million people on the welfare rolls, how much more difficult are they going to find it to vote against an unsound proposal to increase welfare benefits when we have 81 million on the welfare rolls? I would venture to say it would be virtual political suicide, unless an overwhelming taxpayer revolt should sweep the country, to vote out all those who had taken us that far down the road.

I would assume, if Congress had gone that far, Senators would feel constrained to go along with it as the pressure rolls along. The Senator knows how constituents react: they tend to look at the one vote most important to them and ignore all the others. And a Senator would hardly wish to have 81 million people against him.

Then we have the proposal of the National Welfare Rights Organization, the bill introduced by the Senator from South Dakota (Mr. McGOVERN), S. 2372. The estimate on that is that it would put 104 million people on the welfare rolls.

That is the position that mustered the votes of one-third of the Democratic National Convention at Miami. So a Senator can see how, when we have all these pressure groups being built up, that we would have enormous numbers of working poor who would want to be on the welfare rolls.

I say we can help them most, as we do in this bill, by providing what amounts to tax relief for them, by helping them increase their income in the most dignified possible way by in effect refunding some of the taxes collected on their behalf, or by providing some type of tax incentives for these poor people, or incentives to bring their income up if they are in a low paying job. Those are ways that preserve the dignity of the people. But as the Senator from Virginia well knows, those who organized the National Welfare Rights Group and those associated with them feel that the way to solve the problem is to make the low-income working persons a part of the welfare group and put them all under the same program.

I can tell the Senator—and I am positive I am right about this—that low-income working persons would prefer that we help them in a way that would preserve their dignity, by giving them what amounts to a tax cut, raising the minimum wage, or providing some supplement or some subsidy to add to what they can earn, and not by putting them on the welfare and then reducing their payments as they increase their work effort.

There is no doubt in my mind that that would tend to set up the wrong incentives. I am not saying this just about the Ribicoff amendment; the same is true of the family assistance plan, and that is one of the things wrong about the welfare system now which we ought to be changing rather than doing more of it. It would give them the incentive, in taking a job, for example, as is happening today in too many cases, for saying, "I will take the job if you pay me in cash, with no records kept." This can happen in rural areas, and in urban areas also, that when one seeks to find an employee to work on a short-term basis, he is frequently confronted with the proposition to pay in cash, with no records kept, for the simple reason that the person is drawing welfare money and does not want a reduction in his welfare check.

Whether you have a welfare system on the basis that they lose 67 cents out of every dollar they earn, or whether you use the Ribicoff feature of a reduction of 60 cents on each dollar they earn, there will still be an enormous pressure upon people not to report their earnings, and the pressure will be on the employers to go along with the sort of arrangement where they hire these people and pay them in cash without reporting the earnings.

To make the enforcement of such a program effective, we might need a million investigators. And then the people will complain that the welfare workers are coming around harassing them; and they will be insulting the welfare workers and the social workers because they do not want them to find out about their earnings, knowing that if they do, 60 percent of what they earn will be taken away from them.

I say it is far better to follow the approach of just giving them back their social security tax money. Then low-income working persons will be getting as much through this social security tax refund mechanism as they would have been getting if they had the welfare benefits. Is it not a far better approach to give a working man the equivalent of a tax cut to increase his income, rather than to put him on welfare, when he wants to be proud and self-reliant?

Mr. HARRY F. BYRD, JR. I think it is, and I think it is also better to guarantee job opportunities than it is to guarantee an annual income to individuals whether they work or whether they refuse to work.

Mr. LONG. Well, at least if you guarantee the job opportunity you solve one problem, and that is a problem that is becoming altogether too prevalent, at least in Louisiana: that people get on the rolls more times than once. At least you know, if you guarantee him an employment opportunity, he cannot be working on two jobs at two places at the same time. That is something you cannot say with any certainty or any assurance when you are talking about just a check.

We would like to think of everyone as being completely honest, but when we make it so easy for people to get on those rolls, and it becomes so prevalent, and the accepted thing, where it is no longer a matter that a person feels reticent to apply for, but is led to believe it is his right, a right that everyone is entitled to, to draw this income without working, and a right not to work and to live on the taxpayer without working, once you establish that right in the minds of people and it becomes prevalent, I fear for the future of this country, because at some point we are going to have to find the power to turn it around and make it head the other way, with tens of millions of people, perhaps 70 or 80 million people, conducting marches and protests here in the Nation's Capital to try to keep us from bringing this thing back under control. If we cannot do that, it just means an end to this form of Government, because that is the only way we will ever get back out of that trap. When we have more people on the taking down end and being supported by the Government than we have supporting the Government, when we get to that point, the only way I see ever to get out of the trap is for the whole Government to come down like a house of cards and start over again.

Mr. HARRY F. BYRD, JR. And if we write into law the principle of a guaranteed annual income, as the Senator from Louisiana has pointed out, how can we, as a matter of principle and as a matter of conscience, make the figure less than the poverty level?

If we are going to write into law that the American Government has the obligation to provide a guaranteed annual income, then it seems to me we cannot appropriately make it less than the poverty level. If we put it at the poverty level as it is today, as the Senator from Louisiana has pointed out, it would put 81 million persons on the public assistance rolls.

Mr. LONG. Those assumptions, of course, do not take into account what people do when they react to a program such as this. For example, those assumptions are based on what people are earning now. But they do not take into account what happens when these enormous subsidies are placed on not marrying.

For example, the problem that exists in many areas is not so much that a father being encouraged to leave his family so they can go on the welfare rolls. The problem is that the family units are not forming in the first place. The children are being born out of wedlock. We are paying welfare money to bring that about, and it would be much worse if we were to adopt the family assistance plan or the Ribicoff amendment.

For example, here is an illustration that I am going to give later, and I have given illustrations such as this before. If a mother in New York City has 3 children today and she is not married to the father of those children—she sees him from time to time; he could spend every night in the apartment and get by with it, without being married—if the father is earning $7,000, the mother can be receiving $4,000 in welfare payments, plus $1,100 in public housing benefits, plus $900 value for medicaid, which means a gross family income of $13,000.

Suppose the father marries the mother. Then all they get is the $7,000 that the father can earn. That is how it would work under the Ribicoff amendment as well. That means that they get a $6,000 cash advantage for not marrying.

So the Government is subsidizing ille-

gitimacy and is giving a tremendous bonus to people for not marrying, and for children being born out of wedlock.

That would be continued under this plan, except that more money would be paid for not marrying. For example, in the State of Louisiana, where payments would be lower because they are lower today, a father earning $5,000 could be seeing the mother of his three children, who is drawing $2,600 in welfare, as often as he wished. The value of the medicaid benefits would be $250, or a total cash income, cash plus benefits, worth $7,850. If he married the mother, they would not get the $2,600 and would not get the $250. So in Louisiana, under this plan, the bonus for not marrying would be $2,850, more than a 50-percent increase in income for not marrying.

As this thing moves on up and you bring the level up, you would wind up having more people on the taking down end than you would have on the putting up end, and that does not even begin to take into account all the people who would decline to marry because it would be so lucrative to have the children born out of wedlock.

So when we take those human factors into account, we are not talking about having less people but perhaps twice as many people on the taking down end as would be on the putting up end. How long could Government support that kind of abuse?

Frankly, I say to the Senator that when we get to where we have 70 million people on the welfare rolls, someone will have to have the courage to try to turn the whole thing around; and I suspect that there would be virtually a revolution in this country if one tried to do it. The only way that could be restored, where the Government could be solvent and could stay in operation, would be for the whole government to come down. Of course, that is something the Senator and I would like to avoid.

I came here as an old share-the-wealth man, and I am still for the share-the-wealth idea. If I could cast the deciding vote for it, I would be happy to do so, to establish everybody with his own home, his own automobile, furniture, some conveniences, and a lot of other things, and tax those best able to pay in order to do it.

But that would just be a one-shot proposition; and after the Nation was over the shock of it, things would tend to settle back to normal. However, under the pending proposal, things would keep getting worse and worse, until the Government simply came to an end.

I do not relish the position of looking like a reactionary, a conservative. I want to do everything that can be done to help the poor; but I want to do it in ways in which they will be helped to help themselves, and ways in which they will be encouraged to do the right things, the things that are good for them and for society. I do not want to do it in ways that encourage them to do all the wrong things.

I regret to say that when I first read of the family assistance plan, I thought I could support it enthusiastically. I went down and told the President what I have told the Senator on other occasions, that I thought just one little thing ought to be straightened out about it: These people ought to be paid for working rather than for not working. That is the one thing we never could get straightened out, and that is what threatens to destroy this country if we enact H.R. 1 as suggested or if we adopt the Ribicoff amendment, which takes us a few steps on down the road farther than H.R. 1 would take us. That is what I find so upsetting, to such an extent that I would be willing to vote for something that cost as much as the Senator is talking about, provided it could be said that that was going to be the end of it and that was going to turn us around and head us in the other direction.

Can the Senator tell us how anybody can expect to put this guaranteed income into effect and expect to keep it under the poverty level?

Mr. HARRY F. BYRD, JR. It cannot be done. It will be a political football in every campaign. Every candidate will say, "It's now $3,000. You elect me, and I'll make it $3,600." His opponent will say, "$4,000." In the next campaign, they will start from that point and go on.

Mr. LONG. The last time I heard the National Welfare Rights Organization testify on the bill, directly and explicitly directing their testimony to H.R. 1, they were asking us to vote the bill down. Why? Because they said it did not pay enough. It is going to put another 11 million people on the welfare rolls. That would be all right with them. But they were against the bill even though it would cost approximately $5 billion more than the present law.

Mr. HARRY F. BYRD, JR. Last year, their slogan was "$5,400 or Fight." This year, they have gone up to $6,500—in just 1 year.

Mr. LONG. When they came here and testified at a hearing, they were asking me to vote the bill down, to defeat it, because it did not pay enough.

How anyone can expect to put this guaranteed income approach into effect for these families and have control of it thereafter, I cannot understand it, when even the people who would benefit from it start out by saying it is not enough, and the people who sponsor it say it is not enough and apologize for the low figure.

How can you hope to hold the cost down when you start on that basis and when you build this great power structure? Those who want to build the National Welfare Rights Organization would like to have more members, and they would like to include all the low-income working persons in their movement. These working people are a different sort from those persons who have never worked at all.

The working persons are reluctant to participate in some arrangement whereby they would become a part of the welfare crowd, yet that is what is being sought by this legislation, to make them, against their will and their better judgment, a part of the welfare crowd.

Has the Senator been requested by any working poor man to vote for this, so that he can be added to the welfare rolls?

Mr. HARRY F. BYRD, JR. No, but I have tested out the sentiment in the State of Virginia quite a bit. I cannot say that Virginia is necessarily typical of the entire United States, but I find that sentiment in Virginia is strongly opposed to the principle of a guaranteed annual income.

The people of Virginia are sensible and sound-thinking people and they know what that would lead to.

I think that the best comment on this legislation other than Secretary Richardson's assertion that it is revolutionary and expensive—which is certainly an accurate statement—is another accurate statement by Dr. Moynihan, one of the chief architects:

> The bill provides a minimum income to every family, united or not, working or not, deserving or not.

Here is a man who favors it. He is the foremost advocate, he and Secretary Richardson.

Mr. LONG. Mr. President, did I understand the Senator from Virginia correctly to say that the Secretary of Health, Education, and Welfare said this would provide a guaranteed income, deserving or not?

Mr. HARRY F. BYRD, JR. No, not the Secretary of Health, Education, and Welfare but Dr. Moynihan.

Mr. LONG. Dr. Moynihan.

Mr. HARRY F. BYRD, JR. Dr. Moynihan, who lobbied this thing from the White House. He was one of the chief proponents of it.

Here is what he said, and I read it again: It appears on page 1950 of the committee hearings:

> The bill provides a minimum income to every family, united or not, working or not, deserving or not.

That is Dr. Moynihan's appraisal of his own bill and I concur in that appraisal.

Mr. LONG. I have here a table on the House bill prepared by the Department of HEW. According to this table, in Louisiana, where they have estimated the number of recipients for 1973 at 473,000, that that number is to be increased to 823,000. Imagine that. Our State has about 3,800,000 people in it which has on occasion been referred to as the welfare State because we have a liberal welfare program there, and sometimes the people in the State refer to Louisiana as a welfare State because we have so many liberal welfare benefits, which members of my family have sponsored and I have worked on. We have advocated and been more liberal on welfare proposals than almost any other State in the Union—at one time we had more people on old-age assistance rolls than in New York, even though New York has several times the population Louisiana has.

Yet I am not aware that any of these 400,000 proposed additional beneficiaries are asking to be put on the welfare rolls. I assume the majority of them are the working poor.

I subscribe to the idea that low-income working persons are being taxed too heavily and I would like to help them, but I would much prefer to give them Louisiana's share of that money through what is in effect a tax reduction.

Mr. HARRY F. BYRD, JR. We are not

going to get tax reduction or help the working poor by increasing the cost of government by the tremendous figure it would have to be increased by.

Mr. LONG. So far as low-income working persons are concerned, they might as well get ready, because they are going to be in for a big tax increase if a program like this amendment goes into effect. The Senator knows that as well as I do.

Mr. HARRY F. BYRD, JR. It is bound to be.

Mr. LONG. We cannot continue to burden the Government with deficits, especially the one it has now, and then add $70 billion to it. But that is where we are headed if we undertake to have a guaranteed income for not working.

I completely subscribe to the Senator's position that we cannot afford to start this Nation down that path. I am not so upset about the cost as I am about the fact that we are heading in the wrong direction.

Mr. HARRY F. BYRD, JR. It would be absolutely in the wrong direction.

Mr. LONG. And that when we head down that path, we may not be able to get it turned around and head in the right direction. It might be irreversible until such time as the whole Government goes under.

Mr. HARRY F. BYRD, JR. That is why we should be aware of what is going on, whether it be the H.R. 1 program, the Ribicoff program, the Harris program, or the McGovern program. Any of those programs are tremendously costly. I sort of think of along this line, that H.R. 1 says we will give a Chevrolet to everybody; then the Ribicoff proposal would say, "No, we have got to do better than that, we will give them a Buick"; and then the Harris program comes along and says, "No, we have got to do better than that, we will give them a Cadillac"; and then the McGovern program comes along and says, "No, that is not good enough, we must give them a Rolls Royce."

Mr. RIBICOFF. What does Senator LONG want to give them?

Mr. HARRY F. BYRD, JR. He can speak for himself.

Mr. LONG. I want to give them a job. [Laughter.]

Mr. RIBICOFF. I am curious, because Senator LONG's proposal is not only more expensive than my proposal as modified, and not only more expensive than the Nixon proposal, but it also includes many more people than either the Nixon or the Ribicoff proposals. So, as I listen to these great giveaways that everyone is being charged with, I am curious: What is the distinguished chairman giving away?

Mr. LONG. Will the Senator from Virginia yield at that point?

Mr. HARRY F. BYRD, JR. I yield.

Mr. LONG. When the Senator says my proposition would cost more than what he has proposed, he is using the HEW figures. The Senator knows, as I do, that when HEW came up with its estimate of what the original family assistance plan would cost for the guaranteed income scheme, they asked Robert Myers, the best regarded actuary that has served in HEW, in my judgment, and in the judgment of the business community who should know about it, as to what he thought it would cost. He estimated $3 billion more than they estimated. They were estimating about $5 billion, and it looked to him, he said, as thought it would cost $8 billion. In other words, they estimated it on the low side, even though their best actuary thought the cost estimate was too low. Frankly, every welfare administratator I discussed it with told me that was a low estimate, which is what we certainly could expect from HEW.

Then they took what we suggested in terms of a work program and estimated that $3 billion on the high side. The committee proceeded to hire the very same man, Robert Myers, and he gave us his estimate. His estimate at the time was $4.3 billion for workfare, billions less than the HEW estimate. We know how HEW always puts their costs low when they want to sell us a program.

When they first brought in the social services fiasco, they said it would cost $40 million a year, and it wound up threatening to cost over $4 billion a year, or 100 times what they estimated it would cost. When they brought in the medicaid program, they said it would cost $200 million a year, and it is costing over $3 billion, about 15 times what the estimated cost was.

Mr. HARRY F. BYRD, JR. $4.5 billion, according to Secretary Richardson's own testimony.

Mr. LONG. Which puts it about 22 times what the estimate was that it would cost. So we know how, in that Department, they have a way of putting a low cost estimate on something that they are for, and they put a ridiculously high cost estimate on something they are against. And with medicaid, they estimate the cost to be 1 to 15. And with the social services program, they understimated that 1 to 100. We can take that into account and study it. The man we thought would be the best man to study it and give us an estimate estimated the cost at $2 billion less than the Ribicoff proposal.

Mr. HARRY F. BYRD, JR. Mr. President, the HEW estimates have proven at times to be highly inaccurate in the past. I know of no reason why we should accept their figures on this proposal. The Senate Finance Committee thought it would be wise and appropriate to go outside of the Government and get an expert to analyze it and give us an estimate.

I am frankly not clear in my mind what this program would cost. That was one reason that I wanted to pilot it out before I supported it, even though I support the committee concept.

Mr. RIBICOFF. Mr. President, if the Senator will yield, I am sure that contained in the figures cited by the distinguished chairman of the committee are other factors.

Mr. LONG. Mr. President, I am looking at an estimate that has to do with amendment No. 1614, the $2,600 level. And our estimate is $6.8 billion more than present law.

We estimate that the committee proposal would be $4.3 billion more than present law. In both cases we are not estimating the cost for the aged, the blind, and the disabled. We are only looking at the cost for families.

Mr. RIBICOFF. Mr. President, I think for the purpose of the record, whether right or wrong, I should read at this time the full year cost of payment of services. These figures have been supplied by HEW. Under the current law, it is $12.1 billion. H.R. 1 is $15.4 billion.

Under my proposal of $2,600, it is $16.4 billion. And may I point out that it includes public service jobs.

Under the Finance Committee proposal, it would be $19.5 billion.

We should also have some figures on the President's proposal, which contemplates 19 million people involved. My proposal contemplates 24 billion people involved.

Then the conservative Finance Committee proposal includes 30 million people.

Mr. President, I think for the purpose of the record that we ought to have those figures in the RECORD at this time. And I ask unanimous consent that the full year cost for payments of services compiled by HEW be printed at this point in the RECORD.

Mr. HARRY F. BYRD, JR. Mr. President, before the Senator from Connecticut sends those figures to the desk, would he withhold that so that I could query him about one or two matters?

Mr. RIBICOFF. Yes. However, I think it should be pointed out, too, that on our program 14 million are people who are actually working today. They are people who are not on welfare. These people are trying to keep body and soul together, whether they are receiving $2,000 or $2,200. They are not on welfare. These are people who are working, and I am trying to bring them in to make sure they are not worse off working than they would be on welfare.

Mr. HARRY F. BYRD, JR. Mr. President, after I have yielded to the Senator from Louisiana, I would like to query the Senator from Connecticut about this matter, because these figures seem different than the figures that Secretary Richardson put in the RECORD.

Mr. LONG. Mr. President, I am sure the figures the Senator refers to make the same mistake with regard to the Ribicoff proposal that they do with regard to ours. HEW estimates that though they are giving the money away for nothing, yet a great number of people will not come in and ask for it. But as far as our workfare program is concerned, they proceed to give estimates that would claim that when people are offered opportunities to take Government jobs, everybody who is eligible will come in and ask for a low-paying Government job. They assume that people will break the doors down to ask for those jobs.

How ridiculous can we get? Can we get so ridiculous as to assume that if we are going to give someone $2,400 for doing nothing and mail him a check every month, that great numbers of people will not apply—however, if we ask them to work for the $2,400, although all over the country there are jobs that pay more and they do not take them, nevertheless everyone eligible will come charging in

here to take a job and that even those who have jobs will quit those jobs to go to work for the Government?

What kind of sense does that make?

They say that everyone will come in to work for the Government, but they will not take the money if we just mail them a check for doing nothing.

Mr. RIBICOFF. Mr. President, in view of what the chairman has stated, I think he has great responsibility, as do all Senators who serve on the Finance Committe. We constantly come before the Senate with proposals based on estimates and figures that are supplied by HEW. If the figures supplied by HEW are inaccurate, then we on the Finance Committee are begging our colleagues and the country to proceed to pass legislation based on inaccurate figures. That is a travesty on our responsibility as Senators.

How do we overcome this situation if we cannot rely upon a department of the executive branch? How do we make up our minds whether to pass the legislation if we do not know the basis upon which we ourselves are acting and asking our colleagues to follow our recommendations.

Mr. HARRY F. BYRD, JR. Mr. President, I think the Senator from Connecticut raises a good point. Let us get at the figures he mentioned a moment ago. Would the Senator give us the date of the letter or memorandum that he has?

Mr. RIBICOFF. The figures here were obtained within the last 4 weeks. They were obtained by my assistant, Mr. Jeff Peterson in consultaiton with the staff of HEW.

Mr. HARRY F. BYRD, JR. They deal with fiscal 1973?

Mr. RIBICOFF. Fiscal 1974, because the plan does not go into effect until then. We are dealing with figures that go into effect, as the Senator will recall, on January 1, 1974.

Mr. HARRY F. BYRD, JR. Mr. President, would the Senator give the figure for the cost of H.R. 1?

Mr. RIBICOFF. The cost of H.R. 1 is $15.4 billion.

Mr. HARRY F. BYRD, JR. That is for fiscal 1974?

Mr. RIBICOFF. That is for fiscal 1974.

Mr. HARRY F. BYRD, JR. Mr. President, does that include medicaid?

Mr. RIBICOFF. It does not. May I read what it includes. It includes payments to families, $6.2 billion; payments to adults, $4.6 billion; payments for food stamps, $2.2 billion; hold harmless fiscal relief, $1.1 billion; child care, $0.9 billion; training, $0.5 billion; training proposed, $0.8 billion; new service jobs, $0.1 billion; administration, $1.1 billion; impact of other programs, minus $1.1 billion; for a grand total of $16.4 billion.

Mr. HARRY F. BYRD, JR. That is the total cost of welfare under H.R. 1?

Mr. RIBICOFF. Under current law, the total cost would be $12.1 billion, under the current law as it now stands.

Mr. HARRY F. BYRD, JR. Under the current law, on page 287 of the committee report, the Secretary gives the cost for fiscal year 1972 at $10 billion for welfare, plus $3.4 billion for medicaid.

Mr. RIBICOFF. I would say that this is 1972. That would be almost another 2 years. And we know that the welfare rolls have gone up astronomically. This is to be done in 1974. My hunch is that for 1974, we will probably find that welfare costs will exceed $12.1 billion if it keeps going up the way it has in the last 2 years.

Mr. HARRY F. BYRD, JR. Mr. President, if the Department of HEW does not tighten up and do the job it is supposed to do, and if it is not willing to check out these matters and do a little about some of these welfare situations, costs will certainly go up.

Mr. LONG. Mr. President, if the Senator will yield, the Senator in his estimate has included the cost for the aged, the blind, and the disabled.

In order to compare the Ribicoff amendment with the committee proposal, the amount for the aged, blind, and disabled should be subtracted from that figure and then it would put the two on a comparable basis.

I would point out that the Senator from Connecticut himself felt we should not take these HEW estimates because of our disappointment on medicaid, social services, and things of that sort. He suggested we employ a competent actuary, and I am sure he would agree that Robert Myers is as good an actuary as anyone in the Senate might suggest.

The Senator will see at pages 561 through 579 of the committee report the estimate of Robert Myers, hired by the Committee on Finance, on the basis of which he estimated HEW's of their own proposal was altogether too low by about $2 billion and that their estimate of the committee proposal was on the high side by even more.

I do not see any point in burdening the RECORD, but I would urge the Senate to look at those figures. They appear in the committee report at page 561 and the pages thereafter.

Mr. RIBICOFF. I wish to respond to one point my distinguished chairman raised. He raises the question about the adult categories. He is correct, but if we eliminate payments to adults they would have to be eliminated across the board. H.R. 1 would have $4.6 billion deducted, my proposal would have $4.6 billion deducted, and the Finance Committee bill would have deducted $4.2 billion. That would be about equal all the way across the board and that would be a subtract from the set of overall figures.

But the chairman is correct that during discussions in the Committee on Finance the chairman and I see eye to eye on many things and in many things on the floor of the Senate.

I raise this question with our chairman because we have this delay and we are going to be forced to come to grips with it when we come back in the next Congress. If we have figures none of us can rely on, if we ask for information that none of us receive, and if we are asked to make judgments and those judgments are to be relied on, we have a duty to make sure our sources are independent.

Mr. HARRY F. BYRD, JR. Is that not why the Committee on Finance, under the leadership of the Senator from Louisiana (Mr. LONG), went outside of Government to get an expert who would be objective to give us an estimate of what the program would cost? That is why we went outside of Government.

Mr. RIBICOFF. What is going to be necessary in the future for all of us—and I think the chairman will recognize—the recommendation came from me originally—in another amendment of mine to H.R. 1—to get an independent expert such as GAO to analyze the cost of legislative proposals. If we are going to be faced with this in health reform proposals and trade proposals, when we sit down in committee we should have a confrontation, whether in public or in private session, between the department actuaries and our independent actuaries so that we can come to an independent conclusion.

As the chairman realizes, as well as the Senator from Virginia, I have the highest regard and respect for every member of the Committee on Finance, even though I may disagree with them philosophically. We are all trying to do the best job we can within the scope of our differing philosophies. But we should be able to approach the problem with an accurate set of figures and statistics. Otherwise, we are operating in the dark in trying to discuss matters or come to a definitive conclusion.

Mr. HARRY F. BYRD, JR. I think the Senator is correct and I feel that the evidence over a period of years is that one cannot rely too heavily on the estimate submitted by the Department of HEW on programs they want Congress to enact, in the same way we cannot rely too heavily in the Committee on Armed Services on estimates submitted by the Department of Defense.

Mr. RIBICOFF. Which leads me to believe that we have a very definite responsibility to have an agency under control of the legislative branch that can compete with the Office of Management and Budget and the different departments—to ride herd for us on the figures we get. And the GAO, which is the agency of this body, should be given the authority, staff, and the auditors and accountants made available to the chairman and members of our respective committees to give us the facts and figures, as analyzed by them, the executive branch. Otherwise we are flying blind with very expensive and important programs and unable to make the judgments which we have a responsibility to make.

Mr. HARRY F. BYRD, JR. Regardless of what the precise figures may be, I think all of us will agree that H.R. 1 is what its chief opponent, Secretary Richardson, declared it to be: Revolutionary and expensive.

I think all of us will agree, including the able author, that the Ribicoff amendment also is an expensive program.

Mr. RIBICOFF. It is, and also the Long proposal is an expensive program. At least the Senator from Virginia has something that neither the chairman nor I have, in that he is consistently against all of them. The only person who is consistent is the Senator from Virginia.

Mr. HARRY F. BYRD, JR. I am consistent against——

Mr. RIBICOFF. All of them.

Mr. HARRY F. BYRD, JR. I am consistent against the high cost of programs and against a Government-guaranteed annual income. I am consistent against programs which, in my judgment, are too costly for the American people.

I am not against welfare reform. I am not against welfare for those people who need it.

I am against programs which this body consistently passes and which the House passes, and that the administration recommends, huge and new spending programs, because in many cases—I am not speaking of the Senator from Connecticut in this case—but in many cases it seems good politics to do so.

I favor the concept of the Long proposal, and if I can get my mind clear as to the cost of it I would support it, but because I cannot get my mind clear on the cost, I think it should be pilot tested, the same as I feel about the Richardson program and the expanded HEW program advocated by the Senator from Connecticut.

Mr. RIBICOFF. I wonder if I may ask the Senator from Louisiana and the Senator from Virginia a question. Do the Senator from Louisiana and the Senator from Virginia have any idea what the administration's game plan is? They always use game plans down at the White House. What is it for this legislation, H.R. 1, and for welfare reform?

I know what my game plan is. As far as I am concerned, if the administration believes that if my proposal, which I had come to an understanding on with the administration, fails that I will then vote for H.R. 1, I want to tell my colleagues that they could not be more mistaken. I think their program is so bad and so defective that if the program I have advocated, after months of work with the administration, does not pass in this body and a substitute is then put onto the Senator from Virginia's amendment encompassing H.R. 1, I will vote against H.R. 1, as the administration contemplates in title IV, and try to use whatever influence I may have on this floor to have other Senators vote against H.R. 1.

So if the administration's game plan is to let the Ribicoff proposal be defeated and then feel that the supporters of the Ribicoff proposal will then support title IV as in House-passed H.R. 1, I think they are sadly mistaken. If that is their game plan, I want to announce now that that does not happen to be mine.

Mr. HARRY F. BYRD, JR. Mr. President, I hope the Senate will have an opportunity to vote on the Ribicoff proposal, which is now the pending business. I personally will vote against it, but I hope the Senate will have the opportunity to express itself—and then, from what I read in the newspapers, the distinguished minority leader (Mr. SCOTT) will offer an amendment in the nature of a substitute for the amendment offered by the Senator from Delaware (Mr. ROTH) and myself, namely, H.R. 1.

I hope that is done so that the Senate can express itself on both of these proposals.

I want to see how many Senators here really believe this country should embark on the principle of a guaranteed annual income. I want to see how many Senators will vote for H.R. 1 which Dr. Moynihan, one of the chief architects and one of the strongest proponents of this proposal—sums up in these words:

> This bill provides a minimum income to every family, united or not, working or not, deserving or not.

I would like to see the Senate have an opportunity to vote on H.R. 1. Let each Member of the Senate record himself "yea" or "nay" as to whether he wants a program that provides a "minimum income to every family, united or not, working or not, deserving or not."

We will have an opportunity to vote on the proposal offered by the Senator from Connecticut, which is an expanded form, in my judgment, of H.R. 1, and I hope we shall have an opportunity to vote on H.R. 1.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield.

Mr. LONG. I just want to clear up some of the talk on this matter. I think it is important to point out that when the committee employed Mr. Myers to make this study, he gave us a memorandum, to which I have referred—and I would urge Senators to look at it—which indicated that, basically, where he found fault with the administration is that they failed to do what they have repeatedly failed to do when they want something enacted by Congress—to take into account how people react when the law is changed. For example, when they gave us an estimate that was wrong by 15 to 1—an estimate of $200 million for medicaid which next year will cost $4.5 billion—they assumed that the States, even though the law provided for Federal matching, anywhere from 50 to 83 percent, would not put up any more money, that they would continue to put up the same amount of money that they had been putting up.

Anyone in his right mind would assume that if the Federal Government was going to pay half the cost, a State would shift money from some programs where it was not getting Federal matching money to a program that was. The administration did the same thing with reference to social services. They assumed that where there was a 3-to-1 Federal matching, the States would not put up that money and that they would not shut down programs so that they could get those 3-to-1 matching funds, as they did with social services. The result was that the program ended up much more expensive than it was estimated it would.

In this case they assumed that under the family assistance plan, when so many people would be made eligible, many of those people would fail to ask for the money, even though they would be eligible, and that they would not change their way of doing business. Let us assume that a family would get $2,600 for doing nothing and that the man would have his income drastically reduced if he went to work so that, let us say, after the first $60 monthly he would lose 67 cents of every dollar he made off his welfare check. For example, under H.R. 1 the way it passed the House, if a man worked half time in many States he would have more income than if he worked full time. The administration assumed he would not change his ways when he could make more money working half time than if he worked full time. They did not take into account human tendencies. The administration made the same mistake in the case of medicaid and social services.

When they looked at the program in which a person would be offered a low-paying job, the administration assumed that everybody eligible would come in and get work, even though there are want ads for jobs in the community paying more than that. They assumed that people would ask for Government jobs even though the people had to quit the jobs they had. They assumed that people would quit a job if they would make 5 cents more on a Government job than on the job they had.

It just shows that for anything the Department of Health, Education, and Welfare wants adopted, they put a low estimate on it. If they do not want it adopted, they will put a high estimate on it. That is the most irresponsible Department in Government in that respect.

I read from Robert Myers' memorandum to the Finance Committee, reprinted on page 563 of the committee report on the bill:

> In summary, I believe that the HEW estimates for FAP are significant understatements of cost, despite the assertions that they are "conservative." On the very surface, it is just not reasonable that such an expansion of the number of welfare recipients will result in so little an increase in cost.

This estimate is that it would cost $2 billion more than the HEW estimate. He also estimated that the HEW workfare cost estimate is on the high side.

Mr. HARRY F. BYRD, JR. Mr. President, following the suggestion of the able Senator from Connecticut, I have drafted a letter to the Secretary of Health, Education, and Welfare, and I would appreciate it if the Senator from Connecticut would listen as I read this, to see if it is in line with the suggestion he threw out earlier:

> MY DEAR MR. SECRETARY: I would be most appreciative if you would provide me, at the earliest possible time, with the following information: 1, the amount of expenditures in FY 1970, 1971, and 1972 in support of and in anticipation of the passage of the Family Assistance Program.

Mr. RIBICOFF. And would the Senator add the OFF program as well?

Mr. HARRY F. BYRD, JR. I beg the Senator's pardon?

Mr. RIBICOFF. Opportunity for families. That should be in there, too.

Mr. HARRY F. BYRD, JR. And opportunity for families.

> 2. The number of employees in each year whose duties are in support of and in anticipation of the passage of the Family Assistance Program.

Mr. RIBICOFF. And OFF.

Mr. HARRY F. BYRD, JR. And:

> 3. The number of employees at this date whose duties are in support of and in antici-

pation of the passage of the Family Assistance Program, and the payroll cost of those employees on a monthly basis.

Mr. RIBICOFF. And OFF.

Mr. HARRY F. BYRD, JR. Including OFF.

Mr. RIBICOFF. Including OFF in each one of the three categories.

I would say a similar letter should also go to the Secretary of Labor, because, as the Senator realizes, the Labor Department is deeply involved in welfare reform, and they, too, have had a considerable staff working on these programs. So a letter should go to the Secretary of HEW, and a similar letter to the Secretary of Labor.

Mr. HARRY F. BYRD, JR. The Senator from Virginia will endeavor to have a letter hand-delivered to the Secretary of HEW and the Secretary of Labor today, with the hope that a prompt reply could be received for the consideration of the Senate. I do hope we would not have the length of time involved in getting this information that the able Senator from Connecticut encountered in trying to get some information on the number of programs a few months ago; as I recall, it took some 4 to 6 months, was it not?

Mr. RIBICOFF. As the Senator knows, they have never really given the Committee on Finance a priority listing. I think we were interested in getting a priority listing as to how they figured, themselves, what the order of priority of that list was, which they have never given to us, and I want to say to the Senator from Virginia that I wish him a lot of luck in getting replies to those letters.

Mr. HARRY F. BYRD, JR. I appreciate the comment of the Senator from Connecticut. We will have this hand-delivered today, and I shall attempt to keep the Senate advised as to progress.

Mr. President, I want to conclude my remarks today in opposing the amendment offered by the distinguished Senator from Connecticut (Mr. RIBICOFF) that is the pending business.

I support the amendment offered by the distinguished Senator from Delaware (Mr. ROTH). It seems to me that it is a sound proposal. What it does is say that before any of these three new programs that have been suggested will be put into effect, pilot tests should be run by the Department of Health, Education, and Welfare, and then HEW shall report back to Congress the results of those tests, and Congress at that point would be in a position to make a decision as to which direction it wanted to go.

In connection with the pending amendment—the one offered by the Senator from Connecticut—I want to read into the record again the statement by Dr. Moynihan in his support of H.R. 1. The Ribicoff proposal, while not identical, is similar in nature. The Ribicoff proposal is, I think it would be fair to say, an expanded and more costly version of H.R. 1.

Mr. RIBICOFF. Mr. President, if the Senator will yield, I hope he is not attributing to me or assuming the adoption by me of the words of Dr. Moynihan.

Mr. HARRY F. BYRD, JR. No, I most certainly do not.

Mr. RIBICOFF. I just want to make that clear. I can make my own arguments why I think my proposal is good, but that does not necessarily mean that my proposal is the Moynihan proposal, or the Moynihan philosophy.

Mr. HARRY F. BYRD, JR. No, I do not wish to imply that and do not imply that. The Moynihan statement is in reference to H.R. 1, and this is what Dr. Moynihan, one of the chief architects of the proposal and one of the foremost advocates of H.R. 1, said about it:

> The bill provides a minimum income to every family, united or not, working or not, deserving or not.

That is Dr. Moynihan's statement in arguing in behalf of the family assistance plan, H.R. 1.

The other very pertinent comment or official statement that I want to conclude with is the three words which Secretary of Health, Education, and Welfare Elliot Richardson used to describe H.R. 1, the family assistance plan. He said that this plan is "revolutionary and expensive."

Mr. President, it is revolutionary. It is expensive. I agree thoroughly with that comment by the Secretary of Health, Education, and Welfare, that H.R. 1 is "revolutionary and expensive." That is why I think that before Congress goes into a new program which its author terms "revolutionary and expensive," we should follow the suggestion and adopt the amendment offered by the distinguished Senator from Delaware and cosponsored by the senior Senator from Virginia, to have pilot projects on the three major pieces of legislation in the welfare field; namely, H.R. 1, the Ribicoff proposal, and the Finance Committee proposal dealing with workfare—a proposal that seeks, instead of a guaranteed annual income, guaranteed job opportunities.

I commend the able and distinguished Senator from Delaware, and am happy to join with him as cosponsor of this proposal.

Mr. LONG. Mr. President, I might be able to somewhat abbreviate the speech I was planning to make on this subject if it would accommodate the Senator from Delaware. May I ask the Senator how much time he thinks he will require?

Mr. ROTH. Five minutes, or I could even take less if the Senator wishes.

Mr. LONG. Then I will yield the floor, so that the Senator can make his speech at this time.

Mr. ROTH. I thank the distinguished chairman of the Finance Committee.

Mr. President, I would further like to modify the so-called Roth-Byrd amendment by adding the following:

> At the end of section 401(h) as added by the amendment, add the following new subsection:
>
> "(i) Section 204(c)(2) of the Social Security Amendments of 1967 is repealed."

Mr. President, I think it would be worthwhile at this time——

The PRESIDING OFFICER (Mr. HUGHES). Is the Senator so modifying his own amendment?

Mr. ROTH. That is correct.

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. ROTH. Mr. President, as I said, I think it would be worthwhile at this time to review for the benefit of the Senate the Roth-Byrd amendment to H.R. 1. I think the discussion today has shown more clearly than almost anything else a lack of information as to how any of the three proposals would actually work. The proposals of H.R. 1 and the so-called Ribicoff proposal, as well as the Finance Committee proposal, all believe that they are the answer to the welfare mess. Speaking for myself, I can say that I think reform is necessary. But what does concern me is that we do not go off on a new direction without some better information as to how we are proceeding.

For that reason, the Roth-Byrd amendment would call for a pilot test of the three welfare reform proposals—H.R. 1, title IV, as passed by the House; AFDC and workfare as reported by the Finance Committee; and amendment 1614 to H.R. 1, as offered by Senator RIBICOFF—as a compromise with the administration—last Thursday, September 28.

Each of these proposals would be tested for 2 or more years in demographically representative and meaningful areas of the country in order to gain practical knowledge of the ways in which these efforts will effect the current tragic situation of welfare.

Before the tests commenced, the administration would be required to submit its plans to the Finance and Ways and Means Committees, and after their initiation, reports by the administration and the GAO would be submitted to Congress every 6 months. These are temporary measures though, and at the end of the test period, final reports would be sent to Congress for consideration of some new permanent legislation.

I have also included the authorizations for the 10 percent work bonus, tightened legislation on child support, and liberalized child care language as adopted by the Finance Committee. Unlike the welfare and workfare test portions of this measure, these last three will become permanent statutes, if passed by Congress and signed by the President.

It seems to me that the current welfare problems need major improvements, but without better knowledge of actual reform effects, the Congress is faced with the dilemma of choosing between several very different proposals. Statistically significant tests of the three major bills would help the Congress gain valuable insight into the most effective ways to improve our deteriorating welfare system.

Mr. President, I ask unanimous consent that my entire amendment as modified be printed in the RECORD.

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

AMENDMENT No. 1668

Beginning on page 689, line 11, strike out through page 769, line 11, and insert in lieu thereof the following:

"TITLE IV—PROGRAMS FOR FAMILIES WITH CHILDREN

"PART A—TESTING OF ALTERNATIVE PROPOSALS FOR ASSISTANCE TO FAMILIES WITH DEPENDENT CHILDREN

"AUTHORIZATION FOR CONDUCT OF TEST PROGRAMS

"SEC. 401. (a) For purposes of this part—

"(1) The term 'family assistance tests' means (A) the programs contained in title IV of H.R. 1, 92d Congress, 1st Session, as passed by the House of Representatives, or (B) the program referred to in clause (A) as amended by amendment No. 1669, 92d Congress, 2d Session, introduced in the Senate on October 2, 1972.

"(2) the term 'workfare test program' means the program contained in parts A and B, title IV of H.R. 1, 92d Congress, 2d Session, as reported to the Senate by the Committee on Finance on September 26, 1972, and

"(3) the term 'family' means a family with children.

(b)(1) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") is authorized, effective January 1, 1973, to plan for and conduct, in accordance with the provisions of this section, not more than three test programs. One of such programs shall be the family assistance test program defined in subsection (a)(1)(A) of this section, one of such programs shall be the family assistance program defined in subsection (a)(1)(B) of this section, and one of such programs shall be the workfare test program.

"(2) Whenever the workfare test program is commenced, there shall commence, on the same date as such program, both family assistance test programs. Except as may otherwise be authorized by the Congress, no test program under this section shall be conducted for a period of less than 24 months or more than 48 months, and to the maximum extent practical each such test program shall be conducted for the same length of time.

"(3) Any such test program shall be conducted only in and with respect to an area which consists of one or more States, one or more political subdivisions of a State, or part of a political subdivision of a State, and shall be applicable to all the individuals who are residents of the State or the area of the State in and with respect to which such program is conducted.

"(4) During any period for which any such test program is in effect in any State or in any area of a State, individuals residing in such State or the area of the State in which such program is in effect shall not be eligible for aid or assistance under any State plan or program for which the State receives Federal financial assistance under part A of title IV of the Social Security Act.

"(5) The Secretary, in determining the areas in which test programs under this section shall be conducted, shall select areas with a view to assuring—

"(A) that the number of participants in any such program will (to the maximum extent practicable) be equal to the number of participants in any other such program; and

"(B) that the area in which any family assistance test program is conducted shall be comparable (in terms of size and composition of population, of average per capita income, rate of unemployment, and other relevant criteria) to an area in which a workfare test program is conducted.

"(c)(1) No test program under this section shall be conducted in any State (or any area thereof) unless such State shall have entered into an agreement with the Secretary under which the State agrees—

"(A) to participate in the costs of such test program; and

"(B) to cooperate with the Secretary in the conduct of such program.

"(2) Under any such agreement, no State shall be required to expend, with respect to any test program conducted within such State (or any area thereof), amounts greater than the amounts which would have been expended with respect to such State or area thereof (as the case may be), during the period that such test program is in effect, under the State plan of such State approved under part A of title IV of the Social Security Act. For purposes of determining the amount any State would have expended under such a plan during the period that any such test program is in effect within such State (or any area thereof), it shall be assumed that the rate of State expenditure (from non-Federal funds) under such plan would be equal to the average rate of State expenditure (from non-Federal funds) under such plan for the 12-month period immediately preceding the commencement of such test program.

"(d)(1) The Secretary shall, upon completion of any plans for and prior to the commencement of any test program under this section, submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a complete and detailed description of such program and shall invite and give consideration to the comments and suggestions of such committees with respect to such program.

"(2) During the period that test programs are in operation under this section, the Secretary shall from time to time (but not less frequently than once during any 6-month period) submit to the Congress a report on such programs. Each such report shall contain full and complete information and data with respect to such programs and the operation thereof, together with such recommendations and comments of the Secretary with respect to such programs as he deems desirable.

"(3) At the earliest practicable date after the termination of all test programs authorized to be conducted by this section, the Secretary shall submit to the Congress a full and complete report on such programs and their operation together with (A) the Secretary's evaluation of such programs and such comments or recommendations of the Secretary with respect to such programs as he deems desirable and (B) his recommendations (if any) for legislation to revise or replace the provisions of part A of title IV of the Social Security Act.

"(e)(1) The Secretary shall—

"(A) in the planning of any test program under this section; or

"(B) in assembling information, statistics, or other materials, to be contained in any report to Congress under this section;

consult with, and seek the advice and assistance of, the General Accounting Office and the General Accounting Office shall consult with the Secretary and furnish such advice and assistance to him upon request of the Secretary or at such times as the Comptroller General deems desirable.

"(2) The operations of any test program conducted under this section shall be reviewed by the General Accounting Office, and the books, records, and other documents pertaining to any such program or its operation shall be available to the General Accounting Office at all reasonable times for purposes of audit, review, or inspection. The books, records, and documents of each such program shall be audited by the General Accounting Office from time to time (but not less frequently than once each year).

"(3) During the period that test programs are in operation under this section, the Comptroller General shall from time to time (but not less frequently than once during any 6-month period) submit to the Congress a report on such programs which shall contain full and complete information and data with respect to such programs and the operation thereof, together with such recommendations and comments of the Comptroller General with respect to such programs as he deems desirable.

"(4) At the earliest practicable date after the termination of all test programs authorized to be conducted by this section, the Comptroller General shall submit to the Congress a full and complete report on such programs and their operation together with his evaluation of, and comments and recommendations (if any), with respect to such programs.

"(f) In the administration of test programs under this section, the Secretary shall provide safeguards which restrict the use of disclosure of information identifying participants in such programs to purposes directly connected with the administration of such programs (except that nothing in this subsection shall be construed to prohibit the furnishing of records or information concerning participants in such programs to the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives).

"(g) For the purpose of enabling the Secretary to formulate operational plans and to conduct test programs under this section, there are hereby authorized to be appropriated for each fiscal year $200,000,000.

"(h) Nothing in this Act shall be construed as a commitment, on the part of the Congress, to enact (at any future time) legislation to establish, on a permanent basis, any program tested pursuant to this section or any similar program.

"(i) Section 204(c)(2) of the Social Security Amendments of 1967 is repealed.

"PART B—EMPLOYMENT WITH WAGE SUPPLEMENT

"SEC. 420. The Social Security Act is amended by adding after title XIX thereof the following new title:"

On page 769, line 12, strike out "SUBPART 2" and insert in lieu thereof "TITLE XX".

On page 769, line 15, and on page 771, line 19, strike out "2030" and insert in lieu thereof "2001".

On page 769, lines 16 and 21, on page 770, line 5, and on page 771, line 21, strike out "2071" and insert in lieu thereof "2003".

On page 770, line 11 and lines 21 and 22, and on page 771, lines 5, 6, and 11, strike out "Work Administration and insert in lieu thereof "Secretary".

On page 770, lines 12 and 23, strike out "it" and insert in lieu thereof "him".

On page 771, line 13, strike out "2031" and insert in lieu thereof "2002".

Beginning on page 772, line 3, strike out through page 791, line 25, and insert in lieu thereof the following:

"DEFINITIONS

"SEC. 2003. For purposes of this title—

"(a) The term 'Secretary' means the Secretary of Labor.

"(b) The term 'regular employment' means any employment provided by a private or public employer.

"(c) The term 'United States', when used in a geographic sense, means the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam."

On page 799, line 18, strike out "Work Administration" and insert in lieu thereof "Secretary".

Beginning on page 800, line 8, strike out through page 803, line 23.

On pages 804 through 827, strike out "402(h)" each time it appears and insert in lieu thereof "402(a)(26)". On page 823, strike out lines 5 through 11 and insert in lieu thereof "to such State or political subdivision from amounts which would otherwise represent the Federal share of assistance to the family of the absent parent."

Beginning on page 825, line 11, strike out through page 826, line 3.

On page 829, between lines 2 and 3, insert the following:

"AMENDMENTS TO PART A OF TITLE IV

"SEC. 430A. (a) Section 402(a)(8)(A) of the Social Security Act is amended—

"(1) by striking out 'and' at the end of clause (i);

"(2) by striking out the semicolon at the end of clause (ii) and inserting in lieu thereof a comma; and

"(3) by adding at the end of clause (ii) the following new clause:

"'(iii) $20 per month, with respect to the dependent child (or children), relative with whom the child (or children) is living, and other individual (living in the same home as such child (or children)) whose needs are taken into account in making such determination, of all income derived from support payments collected pursuant to part D; and'.

"(b) Section 402(a)(9) is amended to read as follows: '(9) provide safeguards which permit the use or disclosure of information concerning applicants or recipients only to (A) public officials who required such information in connection with their official duties, or (B) other persons for purposes directly connected with the administration of aid to families with dependent children.'.

"(c) Section 402(a)(10) is amended by inserting immediately before 'be furnished' the following: ', subject to paragraphs (24) and (26),'.

"(d) Section 402(a)(11) is amended to read as follows: '(11) provide for prompt notice (including the transmittal of all relevant information) to the Attorney General of the United States (or the appropriate State official or agency (if any) designated by him pursuant to part (D)) of the furnishing of aid to families with dependent children with respect to a child who has been deserted or abandoned by a parent (including a child born out of wedlock without regard to whether the parternity of such child has been established);'.

"(e) Section 402(a) is further amended—

"(1) by striking out 'and' at the end of paragraph (22); and

"(2) by striking out the period at the end of paragraph (23) and inserting in lieu thereof a semicolon and the following: '(24) provide (A) that, as a condition of eligibility under the plan, each applicant for or recipient of aid shall furnish to the State agency his social security account number (or numbers, if he has more than one such number), and (B) that such State agency shall utilize such account numbers, in addition to any other means of identification it may determine to employ, in the administration of such plan; (25) contain such provisions pertaining to determining paternity and securing support and locating absent parents as are prescribed by the Attorney General of the United States in order to enable him to comply with the requirements of part D; and (26) provide that, as a condition of eligibility for aid, each applicant or recipient will be required—

"'(A) to assign to the United States any rights to support from any other person he may have (i) in his own behalf or in behalf of any other family member for whom he is applying for or receiving aid, and (ii) which have accrued at the time such assignment is executed, and which will accrue during the period ending with the third month following the month in which he (or such other family members) last received aid under the plan or within such later month as may be determined under section 455(b), and

"'(B) to cooperate with the Attorney General or the State or local agency he has delegated under section 454, (i) in establishing the paternity of a child born out of wedlock with respect to whom aid is claimed, and (ii) in obtaining support payments for herself and for a child with respect to whom such aid is claimed, or in obtaining any other payments or property due herself or such child '

"(f) Section 402(a) (17), (18), (21), and (22), and section 410 of such Act are repealed.

"(g) The amendments made by this section shall become effective on January 1, 1973."

On page 829, line 1, strike out "(d)" and insert in lieu thereof "(e)".

On page 830, lines 19 to 21, strike out "as a division of the Work Administration (established under title XX of this Act".

On page 833, line 3, strike out "the Work Administration" and insert in lieu thereof "recipients of assistance under title IV of this Act, and persons who have been or are likely to become applicants for or recipients of such aid,".

On page 834, line 17, strike out "title XX" and insert in lieu thereof "part A of title IV".

On page 836, lines 1 and 2, strike out ", in addition to the powers it has as a division of the Work Administration,".

On page 837, strike out line 19 and insert in lieu thereof "persons receiving assistance under part A of title IV".

On page 851, strike out lines 17, 18, and 19.

On page 851, line 20, strike out "(b)" and insert in lieu thereof "Sec. 2114(a)".

On page 852, line 4, strike out "(c)" and insert in lieu thereof "(b)".

Mr. LONG. Mr. President, I think that down through the years there have been many times when the Senator from Louisiana probably could be regarded as in favor of higher welfare benefits than any other Member of this body. I have been something of a welfare advocate as long as I have been in public life, and I will continue to be, so long as we have a program which helps people in ways that encourage them to help themselves, particularly so long as the program would encourage people to do the right things and discourage them from doing the wrong things.

I am concerned about the cost of this bill; but with regard to this phase of it—the family assistance plan, the workfare plan, the Ribicoff substitute—it is far more important to me that we be headed in the right direction. I have no doubt that if we depart in the wrong direction, particularly if we depart in the area of a guaranteed income for doing absolutely nothing, for able-bodied people who should be encouraged to take a job and go to work, it will be a long time before we will ever get the welfare program back under control.

For that reason, Mr. President, I have become extremely concerned about the problems that have grown up in the welfare program, and even more so about the fact that the administration proposal as well as the Ribicoff suggestion, which is an expanded view of the guaranteed income concept, move us in the wrong direction. It would tend to bring the program into even worse disrepute than it is at the present time, and in the long run it is something that we will have to reverse, if we can. Otherwise, I believe it would continue to grow until it would bring the entire Government to an end, and that might happen sooner than anyone can estimate.

I note, for example, that in Louisiana, even under the family assistance plan, which is the most modest of the guaranteed income plans, according to HEW estimates the number of welfare recipients would be increased from 473,000 to 823,000, an increase of 350,000.

Insofar as one would seek to provide assistance for low-income working persons, it is far more dignified and it is work-oriented to give them the sort of advantage that was provided by the work bonus for which we voted the other day, or to provide the wage supplement that the committee recommended for those working in low-paying jobs. This way we increase the income of people in a way that is work-related, but encourage people to take a job and keep a job, and for which a father, in order to claim the benefit, must claim his own children, admit that those are his children, and to accept the responsibility for helping to support those children.

Unfortunately, under the family assistance plan, as would be the case under the Ribicoff amendment, it would be to the enormous cash advantage of the father—and would be even more so in the future—for him to decline to marry the mother of his children and to decline to admit paternity of his children. That is the one big element of the welfare riddle that those who advocate the guaranteed annual income simply have not been able to come to grips with; because when you face up to it, you recognize that the guaranteed annual income scheme simply will not work. It will not work because it provides a tremendous cash advantage for a father to deny paternity of his own children, to make himself unavailable for the support of his offspring, and to remain outside the bounds of a legal marriage.

We have struggled with this problem, and we have concluded that the answer to it is to increase the income of a man who comes forth and says that he has a family to support and faces his duty and responsibility. The difference is that they would be benefited by giving them what amounts to a tax refund, which, with regard to a great number of them, would cause them to have more income than they would have under the family assistance plan or the Ribicoff amendment. But they would be helped in ways that would encourage them to do the right things instead of the wrong things.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. PASTORE. I agree with everything the Senator from Louisiana has said. I am curious to ask him this question, however: Let us assume that the man about whom the Senator is talking, the man who disclaims his family and disclaims his children, is not attracted by this. What happens?

Mr. LONG. I am not sure I understand.

Mr. PASTORE. I will be more explicit.

The complaint is being made that some women are having illegitimate children—not one, sometimes many. In some instances, they do not even know who the father is. I am not saying that that is the rule; that may be the exception. But it is the predicate for the question I am asking. I understand that the Senator said that the bill that was reported by the committee means you are making it attractive enough for a man to take a

job which will be more remunerative than if he took social welfare. Let us assume he happens to be a person——

The PRESIDING OFFICER (Mr. HUGHES). Under the previous order——

Mr. PASTORE. May I have 1 more minute——

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the time be extended for 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PASTORE. Let us assume he happens to be the kind of individual that does not want to work at all and does not claim paternity for his children, what happens to the children? I am curious to know that.

Mr. LONG. The answer would be that the family would be eligible for welfare benefits as long as there is a child 6 years or younger in the household, on the theory that a mother is entitled to be in the home with the young child who needs care. The bill would then say that when the child goes to school and the mother's presence is not necessary in the home to look after the child, the mother would be expected to take a job, and the committee bill would provide the job that would assure her as much money——

Mr. PASTORE. Are we talking about a widow, or a married woman who has a husband that is able to work?

Mr. LONG. I assume we are talking about a situation where the mother has been deserted or she is a single woman who had children, but whom the father never married in the first place. It is rarely a widow we are talking about, because she has social security available to her. In many cases it is a mother who has never married.

Mr. PASTORE. This whole thing started out as an AFDC proposition. When I was Governor of my State, when this program was first initiated, its purpose was to allow a widowed mother who had a number of children to stay home and take care of the household so that the children could be brought up in respectable fashion.

Now the argument is being made here that we are expecting that a widow—I am talking about a legitimate widow, not some girl running around with every Tom, Dick, and Harry and having illegitimate children—not talking about a woman living with a man not her husband—I am talking about a legitimate widow. The Senator says he will make it attractive so that a woman who has four children and whose husband is dead, for that woman to go out to work rather than to stay at home and take care of her children. If the children go to school from 9 until 2 and the mother works until 5 or so, who would take care of the children? That is where the dilemma is, as against some other girl who never married at all and has four children, but whose father will not admit their paternity. We have quite a problem here on that. I realize that is where the abuses sometimes lie. When we try to do something about it the question arises, what about the children, how do we take care of them? We must not allow the kids to go hungry, and I agree with that, of course.

Now we are talking about a common-law marriage, where the man has never married the woman, and for some reason he leaves the house every time the social worker comes along so that the social worker does not know there is a man in the house.

Is that the man we are trying to get a job for?

Personally, the way the Senior Senator from Rhode Island feels, every man that will not support his own children, would be put in jail.

Mr. LONG. First, referring to the widow where the father has died, the widow is eligible for social security. That is not our problem.

Mr. PASTORE. That is a legitimate case.

Mr. LONG. That is a case for social security. With regard to the AFDC case load, we find these proportions: Where the father is dead, roughly 4.3 percent; where the father is incapacitated, 9.8 percent; that is not our problem.

Mr. PASTORE. I would say so. That is right.

Mr. LONG. There is the program for the disabled when the father is incapacitated, and we take care of that. That is supported at a generous level. Then we have some cases where the father is unemployed, and that is 6 percent; of the caseload; 76.2 percent of the cases are cases where the father is absent from the home: 14 percent divorced; legally separated, roughly 3 percent; separation without a court order, 13 percent; deserted, 15 percent; not married 28 percent; in prison, 2 percent; for other reasons 1.2 percent.

Mr. PASTORE. Are we trying to find a job for all those fellows that ran away from their wives and children? We are not talking about them, I hope. Those are the ones that should be in jail.

Mr. LONG. We certainly have some provisions in present law for the States to pursue those fellows and make them support their children, but those provisions are not working very well. We have cases where the mother will not tell who the father is or cooperate in any way with us.

Mr. PASTORE. That is my question. Let us assume that she does not tell us what happens——

Mr. LONG. If she says, "I don't know who," then during the time her children are in school, she is expected to do some work. She is expected to earn $2,400 instead of having $2,400 given to her for doing nothing. But we propose to subsidize the jobs in private employment.

The Senator referred to school hours being between 9 and 2. My impression was that it is 9 to 3, more or less, at least that is what it is in Louisiana and in most other States. We would expect, during the time the children were in school, to provide for the welfare of the child, or the children, if it is in the plural, and that the mother would, in turn, do something for the benefit of society in return for what she is to be paid. We would like to see her take the best job possible, say as a nurse's aide, or keeping the place safe, or helping to report any violations of the law in her area, or helping in child care, or helping in a child care center, or looking after the children of a working mother, so that that mother does not need to take a job.

Mr. PASTORE. All right. Now we get to the $64 question. What if she refuses to take a job? What happens to the four children?

Mr. LONG. Then we would pay somebody else to provide for the children.

Mr. PASTORE. Does the bill provide that?

Mr. LONG. It does.

Mr. PASTORE. What would you do, take the children away from her? Then have every church after you.

Mr. LONG. We would try to do it through a protective payment. In an extreme case, we would have to provide for foster care, as we do now.

Mr. PASTORE. What do you call an extreme case?

Mr. LONG. Cases where a mother is abusing the child or simply not taking care of it.

Mr. PASTORE. That has nothing to do with children taken care of under a court order. I am talking about a woman who refuses to take a job. I am talking about what happens then. Do we cut off the money? Do we not cut off the money, or do we still give her the money?

Mr. LONG. We would not pay the money to her if she was offered a job and she said no.

Mr. PASTORE. To whom would you pay it then?

Mr. LONG. To some relative or someone in the immediate vicinity; perhaps the fellow who owns the corner grocery store, or a nextdoor neighbor, or who lives in the same apartment building, to provide that money for the children, if they need it.

We are entitled to assume, Senator, with regard to some of these people who do not want any job——

Mr. PASTORE. I realize that.

Mr. LONG. That they have an income from somewhere else. Some of these people have a man coming around every night, sleeping in the same bed——

Mr. PASTORE. I know that.

Mr. LONG. We are entitled to assume that if these people do not want to work or take a job, it is likely they are getting income from somewhere else. For example, in Louisiana, we had a 50-percent increase in the welfare load when the court struck down the man in the house rule. I know that the man in the house rule can be abused, but I am also aware of the fact that if there is a man in the house, and if he has a job and he is able to support his family, that man should be made to support that family. Look at how it works out the other way around. Here is an example I have given before, since it illustrates the point. In New York City right now if a father is earning $7,000 a year, and if he is not married to the mother, he can be spending every night in the same house with the mother, and the mother can be receiving $4,000 roughly in cash, $1,100 in public housing benefits, $900 in medicaid benefits—and that is the average value of medicaid to a person.

Mr. President, I yield myself 2 additional minutes.

There is a combined value of $13,000. If we assume that father marries that mother, he will get only the $7,000 he earns. So, there is a $6,000 cash advantage to that family to continue this relationship.

And there is no way that we can get ourselves out of that trap. There is no way that we can prevent them from beating the system in that fashion unless we ask someone to go to work.

If we do not do so, the mother has a more certain source of income than she would otherwise. Their combined income would be $13,000 under the law as it is today, if they are to live out of wedlock, compared to an income of only $7,000 if they are married. So we set the stage for the father refusing to marry the mother.

Incidentally, Mr. Moynihan, the architect of this program, told us individually that the problem is not that the father is leaving the mother so that the family can go on welfare, but the problem is that he is not marrying her because they can have almost twice the income by not marrying and by not assuming the obligations of a legal marriage.

As long as we have a system that is as advantageous as it is and allows people to have twice as much income by not marrying because they are then eligible for welfare, then we will have the fathers not marrying these mothers.

Mr. PASTORE. Mr. President, I wish the Senator a lot of luck. Anyone who does not have the nobility to marry the woman with whom he has had children certainly does not have the nobility to do anything else. And I do not think it will work out.

Mr. LONG. Mr. President, we would provide that mother with local assistance from both U.S. attorneys and district attorneys to help obtain support money from that father. We would make it unlawful for a father to abandon his family to the welfare rolls. However, as long as we make it profitable for them so that they will have twice the income, that leaves us in the situation that we are in today.

Mr. PASTORE. The Senator from Louisiana is now cooking with gas. That has been a laxity on the part of law enforcement. There has been a laxity on the part of authorities in getting after the mothers and fathers. We could cut down the expense of this program tremendously if we could enforce the law and make it work.

Mr. MONTOYA. Mr. President, it is with a great deal of pride and accomplishment that I rise today to commend the distinguished chairman and the members of the Finance Committee for their diligence and determination in reporting out this comprehensive reform bill. I know personally that many long hours were spent in developing language which would result in meaningful reforms and not empty promises. The committee deserves the thanks of the Senate and of the country for their efforts.

Mr. President, title II of H.R. 1, as amended by the Senate Finance Committee, contains provisions which provide certain kinds of outpatient drugs for 20 million elderly citizens now eligible for medicare benefits. The Members of this body know that since 1965 I have strived to have this concept enacted into law. The inclusion of this proposal in H.R. 1 is gratifying to me and my sincere thanks are extended to the Finance Committee. I was also pleased to see the Senate overwhelmingly approve the maintenance drugs amendment by a vote of 54 to 0 on September 30, 1972.

We in the Congress are well aware of the economic plight of our senior citizens. The often-cited figures show that more than 4.7 million older Americans fall below the poverty line; one out of every four of these elder citizens lives in poverty. Of these unfortunate older Americans living alone, six out of every 10 were classified as poor or near poor; and nearly five of eight women 65 or older and living alone are classified as poor or near poor.

We know that while the average income of all family heads is about $7,500, families headed by individuals 65 or older must survive on incomes of $3,600. One must remember that with these resources, food, shelter, clothing, and other necessities must be met.

The figures are startling, Mr. President, yet even more alarming is the fact that prescription drugs now represent the largest single health expenditure that the aged must meet from their own resources, some 20 percent of their personal health expenditures. The conclusion is obvious, Mr. President. The cost of medication has a severe impact on the meager resources of our older Americans.

The relationship of the economic position of our elderly citizens to their ability to provide themselves with adequate health care was best described by the Task Force on Prescription Drugs when it said:

> Requirements for appropriate drug therapy by the elderly are very great, far greater in fact than any other group, and that many elderly men and women are now unable to meet these needs with their limited incomes, savings or present insurance coverage. Their inability to afford the drugs they require may well be reflected in needless sickness and disability, unemployability, and costly hospitalization which could have been prevented by adequate out-of-hospital treatment.

The concept for an outpatient drug program is by no means a novel suggestion, Mr. President. Since 1965, similar proposals have come before the Senate and each time, this body has felt that the concept was in need of further study.

A program for out-patient drugs has been studied and restudied with the last task force report being issued in 1969 by the so-called Dunlap committee. This task force sought and received the advice, guidance, support, and criticism of more than 160 nongovernmental experts representing clinical medicine, pharmacology, pharmacy, medical and pharmacy teachers, professional health organizations, drug manufacturers, drug distributors, health inusrance executives, and representatives from other fields. After these extensive consultations, it concluded:

> In order to improve the access of the elderly to high quality care, and to protect them wherever possible against high drug expenses which they may be unable to meet, there is a need for an out-of-hospital drug insurance program under Medicare.

The task force further concluded that such a program would be both "economically and medically feasible and should be instituted." These, Mr. President, were the conclusions reached by the task force created by Secretary of Health, Education, and Welfare, Robert Finch.

Several recommendations were made by the Dunlop committee with respect to certain features that should be contained in any out-patient drug program. These included: financing the program under part A of title XVIII of the Social Security Act—medicare program—so that an individual would pay for his drug insurance during his working years, rather than later when his income is sharply reduced due to retirement; inclusion of a copayment feature of at least $1 for each prescription to remind the beneficiary that he is sharing in the cost of the program and to prevent abuses; creation of a formulary committee composed of persons of recognized standing in the fields of medicine, pharmacy, and pharmacology to select the drugs to be covered. The formulary would be available to physicians and pharmacies and would provide a list of these qualified drugs, arranged alphabetically by their established, or generic, names, as well as—

An indexed listing of the trade or other names by which these drugs are known, together with the maximum allowable cost for various quantities, strengths, or dosage forms;

Supplemental lists arranged by diagnostic, therapeutic, or other classifications; and

Information which promotes—under professional supervision—the safe and effective use of these drugs.

The beneficiary simply goes to the participating pharmacy of his choice. If the drug prescribed for him is listed in the formulary, he pays the pharmacist $1 to fill the prescription. If the prescribed drug is not listed in the formulary, he pays for it the same way he does now—out of his own pocket. Finally, pharmacist and other vendors, rather than beneficiaries, would be reimbursed based upon practice in the locality by type of outlet added to the acquisition cost of the drug product.

Mr. President, the prescription drug program which I introduced as S. 936 contained most of these productive changes recommended by the many years of study and deliberation. The committee version of this proposal also retains a majority of the task force's suggestions and also makes further modifications so as to make the legislation more economically feasible.

Specifically, the committee has provisions which limit the coverage under the act to so-called "maintenance drugs," or drugs generally associated with chronic illnesses. This modification will reduce the anticipated cost of the program to $700 million thus making it more accept-

able to many who, while favoring the concept, were forced to vote against the program on fiscal grounds. Mr. President, I am not opposed to this change. In fact, I welcome it, for I consider it to be essential if the program is to be approved. Once in operation, it will be easy to determine if expansion is needed and if expansion is economically feasible.

Now, Mr. President, I do not take credit for the provisions of the drug program as contained in H.R. 1. In point of fact, credit must duly be given to the distinguished chairman of the Finance Committee, Senator LONG, whose similar proposal was before the committee and Senator HARTKE, whose version of this legislation contained the "maintenance drugs" limitation which made the concept more acceptable. The drug program now in H.R. 1 is, in fact, a combination of all these proposals and credit must thus be given to all of the members of the Finance Committee on both sides of the aisle for their efforts in combining all of these suggestions into a workable and economically feasible drug program.

As a result of their courageous and diligent efforts, 20 million of our elderly citizens who buy nearly 25 percent of the 1.7 billion prescriptions filled annually in the United States will have access to the kind of health care which they need and which they deserve. Mr. President, the battle has been long and hard fought. I am pleased to have played a small part in its success. I urge members of the committee to hold steadfast to any efforts to delete this much-needed program when H.R. 1 is sent to a House-Senate conference.

REQUEST FOR CONSIDERATION OF H.R. 1 FOLLOWING VOTE ON FOURTH TREATY TODAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that regardless of the outcome of the vote on the motion to invoke cloture today, immediately following the yea-and-nay vote on the fourth treaty the Senate return to the consideration of H.R. 1 for not to exceed 1 hour.

Mr. HARRY F. BYRD, JR. Mr. President, reserving the right to object, may I ask the distinguished assistant majority leader what the future plan is in regard to H.R. 1.

Mr. ROBERT C. BYRD. I cannot speak beyond what I have just indicated by my request.

Mr. HARRY F. BYRD, JR. No objection.

Mr. RIBICOFF. Mr. President, I want the leader to understand that as far as this Senator is concerned I am not going to devote any time on either my substitute or any other amendment to H.R. 1. I want that understood, that any delay is not at my request.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. I yield.

Mr. HARRY F. BYRD, JR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARRY F. BYRD, JR. Mr. President, at what time and date was H.R. 1 made the pending business?

The PRESIDING OFFICER. The Chair will check that. The Chair is unable to answer at the moment.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. I yield.

Mr. LONG. Mr. President, permit me to say that this Senator would like to get on with the business of the Senate. However, even with all the many good things in this bill, the Senator from Louisiana could not vote for this bill if it included a guaranteed annual income for doing nothing in any respect whatever, other than on a test basis.

As far as I am concerned, I am willing to give the opposition the right to prove I am wrong, but I would like to have an alternative proposal considered if there be such a test because it would tend to prove this Senator to be right in the position he has taken.

But as a Member of this body I well recognize what the parliamentary situation would be if the Ribicoff amendment were agreed to. It would mean we would be locked into a parliamentary situation where we could not amend it and it would be a more or less foregone conclusion that the Senate would be expected to agree to it.

The Senate does not know enough about this proposal and the danger em-

braced in it. In my judgment, proceeding down that path could destroy this form of government.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that I may be recognized for 5 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I yield to the Senator from Louisiana.

Mr. LONG. Mr. President, it could destroy this democratic and republican form of government. It seems to this Senator that this matter should not be permitted to be voted into this bill without the Senate fully understanding what is involved here.

The Senator from Connecticut pointed out that there are very few Senators available to hear the debate. Right now there is a sparse attendance. That is typical when someone anticipates that a long speech will be made in this body. But the Senate cannot escape its duty. If the Senate wants to go down the road to guaranteed annual income it will have to do so knowing the consequences of its vote.

So I would propose sometime this afternoon to move to table the Ribicoff amendment, to see if the Senate wants to consider this matter further. If the Senate should decline to table the amendment then I think that those of us who have been studying this matter for years now and see the dangers in it owe it to the Senate and the country to discuss this matter for some time, at least a week or two, or longer, until the Senate does understand that matter thoroughly. Sometimes in order to do that it has to be done with no more than five or six Senators in the Chamber to hear the colloquy. I have done that before. That is an inefficient way to educate people desperately in need of learning, but it is better than none at all; and we would be forced to debate this matter and explain it and provide chapter and verse for a minimum of a week, and more likely two weeks, in justice to ourselves and our convictions. We would like to discuss this matter long enough that we are satisfied individual Senators understand what they are voting on.

I regret to say that in discussing this matter with Senators individually I find that even some Senators who are members of the Committee on Finance, who theoretically should know everything in this bill and know it thoroughly, because of their responsibilities in other committees and elsewhere, they do not understand either the committee bill or the Ribicoff amendment.

The country is entitled to expect better of us, and the country is entitled to expect that we fully understand what we are voting on and that we understand the consequences of it. I want the Senate to arrive at the wisest decision. I am convinced beyond any peradventure of a doubt that we should not proceed down the road of guaranteed annual income, although I am perfectly content to offer those who think otherwise the opportunity to provide themselves right; and I am willing to provide them all the money it takes to prove themselves right in a metropolitan area as large as the District of Columbia. I proposed that sort of thing before, and the evidence that I am right about the matter is the fact that the administration does not want to try that matter here in the District of Columbia where it would be right beneath the nose of Congress so we could see whether or not it is a good proposition; but they do not want to try it here. I am not aware they want to try it anywhere. But they have the opportunity to have the test, pick their own States and metropolitan communities to prove it. They turned it down. That adds support for our position that this is a matter the Senate would never vote and the House would never vote, if you had a vote on it strictly on its merits and had the opportunity to debate it adequately so it is fully understood.

My point is that I would like to find out some time today if the majority of the Senate feels the way I do, that this should not be added to this bill, although we would be willing to provide them any sort of a test they want on a sufficiently broad basis and in a place where those who would favor the proposal would think it proved their point.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that I may proceed for 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I yield to the Senator from Louisiana.

Mr. LONG. But I think it should be made clear that those of us who oppose the guaranteed annual income are not willing to let that plan be voted in this bill with 3 or 4 hours of debate. That is the sort of thing that if it is to be added to a measure it would have to have a week, 2 weeks', or a month's debate.

I think it would be highly irresponsible for the Senate to adjourn sine die without giving the Nation an answer to this question. If we have to come back in November, so be it. We are paid by the year anyway. If need be, we can come back and take the time required to do this job. I have been thinking for some time that that is what we ought to do with this bill anyway. We should go home and let Senators take care of their political commitments, make the speeches they promised their constituents they would make, and then come back in November and stay here from then until New Year's if need be in order to adjust the bill.

Although the Senators I see in the Chamber have managed to familiarize themselves with what is in the bill and I see four Senators in the Chamber who thoroughly understand the bill from cover to cover—I regret to say that that is not typical of the entire membership of the Senate.

So we will just have to see how the Senate wants to proceed with the matter. If it wants to debate it for a couple of weeks again, I am perfectly willing and prepared to make my contribution. Then we can judge how the Senate wants to proceed. I say this not as one who is planning to conduct a filibuster, although I reserve the right to do whatever my conscience dictates. I am fully satisfied that the Senate could not accept embarking upon a proposal to provide a guaranteed annual income.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senator may have 2 more minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I am satisfied that the Senate would not proceed down a path that could lead to a dissolution of the Nation, or at least that might end this form of government, if the Senate understood that. Therefore, I believe it to be my duty to make the Senate understand that, if it is within my power to do so, before the Senate enters upon such a directive.

The PRESIDING OFFICER. The Chair wishes to respond to the request that was made earlier. H.R. 1 came before the Senate at 10:55 a.m. on Wednesday last.

Mr. LONG. That was September 27.

Mr. ROBERT C. BYRD. Mr. President, I now yield to the Senator from Connecticut.

Mr. RIBICOFF. Mr. President, this is the first ray of hope I have seen for welfare reform in 3 years. I never thought that during this 3-year period I would see our distinguished chairman (Mr. LONG) so frightened of my proposal that he is unwilling to have the Senate vote on it. Frankly, I have been wracked with pessimism concerning my ability to get a majority of the Senate to vote for this proposal. But as I listened to the distinguished chairman, apparently he and his staff have taken some nose counts that seem to indicate to him that this proposal has more strength than I myself thought it had.

I say to the Senate that I do not think the bill should be voted up or down merely because one Member of the Senate, no matter how distinguished he may be, stands before the Senate and threatens a filibuster. If it is a filibuster, so be it. But I have never been so lacking in self-doubt as to say that I have the only answer. I am intrigued that our distinguished chairman feels that only he is the savior of the Republic. There are 100 Members of this body, and I think their judgment should be considered along with the Senator from Louisiana.

I have no reluctance to have this debate go on as long as it has to go on. I have no fear of debate. It is apparent to me that the Senate has made up its mind. It is apparent to me that the Senate has read enough, has heard enough, and has studied enough. I have the feeling that they have nothing to learn from further debate. I cannot quarrel if a Senator does not want talk. I have been in situations during my years in the Senate that I have not come to the floor to hear other Senators talk. I do not intend to bring them here to listen to my words of wisdom. If I say something that is worthwhile, they will listen to me; or if I have said something worthwhile, they can read it in the RECORD in the morning, or their staffs can pick out the pertinent sections.

We have had this matter before us for 3 years. The House has debated it, and the Senate has debated it at various times. Volumes of reports have been published. It has been the subject of articles in the press, and there have been editorial comments. So I do not downgrade the intelligence of the Senate. I think the Senate is very well aware of what the issues are. I would say today that each one of the 100 of us knows how he is going to vote on the Ribicoff proposal, the administration proposal, the Long proposal, or the Byrd of Virginia proposal.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. RIBICOFF. May I have 2 more minutes?

Mr. ROBERT C. BYRD. Mr. President, I wonder if the Senator from Connecticut will allow my request to be acted upon. We are still operating on the time for morning business, not on H.R. 1.

I ask unanimous consent that to proceed for 2 more minutes under morning business. I will yield to the Senator from Connecticut; then I would hope that my request would be acted upon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIBICOFF. Mr. President, I think it should be made very clear that the Senator from Connecticut, who is not supposed to have the votes, is more than willing to have his proposal voted up or down at any time the leadership requests. It should be made perfectly clear that the chairman of the committee, who is supposed to have the votes to defeat the Ribicoff proposal, does not want this proposal to come to a vote.

Mr. LONG. Mr. President, reserving the right to object—and I shall not object—I will find the place in the RECORD where the Senator from Connecticut yesterday noted that he was explaining his proposal with very few Senators present. It is unfortunate that Senators do not understand this measure better than they do. I would not want to proceed on that basis, but maybe we will. Frankly, I think that the Senator does not have the votes for his amendment. I am frank to say it. I have not said I am going to filibuster the Senator's amendment. I have never said that. But I will do what my conscience dictates, and I will speak as my conscience dictates.

There are several Senators who do not understand the amendment and do not, I am frank to say, understand the committee's position. I have discussed it with a number of them, not only on the floor of the Senate, but just by talking with a Senator in his office, or talking with him in a corridor, and discussing the issue. He would start out by asking, "What does the Ribicoff amendment do? What does the committee amendment do?"

The PRESIDING OFFICER. The time of the Senator has again expired.

Mr. ROBERT C. BYRD. Mr. President, I shall ask for 1 or 2 more minutes; then I will ask that morning business be closed and that the Senate proceed to the consideration of H.R. 1.

The PRESIDING OFFICER. Does the acting majority leader ask for action on the unanimous-consent request?

Mr. HARRY F. BYRD, JR. Mr. President, reserving the right to object—and I shall not object—at a later date I shall address a parliamentary inquiry to the Chair, and that is: How many hours have been spent on H.R. 1 since it was laid before the Senate? I do not make that request now, but I shall do so at a later time.

The PRESIDING OFFICER. The Chair will obtain the information requested.

Mr. ROBERT C. BYRD. Mr. President, what was the request?

Mr. HARRY F. BYRD, JR. I stated to the Chair that I planned at a future time to propound a parliamentary inquiry as to the number of hours that the Senate has debated H.R. 1.

Mr. ROBERT C. BYRD. I thank the Senator from Virginia.

The PRESIDING OFFICER. Without objection, the request is agreed to.

Morning business is concluded.

SOCIAL SECURITY AMENDMENTS OF 1972—AMENDMENT

AMENDMENT NO. 1677

(Ordered to be printed and to lie on the table.)

Mr. CASE. Mr. President, I wish to submit an amendment to H.R. 1 (for myself, and Senators HUMPHREY, MONDALE, HOLLINGS, and PERCY) and I ask that it be printed. My amendment would strike sections 508 and 509 of title V, part A, in H.R. 1, which make recipients of cash benefits ineligible for food assistance.

The need for this amendment was documented earlier this year. In February the Select Committee on Nutrition and Human Needs issued a staff study which reviewed the commitment to insure nutritional adequacy for all Americans. In particular the study examined the relationship between proposed welfare reform measures, specifically H.R. 1, and that commitment. Eliminating the food assistance programs while benefits to poor individuals and families remain below the poverty line would put those persons at "nutritional risk." H.R. 1, as reported to the Senate floor, eliminates the food stamp and surplus foods programs for welfare recipients.

Today there are some 12 million persons using the food stamp program, and another 3.5 million using surplus foods. Better than 7 million food stamp users and as many as 2 million surplus foods users are recipients of welfare. Yet under H.R. 1, individuals and families who receive cash benefits would no longer be eligible to choose participation in a food program in order to obtain an adequate diet. For their part, the States would be free to choose whether or not their needy citizens would receive additional cash benefits to compensate them for the loss of food assistance; the States would not be required to make up that loss.

The Senate will be voting on titles IV and V separately. Thus it is possible that even if title IV is not accepted in the Senate, needy persons will still lose the food stamp and surplus food benefits on which they now rely. It is necessary to strike sections 508 and 509—whatever action is taken on title IV—to preserve food assistance benefits for 7 to 9 million needy persons.

The elimination of the food stamp and surplus foods programs for welfare recipients raises many questions regarding the national commitment, expressed by the President, the Congress, three distinguished White House conferences, and numerous private organizations, to end hunger and malnutrition among America's poor. Therefore, I ask unanimous consent that the text of my amendment together with a brief explanation be printed at this point in the RECORD.

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

AMENDMENT NO. 1677

Beginning on page 926, line 18, strike everything through page 932, line 24.

EXPLANATION OF AMENDMENT TO SECTIONS 508 AND 509

Title V of H.R. 1 contains two sections which concern the food stamp program, Sections 508 and 509. Section 508 would eliminate the food stamp program (as well as the surplus foods program) for anyone receiving welfare. Some provisions in Title V have already come to a vote, and the food stamp provisions could easily come up independent of any action on Title IV—the title commonly associated with "welfare reform."

That means that the result of Senate action could be to make no changes in the welfare program, except to eliminate the food stamp program for people now using it. Clearly, it is also possible to have Senate action that would result in major or minor welfare reforms, or the passage of "pilot" programs, AND the end of the food stamp program for welfare recipients now using them.

Earlier this year the Select Committee on Nutrition and Human Needs issued a report detailing the history of the Administration's pledge, and the Congress' actions, to insure that the food stamp program would be retained until welfare benefits were equal to the poverty line.

The passage of Sections 508 and 509—with or without Senate action on Title IV—would mean the loss of eligibility for food stamps and surplus foods for 15 million welfare recipients, without mandating any compensating increase in welfare benefits. The amendment introduced by Senators Case, Humphrey, Mondale, Hollings, Percy, and others, would strike Sections 508 and 509, retaining the food stamp and surplus foods programs for welfare recipients. It would not result in additional benefits or increased expenditures.

AMENDMENT NO. 1678

(Ordered to be printed and to lie on the table.)

Mr. TUNNEY submitted an amendment intended to be proposed by him to the bill (H.R. 1) to amend the Social Security Act to increase benefits and improve eligibility and computation methods under the OASDI program, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis on improvements in their operating effectiveness, to replace the existing Federal-State public assistance programs with a Federal program of adult assistance and a Federal program of benefits to low-income families with children with incentives and requirements for employment and training to improve the capacity for employment of members of such families, and for other purposes.

AMENDMENT NO. 1680

(Ordered to be printed and to lie on the table.)

Mr. KENNEDY (for himself, Mr. Moss, Mr. PERCY, Mr. BROOKE, Mr. JAVITS, and Mr. HUMPHREY) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 1), supra.

AMENDMENT NO. 1685

(Ordered to be printed and to lie on the table.)

Mr. MOSS (for himself, Mr. PERCY, and Mr. TUNNEY) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 1), supra.

H.R. 1—SOCIAL SECURITY AND WELFARE REFORM

Mr. HATFIELD. Mr. President, before us during these closing weeks of the 92d Congress is H.R. 1, a bill to reform two significant institutions of our society: Social security and welfare. This bill, well over 950 pages in length, has been under consideration for almost 4 years and has been the focus of much public debate. I have reached several conclusions about our social security and welfare systems which I would like to share with you today.

There is no question that social security and welfare have needed signficant alteration. The question has been how to go about it. Today, social security is neither equitable nor just. It is not equitable in that not everyone can equally participate. Nor is it just for some are excluded and many are paid too little on which to retire. Furthermore, the trust fund concept is a sham that has little relationship to insurance principles.

Today, the payroll tax is the second largest source of Federal revenues next to the income tax. By next year, its costs will exceed that of the income tax for many. For instance, under the Senate Finance Committee's provisions of H.R. 1, social security taxes will be raised for the family of four with one wage earner whose income is $13,900 or less. This reflects increasing benefits under social security as well as across-the-board benefit increases recently voted. With the increase voted last June and the one approved by the Senate Finance Committee, the maximum social security payroll tax will raise 38 percent in 1973—from $468 at present to $648—raising the effective payroll tax rate from 5.5 to 6 percent by January 1973.

On the face of it, this would present no problems, but at closer examination the present social security system is revealed to be a regressive tax system, representing a transfer of income from lower- and middle-income workers to the elderly unemployed. In fact, for such a level of contributions workers could get three times the benefits from a private plan. Under the Senate version of H.R. 1 the payroll tax rate decreases as income increases. For instance, the worker earning $3,000 per year faces an increase of 9.1 percent; the $10,000 worker a rise of 3.4 percent; and the $50,000 wage earner an increase of 0.4 percent. This is a far cry from the original measure 36 years ago which taxed each employee and employer 1 percent on the first $3,000 of wage earnings.

Having established that the social cost of providing for the elderly is borne inequitably by the lower- and middle-income working people, what should be done?

The Senate Finance Committee has reported out a bill that includes proposals to:

Raise the minimum benefits to $200 per month for low-income workers who have worked for at least 30 years;

Increase widows' cash benefits from the present 82.5 percent to 100 percent;

Make disabled workers under 65 eligible for medicare;

Increase from $1,680 to $2,400 the amount for an elderly person.

I have introduced a number of amendments to H.R. 1 to improve the benefits of our social security system including:

Removing the $255 limit per month on the lump-sum death payment so that these payments would vary with the past earnings of the worker;

Allowing children's insurance benefits on the basis of wages and self-employment income of certain relatives with

whom a child is living and from whom he receives support;

Eliminating recent work tests as a condition of insured status for disability insurance benefits, a test that does not have to be met to qualify for other social security benefits;

Qualifying a worker aged 55 or over as disabled for purposes of social security, if he meets the test of disability now applicable to older blind workers;

Allowing disabled widows and widowers to receive unreduced widows' and widowers' insurance benefits without regard to age;

Allowing disabled wives and husbands to receive unreduced wives' and husbands' insurance benefits without regard to age;

Providing coverage for out-of-hospital prescription drugs with a copayment of $2.

But much more than this needs to be done. On November 17, 1971, I introduced a bill which I believe must be implemented before significant reform and broader benefits can be effected. Briefly, the legislation would put social security on a voluntary basis: Employees would have the choice of contributing to social security or to a comparable private pension or insurance plan. Second, it would provide for the funding of the first $100 of monthly benefits to be paid out of general revenues. Third, it provides for the funding of medicare out of the general revenues. And finally, it would put social security on a pay-as-you-go basis. This would drastically alter the financing structure of social security and medicare, while making it equitable and just for those presently contributing.

Mr. President, the second major portion of H.R. 1 deals with welfare reform. And while I believe that it would be much better to consider this matter separately from social security—a very complex issue in itself—I would like to describe the direction in which I believe we should move in the area of welfare.

To date there are really no criteria to judge the success or failure of the present system. There is a great deal of evidence indicating much needs to be done, and the present debate is focused on what kind of action should be taken. Governor Reagan, of California, presented testimony before the Senate Finance Committee earlier this year detailing specific legislative and regulatory action to be taken at the State and Federal levels to clean up the present system. While I am not in total agreement with all the Governor's proposals, I believe they can be of significant value in straightening out the present welfare mess. Governor Reagan advocated the following legislative measures, many of which I believe should be adopted:

I ask unanimous consent that a statement of the proposals be printed at this point in the RECORD.

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

REAGAN PROPOSALS

1. State Option for Administration: To allow each state to choose whether it wishes to provide for administration of public assistance programs by the state, designated local governmental units, or by the Federal-government. Strong fiscal incentives—or disincentives—in connection with various options to be included.

2. Relief to Low-Income Families: Exempt low-income families from the Federal and state income tax (including withholding) and provide them a rebate of their social security taxes, including the employer's contribution thereto.

3. Overall Limit on AFDC Family Income: In determining eligibility, apply a gross income limitation of 150% of the state's standard of need. This will require an amendment to Social Security Act Section 402(a)(8) in order to place a realistic ceiling on the amount of income a recipient may receive and still remain eligible for welfare.

4. One-Third Income in AFDC: Section 402 (a)(8) should be amended to expressly require this earned income deduction to be made from "net income rather than "gross" income.

5. Community Work Programs: To require employable AFDC recipients not working full time or participating in a work or training program, to work in essential community improvement projects as a condition of receiving welfare. Title IV of the Social Security Act should be amended to expressly require federal financial participation in aid payments to recipients participating in such programs.

6. Employables Program: To place employable AFDC recipients into self-sustaining employment. Emphasis to be placed on furtherance of Section 402(a)(14) and (15) of the Social Security Act. It is difficult to promulgate such programs without securing waivers to the single-state agency requirements.

7. Fiscal Incentives for Efficient Management: Federal matching formulae providing incentives toward attainment of certain goals, previously limited to assistance or service aspects, should be extended to provide for attaining a goal of simplified and more efficient management.

8. Increased Federal Reimbursement for Child Support Activities: No federal participation is presently available for "preventative welfare". (A) The Federal government should give the states and counties a bonus to spur collection efforts. A federal support enforcement incentive should be created to allow the state or local jurisdiction to retain money saved by its collection. (B) The Federal government should ease up participation restrictions on child support activities and accord the same priority as the items listed in Section 402(a)(3)(A).

9. District Attorney Costs in Enforcing Family Support: To allow full costs of law enforcement agencies in enforcing family support. There is a need for a clear expression of congressional intent that there will be federal reimbursement for all expenditures by the district attorney and other law enforcement agencies in obtaining absent parent child support. Such amendments should be made to the Social Security Act.

10. Recipient's Failure to Cooperate with Law Enforcement Agencies: The Federal government should adopt the "debt to the government" concept in all cases where welfare is paid because of a person's failure to support where he is liable for support. To avoid constitutional problems, the amount of the debt should be limited by the ability to pay of the debtor at he ime the deb arises.

11. Federal Participation in Costs of District Attorney Welfare Fraud Investigation and Collection. (A) The Federal government should allow reimbursement of state costs of fraud prosecutions in the same priority as the items listed in Section 402(a)(3)(A) of the Social Security Act. (B) A Fraud Prevention Incentive Fund should be established that would return to the counties any federal money collected in fraud prosecutions. The fund should not be based on convictions, but should reflect actual funds collected. (C) The Federal Statutory approach should not be based on convictions but on actual funds lost due to fraud.

12. Aliens on Welfare: The support of citizens of other countries shall be a fiscal obligation of the Federal government. States should not be required to support citizens of another country, when the state and county governments have no effective voice in determining admission standards.

13. Fair Hearings: Amend the appropriations sections of the Social Security Act, to provide for an evidentiary hearing by a local welfare agency as a required preliminary to a hearing conducted by the state agency. Include the specific criteria which determines under which circumstances it is proper to continue aid payments pending a decision in an appealed case. It would be necessary to amend the fair hearing requirements in each of the Public Assistance Titles to permit states to meet these requirments through a two-step hearing process the first of which could be less than a full blown fair hearing but would meet the test of an evidentiary hearing in accordance with the Goldberg decision.

14. The 18- to 21-Year Old Adult: Limit the AFDC program to legally defined children. The limited resources available for this program should be limited to those persons who have been defined legally as children in order to maximize protection.

15. Modify Statewideness Requirements of Social Services: Amend the Social Security Act to clearly permit a state to provide social services in such counties, areas, or districts, as the states or counties deem necessary.

16. Vendor Payments for Non-Recurring Items of Special Need in AFDC: Amend the Social Security Act to provide appropriate exceptions to the "money payment" principle. It would be more efficient and better for the recipient if the money payment principle were waived in these situations and the agency permitted to pay a vendor directly for the full cost, with such cost reported on claims as an assistance payment eligible for federal matching.

17. Simplified Eligibility: The requirements in the various titles governing "proper and efficient administration" should be revised so as to make the use of "simplified methods" in determining eligibility optional rather than mandatory with the states.

18. Denial of AFDC Where There is a Continuing Child-Parent Relationship with Nonrelated Adult: Permit a state to deny aid to a child where the child is living in a parent-child relationship with a nonrelative adult, e.g., child whose father/mother has deserted and where child is living with his father/mother and his/her unmarried partner (MARS). Proposed changes in Section 406 of the Social Security Act would provide that when a nonrelated adult assumes the role of parent the child shall not be considered deprived nor a "dependent child" within the federal definition.

19. Wage Attachment for Federal Employees: To allow attachment of wages of federal employees including the military. To increase the collection of absent parent child support funds and thereby reduce the public assistance support.

20. Dependents of Military Personnel on Welfare: Eliminate the inefficient and inappropriate inclusion of families of military personnel among those eligible for public assistance payments. (Not to be paid by the states, but by the federal government.)

21. Marital and Community Property Resources: Allow a state to consider the income of a non-adoptive step-parent in determining eligibility for and the amount of grants of AFDC to the non-adopted stepchildren. Proposed changes would provide: (A) that in family groups living together, in-

come of the spouse is considered available for his spouse. Since Federal regulations require that income of a natural parent be considered available to children, it would follow that the income of a spouse would be considered available to all the family's children for eligibility and grant determination. (B) that where natural parents have vested interest in the (right to manage and control of) income of their spouses, that portion vested in (under the management and control of) the natural parent could be considered available to that parent's children for eligibility and grant determination.

22. Confidentiality: Legislation is needed to provide that such records are available to all public authorities for any legitimate public purpose, and to eliminate impediments to cross-checking with state and Federal tax authorities. To accomplish this, several sections of the Social Security Act would have to be amended.

23. Work-Related Expenses: Provide a flat standard allowance of $50 to cover reasonable costs of employment, plus reasonable and necessary standard amounts for child care where applicable. In the Welfare Reform Act of 1971 California included a provision to cover reasonable and necessary amounts for child care.

24. Sanctions Imposed for Refusal to Work or Train: Social Security Act should be amended to expand the sanctions so that acceptance and participation in job search, work and training is thereby encouraged. Legislation should provide that a range of sanctions could be imposed by the states including removal from public assistance for a period of up to one year.

Mr. HATFIELD. Mr. President, I believe that many of Governor Reagan's proposals should be seriously considered, and many implemented, as the first stage of welfare reform. I would further propose, however, that the Federal Government give the States the choice of Federal financing of the entire welfare system, or shared costs as under the present system. This option should be available after the State has indicated compliance with the new laws and regulations listed above. At the same time, Federal and State governments should undertake model development of neighborhood welfare corporations. Local community corporations could experiment in the takeover of financing as well as administration of the various welfare functions.

As you know, Mr. President, there are presently two distinct classifications of welfare recipients: Those perpetually in need—for example, the children of those with no, or very low, incomes, the blind, disabled, and elderly—and those temporarily in need who would be employable if given the training or job opportunity. It is obvious that some form of support will always be needed for the first category, whether it is called welfare or something else. The second group, those who are employable—only a small portion of those presently eligible for welfare—will also send assistance through training, job placement counseling, and the like. The neighborhood welfare corporation can be a vehicle for handling either or both, and the models developed should explore such possibilities.

For several reasons, I feel the eventual focus of our national welfare efforts should be at the neighborhood and local community level. Those who most need community support—those who cannot help themselves—are most in need of a sense of caring and belonging. Certainly every community cannot have the facilities to handle all of the disabled, for example. But to the extent that day care, health facilities or home where the elderly can be properly attended to are placed at the local level, the more "at home" and healthy these individuals will become.

In many such cases, being close to home and near loved ones in familiar surroundings can make a critical difference. Furthermore, and H.R. 1 moves in this direction, the administration of such a program can be much more effective at the local level than through the State or Federal Government. Also, the opportunity should be provided for individuals and communities to take care of themselves and their own to the greatest extent possible—even to the point of being able to finance the programs themselves. This might seem farfetched to some, but there is growing evidence that neighborhoods and communities have the potential financial base to fund their own programs if they are properly constructed.

This can be done a step at a time. If the model devleopment of neighborhood welfare corporations proceeds well, the Federal and State Governments can give increasing responsibility to the neighborhoods. Hopefully, they could eventually be independent of Federal and State administration and funding. Financing could come from various sources, perhaps on the basis of tax credits, as suggested in legislation I introduced last year. Whether this concept can become a reality depends on the success of the models developed; the interest evidenced by those involved, particularly at the local level; and the experience and assistance made available by State and Federal Government.

In summary, I would like to see three basic welfare reforms instituted: First, dealing with problems in the present system through the implementation of many of Governor Reagan's recommendations; second, providing the States with a choice of funding of welfare costs, after they have adopted those recommendations; and third, the development of model neighborhood welfare corporations which may eventually assume the administrative, programmatic and financial functions of both State and Federal Government.

SOCIAL SECURITY AMENDMENTS OF 1972

The PRESIDING OFFICER. Under the previous order the Chair lays before the Senate H.R. 1, which the Senate will proceed to consider for not to exceed 1 hour.

The bill will be stated by title.

The bill was read by title as follows:

A bill (H.R. 1) to amend the Social Security Act, to make improvements in the Medicare and Medicaid programs, to replace the existing Federal-State Public Assistance programs, and for other purposes.

Mr. LONG. Mr. President, I believe the Senator from Alaska has an amendment he wants to offer. In due course I am going to make a motion to table the Ribicoff amendment, which is pending, so that we can have the Roth-Byrd amendment before us. I am not seeking to deny Senators the opportunity to debate the merits of the amendment. I simply think, if I am correct in my judgment, that the Senate is not going to be disposed to add to this bill one of the guaranteed income proposals.

Then, we would have the opportunity to consider other alternatives that could be suggested, such as the committee proposal or the Roth proposal, which would provide for a test, and keep some of the best provisions of the committee bill, or whatever else the Senate wanted to retain. But I am frank to say that some of us are convinced that any one of these guaranteed income for not working programs would destroy this country, and we propose to demonstrate why; and if the Senate is disposed to vote what I believe is the will of the majority and reject these guaranteed income for not working schemes I believe we can go ahead and act on the bill.

If we cannot do that, I suppose again we will have to have a situation where all of these things that can be agreed on by unanimous vote, such as aid for the disabled, the sick, the aged, and the blind, as well as provisions we could agree on unanimously for the benefit of little children, would be held hostage, as happened 2 years ago, when the House refused to go to conference on benefits for the poor, the aged, the sick, and the needy, the whole bill being held hostage to a scheme to put millions of people on welfare for doing nothing.

We think there is grave danger to this Republic in doing that because we believe the only way in the world the country could get out of that trap would be for the Nation to find itself bankrupt, and our whole form of government would come down like a house of cards, because when you get started down that path and get 40 or 50 million Americans on the dole for doing nothing, you cannot vote against paying them more. We would have demonstrations here that would make the march on Washington look like a Sunday school picnic in comparison. You would have 25 to 50 percent of all the population descending on Washington for increased benefits.

To show Senators the kinds of things we could avoid, which the Ribicoff amendment would multiply, I refer to the chart in the back of the Chamber entitled "Bonus for Not Marrying under Amendment 1669 in New York," which is the Ribicoff amendment.

Mr. RIBICOFF. Mr. President, will the Senator yield at that point?

Mr. LONG. I yield for a question.

Mr. RIBICOFF. I do not have the slightest idea where the distinguished Senator got those figures because they have no basis. Under the Ribicoff amendment a person phases out at earnings of $5,055. So if there is a father involved who is earning $7,000 he would not be eligible for any payments under my bill.

Mr. LONG. If the Senator will just read the red print on the chart, maybe that is not as clear to him as it is to some of us. There are two lines. One is where the father is married, and the Senator is correct that he would not get any welfare money where he is married to the mother. But if he is not married to the mother, that is where he gets the big benefit. If he is making $7,000 a year, all he has to do is make himself unavailable. Then the mother with three children would get $4,000. That is the welfare payment in New York. The Senator's amendment would guarantee to continue that they would get it without working, and in addition they could get a public housing benefit of $1,100 and medicaid coverage worth $900.

So as long as they remain outside of marriage and bring the children up outside of marriage, their income, and benefits total $13,000 a year.

Mr. RIBICOFF. If the Senator will yield, he is assuming you are able to find the father of these children. In the case of the unmarried mother with children based on illegitimacy, it is almost impossible to determine who the father is. It will be just as difficult to find the father under the Senator's proposal as under mine. My bill also has penalties for the deserting father when he is found.

Mr. LONG. Mr. President, I had yielded to the Senator for a question but I decline to yield for a speech on my time. I would be happy to yield so the Senator can explain his views later on.

Mr. RIBICOFF. What bothers me about the charts——

Mr. LONG. Mr. President, I decline to yield further. I do not mind yielding for a question, and I shall be happy to yield time to the Senator later, but I would like to explain my position.

Mr. RIBICOFF. May I ask a question, then?

Mr. LONG. I will yield for a question, but not for a statement or a speech.

Mr. RIBICOFF. On the Senator's chart, why has he failed to include the figures in the pending Ribicoff proposal of $2,600?

Mr. LONG. We did not have the numbers on that, but we have the numbers for proposals guaranteeing $2,400, $3,000, $4,000, and $6,500, this last one being the McGovern proposal.

Mr. RIBICOFF. The McGovern proposal is not before us, but the $2,600 figure is, and with the resources of the staff of the Finance Committee, I do not see why they do not have the figures before us.

Why has not the chairman included the figures of how many people are involved in the committee bill? If we are going to be fair with this body, let us have all the figures.

Mr. LONG. Because at this particular time we are not talking about the committee bill; we are talking about the Ribicoff amendment.

Mr. RIBICOFF. The Senator is in the process of comparing the costs. He is running down a comparison of all the proposals. In all fairness, the committee proposal should be before the Senate at the same time, so we know what we are talking about. The truth is that the committee proposal involves more people than the Ribicoff proposal.

Mr. LONG. Under the committee bill, the number of people in families eligible to get their basic income from welfare would be about 8 million, because we reduce the number rather than increase the number.

Mr. RIBICOFF. No——

Mr. LONG. Mr. President, I do not yield further. I am going to insist on my right to the floor.

The committee amendment would include finding the father and making the father do what he should do for his children. It is frustrating to try to go to the father if a mother is unwilling to cooperate, and when she finds it to her cash advantage not to have him identified. So we change those incentives in the committee bill.

Mr. President, I ask unanimous consent that a chart on this matter be inserted at this point in the RECORD.

There being no objection, the chart

was ordered to be printed in the RECORD, as follows:

FAMILY INCOME AND MARITAL STATUS UNDER THE RIBICOFF AMENDMENT IN NEW YORK

Father not married to mother:	
Father's earnings	$7,000
Welfare payment to mother and three children	4,000
Public housing bonus	1,100
Value of medicaid benefits	900
Total	13,000
Father married to mother:	
Father's earnings	7,000
Welfare payment to mother and three children	0
Value of medicaid benefits	0
Total	7,000
Bonus for not marrying	6,000

Mr. LONG. Mr. President, one of the problems in what we regard as the "welfare mess" is that in some areas in this Nation, including Washington, D.C., more than 50 percent of the children are being born out of wedlock. This is not too surprising, since families can get almost twice as much income by having the children outside of wedlock. Why do we want to have a program that places an enormous advantage, that pays people almost as much money to have children without a father, and to teach children, "This is your papa, but don't tell anybody"? Why should we have a program that pays as much as a man earns in a middle-income bracket, and which encourages women not to marry, and which pays people not to have a father accept his paternal responsibility for children? It is absolutely idiotic. In doing so, it is encouraging corruption. It is teaching children to deceive and misrepresent.

It is teaching people who are making a few honest dollars to decline reporting that income by telling an employer, "I am willing to work for you provided you pay me in cash without records kept," so that people can get income without having their income reduced by taxes.

Take another example. Here is one family in which the father makes $7,000 in income and there are $6,000 in additional benefits. The father spends the night at that house month after month, sometimes every day of the month, in the same house as the mother of the children. The children look exactly like him. But, taking full advantage of the welfare situation, they have $6,000 of income plus the $7,000 he earns.

The family next door is doing what we would like them to do. The man is married. He accepts his responsibilities. He brings his paycheck home, and he claims those children as his dependents. What reward do we give him? We give him a small tax deduction, whereby he can claim those children as his dependents. As far as welfare benefits are concerned, no reward is his if he does the honorable, decent thing.

We should not spend any more money on programs which encourage people to do all the wrong things, which encourage fathers not to admit the paternity of their children, which encourage children to deny their father, if they know who he is, and which encourage people, when they go to work, not to admit they earn anything because if they did, something would be deducted from their welfare income.

For example, under that situation, if a mother went to work and earned something, 60 cents out of every dollar she earned would be deducted from her welfare check. Therefore, it is to her advantage not to report her earnings, since she can keep more that way than she can make by telling the truth. So it is to her advantage to get employment under an assumed name or to earn money with the understanding that no record will be kept and no social security tax will be paid.

When we do that, we are encouraging employers to become a party to this mischief, where they avoid paying the social security tax, and to engage employees who ordinarily would like to be honest, in order to obtain help, let us say, in their homes or for housewives. We encourage such persons to enter into an arrangement whereby they do not pay a social security tax and do not report, for withholding purposes, income paid to an employee.

We can do something to put this situation back in order, to stop encouraging the spending of billions of dollars in ways that encourage people to do all the wrong things. At a minimum we should not put more money in such programs. If we are going to spend money to help the poor, we ought to spend it to encourage people to be honest. We ought to do what we agreed to do, by a vote of 49 to 5, where, instead of encouraging someone to deny his children, he ought to be encouraged to admit they are his children, and claim them as dependents. So if he is working and getting $4,000 a year, which is about $2 an hour, we would pay him 10 percent of the 12 percent which is collected in social security taxes, so as to pay him up to $400 to help increase the income of that family, where a man would report that he has children to support, that he does have a family, that he does have a family responsibility. So we pay what amounts to a tax refund to this family of the social security money collected so as to increase the income of those people and encourage people to work.

When the average American citizen has heard talk about welfare reform, he has been led to believe that people who were deserving were going to get some help, and the people who were not deserving would be removed from the rolls, or else they would get less. Instead, we find that the so-called welfare reform proposal puts more people on the rolls who are not deserving and adds more for those who are not deserving and creates discrimination against people of this Nation who are doing the honorable, decent thing. That is not what we want.

This proposal doubles the number of people who are on the welfare rolls. Just look at how the number works in some cases.

Louisiana, on some occasions, has been described as the welfare State, because we had some of the most liberal welfare programs. I guess, as an employee of the State government, I helped to get the welfare program into effect in Louisiana. I was proud that in our State the old age program resulted in more people drawing welfare checks than New York State, which had five times the population we had.

Mr. RIBICOFF. Mr. President, will the Senator yield for a question?

Mr. LONG. I yield.

Mr. RIBICOFF. Would the Senator tell us what a family of four receives from public assistance in Louisiana?

Mr. LONG. It is a lot less than it ought to be, for a lot of good reasons. For example, court decisions and HEW decisions have loaded the rolls with so many people that should not be on the rolls that the only way we could find money to pay them was by reducing the overall level by 50 percent.

In 1960, there were 3 million people in this country under this AFDC program. Between 1960 and 1970, it went to 10 million. And how did it do it? Well, the No. 1 achievement was the victory of these so-called poverty lawyers in striking down the man in the house rule.

Suppose there would be a man living in the house, the children looked exactly like him, and he had a job, well able to support the family. The case workers would say, "In view of the fact that you are living in the home, and the children look just like you, we would assume, even if you are not married to mama, that the income you are making must be available to help that family." So it would be felt that that family should not be on the rolls, because this was something similar to a common law marriage, and the availability of that father's income ought to be attributed to that family's support. They would say, "We do not think that family belongs on the rolls."

But a Supreme Court decision—which was a great victory for the poverty lawyers—said, "You cannot hold that man responsible for the support of that family unless you can prove they are getting that money."

Who would know that, except papa and mama? And both of them would have a cash advantage not to reveal it.

That decision was one of the principal causes, that plus the decision to eliminate duration of residency requirements, that moved that figure from 3 million up to 10 million on the welfare rolls.

Mr. RIBICOFF. Mr. President, first, the Senator has not answered the question as to what a family of four gets in Louisiana.

Mr. LONG. I will tell the Senator. About $1,200.

Mr. RIBICOFF. It is $1,248.

Mr. LONG. And that is about two-thirds of what they were getting prior to the time we got our rolls loaded down with all those people who did not belong on there.

Mr. RIBICOFF. Will the Senator give us his opinion as to whether he thinks four people in the State of Louisiana can live on $1,248 a year?

Mr. LONG. I can tell the Senator they are not starving, and perhaps a number of them have other income that they are not reporting. That is a part of the mess that we have, and that is why, as far as this Senator is concerned, I

would be tickled pink to provide them the $2,400, or more than that, provided that we were paying that money in ways that encouraged them to do the right thing instead of encouraging them to do the wrong thing.

I will tell the Senator one thing: I am not willing to put any more money into the kind of things of which I could give examples, where people are on the rolls more times than one. If you are on there five times, like one of these ladies in Baton Rouge, for example, it is not too difficult to get by.

Mr. RIBICOFF. Let me ask the Senator from Louisiana another question. In Louisiana, in January 1972, 241,250 people were on AFDC. Does the Senator contend that 241,250 people in Louisiana were crooks who were cheating the Federal and State Governments?

Mr. LONG. In the family category, according to our figures—this is an HEW estimate—we will have an average of 323,000 on the welfare rolls in the family category in 1973.

Mr. RIBICOFF. Well, it may be more than that.

Mr. LONG. I would be first to agree that there are a great number of them. If you look at that chart there, when we had 3 million on those rolls before they started doubling and redoubling these numbers and loading the rolls down with people the State did not think ought to be on there, I would be willing to concede, for the sake of argument, that every last one of them belonged on those rolls; but when they start providing that you cannot attribute that income of that father to that family, even though the children look exactly like him, because he is not married to the mother, and start striking down every effort of the State to make the father do something for the support of the children, and to require the mothers to pursue the fathers to try to make them contribute to the support of their children, and they start calling it harassment when you try to find out about people who are on the rolls five times when they are only supposed to be on there one time, I would have to say definitely there are people on those rolls who do not belong there.

Most of them, I am sure, are on there legally. As far as I am concerned, it is as bad——

Mr. RIBICOFF. I wonder whether the distinguished Senator——

Mr. LONG. Why do you not let me make my speech? I let you make yours.

Mr. RIBICOFF. I thought I would ask the Senator some questions on the figures he quoted. He talked about a number of people cheating.

Mr. LONG. Mr. President, I decline to yield to the Senator from Connecticut any further. I just want to make my speech. I let the Senator make his speech, and now I am ready to make mine.

Mr. President, there in the rear of this Chamber is a chart showing what we can expect if we pursue that plan of a guaranteed income for not working. Pat Moynihan said about the plan, as quoted several times by the Senator from Virginia, that this is a plan to put people on the rolls whether they are deserving or not. And under this plan, Mr. President, these people have every excuse the mind of man can conceive to enjoy the full benefits of the welfare payroll and decline employment or avoid taking employment all at the same time.

So what do we have? We found that while we had about 3 million recipients in 1960, when John Kennedy became President, by the time the welfare lawyers and poverty lawyers got through running their cases and HEW got through promulgating regulations to say we would put people on the rolls just on their own applications through the mail or by telephone, they built those rolls up to 10 million people.

Should all those people be on those rolls? All you have to do is go into the areas where we have large rolls and talk with their neighbors, and the neighbors are utterly outraged about it, because they say they are aware of the fact that many of these people should not be receiving welfare payments.

Here will be a father who knows just exactly when the next welfare check will show up, so he shows up the same day as the check, helps mama spend the money, and then he is gone until the next welfare check shows up.

The next door neighbors know about it, and they are resentful about it.

The expansion of the welfare program in New York State elected a mayor of New York City and helped elect a Governor of New York State, until they got a taxpayer revolt on their hands that just will not quit. The result is that they are trying to put some of those people to work up there to earn some of the money they are getting.

What happens? Again, the same people who are trying to get the Ribicoff amendment through are trying to keep them from putting people to work, when Governor Rockefeller tries to see to it that they have to do a little something to help justify the welfare payments they are receiving.

What happens if we put into effect the family assistance plan? I do not have the figures of the specific amounts set forth by the Senator from Connecticut, but I do have figures available on what the family assistance plan would do. It would not cost as much as the Ribicoff amendment, but where we in Louisiana have a total of about 400,000 people on the welfare rolls today, with a very generous set of eligibility rules, this family assistance plan alone would increase that number to 823,000 people on the welfare rolls.

If one were to ask the people of Louisiana, "What do you need least in Louisiana," they would say, "The last thing on earth we need is 400,000 more people on the welfare rolls. It is hard enough to get people to work the way it is now."

I have had the experience, and so has everyone else, of trying to find someone to do some work, willing to pay the minimum wage or whatever it takes to get somebody to come and do some work. So have my neighbors.

What happens? You drive down the road, and there is a man sitting there on a porch, with little children running around.

You ask him, "Do you want to go to work?"

"Nothing doing."

That man was once a good worker, but since the day that family was added to the welfare rolls, he just has not been able to turn to, and those big muscles are going to waste.

You drive on down the road, and you see another fellow sitting on the porch, and ask him to do some work.

"Sorry, can't be bothered." You try to get somebody to work—"Thanks just the same. I think I can find something better to do with my time." They have plenty of time to go fishing and do everything except work. Why? Because work has so little reward left to these people when you are going to reduce their welfare check by the amount they earn—at least, until their earnings exceed a certain amount.

We in Louisiana, a little State of 3,700,000 people, would have 825,000 people on the welfare rolls, about twice the number we think we should have on the welfare rolls—at least, twice the number that could be justified by any standard at all, and that figure includes the aged, blind, and disabled.

In the family category, it would be more than twice the number we think should be on the welfare rolls.

But do not think you can stop there. Read the press releases when the administration proposed a family assistance plan. It sounded great to me at that time. As Governor Hearnes of Missouri said:

> If you read the press releases, you would vote for it. If you read the bill, you would vote against it.

That was my experience. I read the press release, and it seemed to me that it was wonderful. The President was going to guarantee very poor family of four $2,400, and they were apologetic that they could not guarantee them $4,000 to put them up to the poverty level, but the Government did not have that much money. It would progress to the $4,000 level. So even the initial proposal contemplated going up to the poverty level, so much so that others suggested the same thing.

The Senator from Connecticut (Mr. RIBICOFF) suggested that we ought to guarantee going up to $5,150 by the fifth year under the program. Under the amendment of the Senator from Oklahoma (Mr. HARRIS) the proposal was for the poverty level of $4,000. If you advance this to the poverty level, how many do you have on the welfare rolls? You then have 67 million Americans on the welfare rolls.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. SYMINGTON. Would the Senator tell his colleagues what the estimated difference in cost is to the American people as between his proposal and the proposal in the Ribicoff amendment?

Mr. LONG. According to our estimate, what we would suggest would cost $2.5 billion less. That is not counting the value you get for the work somebody does. When you put a million people to

work, society should be getting some benefits from it. But even without putting any value at all on what society gets from the work people do, such as hospital aides, working in day-care centers, helping to keep a place clean, it is our estimate—this is the estimate of Mr. Robert Myers, who was formerly chief actuary in the social security setup—that this would cost approximately $2.5 billion less than the Ribicoff proposal.

Mr. RIBICOFF. Mr. President, will the Senator——

Mr. LONG. Please understand this: I would not be exercised about the $2.5 billion difference if I thought the Ribicoff amendment was proceeding on the right basis. What concerns me and makes me tremble in fear for the fate of this Republic is to see a proposal receive the kind of support this matter has received from the press, when nobody on earth can stop at the $2,400 or the $2,600 proposed by the Ribicoff amendment.

Mr. RIBICOFF. Mr. President——

Mr. LONG. How could anybody here buy the argument that we ought to guarantee every family a certain minimum level of income whether they work or not, reserving to them the right not to work, which is implicit in every one of these proposals? How could anyone buy that argument and then proceed to argue that you ought to hold it below the poverty level? You would have to go to the poverty level, in logic and conscience; and everybody who has proposed it, so far as I know, has conceded that sooner or later you ought to at least advance it to the poverty level. When you do, you then have 67 million people on the welfare rolls. I do not think you can stop there; because when you have 67 million Americans drawing those payments, it is my contention that anybody who knows the first thing about politics would know that so far as those people are concerned, they are going to ask one question when they go to vote next time: "How did you vote on our increase?"

Every Congress will see those who speak for these people—probably the National Welfare Rights Organization, a very effective group—leading demonstrations. We have had some of it. The demonstrations we have had are nothing compared with what we can expect when they have 67 million people to organize, coming before us, conducting sitdown strikes, conducting demonstrations, holding marches on Washington, and saying, "We want our check increased to the poverty level."

Mr. RIBICOFF. Mr. President, will the Senator yield?

Mr. LONG. At the Democratic National Convention, the Senator from Missouri had a chance to see how easily some of these programs can be sold. At that convention, one-third of the delegates, knowing no more about it than they did, voted to say that it ought to be $6,500. When you come to the $6,500 figure, which is advocated by the National Welfare Rights Organization, that gives you 97 million Americans on the welfare rolls; and if you include in the generality of that program the aged and disabled, that will give you more than half of all Americans on the welfare rolls, which means at that point you then have more people on the taking down end in America than you have on the putting up end.

Mr. RIBICOFF. Mr. President, the Senator from Missouri asked a question. I think he ought to be able to get an answer on the other side.

Mr. LONG. I thought that in due course——

Mr. RIBICOFF. No——

Mr. LONG. I am willing to yield later for a question.

Mr. RIBICOFF. The distinguished Senator from Missouri, for whom I have the highest——

Mr. LONG. Mr. President, I ask for the regular order.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. LONG. Mr. President, from time to time I have sat in my seat and heard a speech with which I did not agree, and I wish the Senator from Connecticut would accord me that courtesy, or if he prefers, simply not bother to listen to the speech. I want to tell my side of the argument for a change.

Mr. RIBICOFF. The Senator from Louisiana answered the distinguished Senator from Missouri in comparing figures of his proposal and mine.

The PRESIDING OFFICER. The Senator has declined to yield.

Mr. LONG. Mr. President, the Senator can answer on his time, and in due course I will be happy to yield for further questions.

Just take a look at how far you are down the road when you buy the $2,400 figure. I do not have the figures on the $2,600 proposed by the Ribicoff amendment, but Senators will have a chance to vote on the $2,400, too.

In the State of Mississippi, 13 percent of the population is on the welfare rolls. At the $2,400 figure, 29 percent would be on the welfare rolls. Move that up to $3,000, and it becomes 44 percent on the welfare rolls. Move it up to the poverty level, and more than half the population of Mississippi would be on the welfare rolls.

One would think that Mississippi would be in here beseeching us to pass this. You are not going to get any votes out of Mississippi for this proposal, for the simple reason that they would not be able to get anybody to go to work. All their industry would have to shut down. Welfare would provide so much payment and work would have so little reward left that people would rather go fishing than work at a shipyard, a cotton gin, a shoe factory, a hosiery mill, or any place else there that would provide an opportunity for earning a living.

In the State of Alabama, approximately 12 percent of the population is on welfare. The family assistance plan would put 22 percent on welfare, and the Ribicoff amendment would move it up to 24 or 25 percent. Move it up to the $3,000 figure, and 35 percent would be on the welfare rolls. Move it up to the poverty level, and 45 percent of the population of that State would be on the welfare rolls.

Look at how it would work in State after State. In Louisiana, it is about 13 percent. The family assistance plan would move it up to 22 percent. The Ribicoff amendment would probably double it, to about 24 percent. Move it up to the $3,000 level, and it would be 32 percent.

Mr. President, when we put these people on the rolls we have so many on the rolls as when we find someone like this lady who showed up the other day on the welfare rolls four times and was trying to go on a fifth time, or like the delegate that went to the Democratic National Convention under an indictment for being on the rolls twice—we would have so many people on the rolls that did not belong there that when we tried to investigate, they would all rise up with a hue and cry that they were being harassed; and to prosecute them for being on the rolls twice or getting more money than they were entitled to, we would have to have a trial by jury of their peers, but with half the population on the rolls, heaven knows how difficult that would be to get a jury to be convinced of their wrongdoing, so that the whole thing would get into a total impossibility. This means the only way on earth we can hope to help vast numbers of people and hope to benefit our country at the same time would be to pay people in a way where we would look at what they can earn and increase the reward for going to work.

Another point which has been subject to some criticism—and it is a good idea and all the ladies' organizations support it—we would then propose that we do everything the Federal Government and the State government can do to provide a mother with all the assistance that can be provided for her to pursue the father who departs from that community or that State, leaving his family destitute so that they must apply for welfare, and provide her with a lawyer at State expense to pursue the father and make him contribute to the support of his children.

Following that approach, we would have some hope of getting the genie back in the bottle, but if we double the money we pay people to do the wrong things, or we are going to double it again and move up from 10 million of those now on the welfare rolls, to 12 million in 1973, and then we move it on up to 21 million, which the family assistance program would do, and then move it up to 25 million, which the RIBICOFF amendment would do, we will not be able to stop going to the $3,000 level and eventually we will go up to 67 million, and then to 97 million, and taking into account the other categories like the welfare caseload, we would have more than half the population of the United States on the welfare rolls.

That, Mr. President, is something that must not be permitted to happen in this country.

I am persuaded that if that does happen, there will be a taxpayers' revolt, or there will not be enough votes coming from the taxpayers who will have to pay to support the beneficiaries who would be getting it, with a probability that the Government would come to an end in one fashion or another.

Goodness knows what would happen

to our country then. I do not want to be around to find out.

I propose that we start instead to move this thing in the right direction.

Senators should be concerned about the increase in births out of wedlock, particularly teenage mothers. The number of families headed by women increased by 15 percent between 1970 and 1971—1 year, where the number of families of both father and mother, has declined. Mr. President, can you imagine that? The number of families with a mother and father declined while the number of families headed by the mother increased 15 percent—in a single year, between 1970 and 1971.

And why not? We pay these billions of dollars to bring that result about and we are now being asked to spend additional billions of dollars.

That is not what I call reform.

That perhaps explains why the family assistance plan did not muster one single Republican vote in the Committee on Finance, where the President has some of his best friends, after they had studied the implications and the problems involved here.

That would also explain why there was no support from the supporters of the New Deal like Senator ANDERSON, the man who helped Harry Hopkins put over a program to help people back in the days of the Depression, a program that now looks mightly good nowadays compared to the program for a guaranteed wage for doing nothing. Also along with the oldtimers who were in favor of share the wealth programs, have found that they simply could not support the kind of thing that encouraged people to do all the wrong things, and pay them more and more for doing less and less, and encouraging people to engage in the sort of corruption and immorality that this Nation seeks very much to avoid.

There are people who talk about how much they are against corruption and then they come forward with proposals which will create corruption in numbers running beyond the millions, and would proceed to put more money into something that will achieve that result while declining to support what should be put into it.

It is for that reason that we should not proceed with the family assistance plan, or with the Ribicoff amendment, or with any of these other things that will take us in the wrong direction.

I am frank to say that, in the spirit of compromise, I would be willing to support, if it is the will of the Senate, the suggestion of the Senator from Delaware (Mr. ROTH) and the Senator from Virginia (Mr. HARRY F. BYRD, JR.) that we give the Ribicoff plan a try and give them whatever resources they need to give it a fair try, and that we give even the workfare proposal that the committee made, the guaranteed work program, a test and see how it works out, and give the family assistance plan an adequate try to see how it works out.

Two years ago, I was willing to try the family assistance plan proposal, but the Secretary of HEW did not want it. They wanted to hold all the benefits for the aged, the blind, and the sick. It is a program which could very well destroy this form of government. HEW has not been willing to have a fair test of it. Why not, it is hard to say, but I would be willing to propose it and to vote for it and to try it, all for the opportunity to prove me wrong, if I am wrong. But I would also like the opportunity to prove them wrong if they are wrong.

But again, as long as I have any influence in this body, I intend to speak out against going along with any kind of arrangement that would make for the dissolution of our form of government by paying to encourage people to do all the wrong things that in the end the Government could no longer sustain the burden of paying.

Mr. NELSON. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield for a question.

Mr. NELSON. I wonder whether we could clarify a point or two here. It is correct that the Senator from Connecticut strongly advocated the concept of a pilot program to test out the administration's proposal 2 years ago, is it not?

Mr. LONG. The Senator from Connecticut has suggested that several times, and he has made that statement on the floor, so that I do not believe I am violating any confidence when I state that the Senator is correct and has many times said he thought the administation was foolish that it did not accept the proposition made by them to put their family assistance plan to a fair test to show what would happen. He has indicated to some of us that if he had that same opportunity, he would have jumped at it, had he been the Secretary of HEW, as, indeed, once he was.

Mr. NELSON. The administration would not agree to the pilot project?

Mr. LONG. That is right, the administration would not agree to it. They cooperated and encouraged the House not to go to conference with us on a proposal that would have provided benefits for the aged and the sick.

Mr. NELSON. Is it not correct that if we had followed the suggestion made by the Senator from Connecticut we would now have a good 2 years of experience to look at and use as a basis for legislation at this time?

Mr. LONG. I suggested to him that we try it in the District of Columbia, where every Senator and Representative could take a look and see how it works and judge whether we wanted to make that momentous a decision, to embark down that road.

I say to the Senator now that if he can persuade me that I am wrong about it, more power to him and I will support his position, but it will take a lot to persuading to do it. If they would try that in the District of Columbia where we could go and see and be convinced it was working, I would support it. I have been told by the Department that this is the last place we would test it. I admit that this would be a tough testing ground, in the District of Columbia. I would be willing to afford them that right.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. NELSON. Mr. President, I was not through.

Mr. BENNETT. I am sorry.

Mr. NELSON. Is it on the same point?

Mr. BENNETT. It is on the point of a pilot test 2 years ago.

Mr. NELSON. The Senator may go right ahead.

Mr. BENNETT. Does the Senator remember that 2 years ago the administration wanted to run a test and then automatically put it into effect and not come back to the Congress and tell us what the results of that test were? They were not willing to give us a chance to look at the results after the test. That was the reason I was against their testing proposal of 2 years ago.

Mr. LONG. That was the problem. Those in the majority on the committee were willing to go along and have a real test. But the Department insisted, and they were dogged in their determination that if there was to be a test, the program would go into effect automatically. And this ties in with the remark of the Senator from Virginia when he said, "Suppose the test is not a failure. We still would like to see the results before the program goes into effect. Why shouldn't you bring it back and show it to us and let us decide whether it is a success?"

If we value the independence of the of the legislative branch, we would have to say, "Why should we buy a pig in a poke? If they are to run a test, why can they not bring the results back and then let us make up our own minds?"

Mr. NELSON. Mr. President, I agree with that. I intend to vote for a pilot project if such an amendment is offered, and I understand that it will be.

Mr. President, I do not happen to think that anyone has discovered the solution to this problem. I think that the chairman of the Finance Committee and the members of that committee who have worked on the bill have put in a tremendous amount of thought and energy in an attempt to come up with something that is better than the administration offered. I happen to prefer the proposal of the Senator from Connecticut a bit more than the committee proposal, but I am not really happy with either one. I do not think we have the answer, and I do not think we will have it until we have job opportunities and can get the unemployment rate down to about 2 percent. We have to have real jobs for people.

Mr. LONG. Mr. President, the Senator's proposal was a step in the right direction. He wanted to provide about 400,000 good jobs for people. It is not a bad idea, of course.

The House had something that was somewhat similar in their bill. We will be in conference, if we ever get that far.

I voted for the tax reduction concept. So did a majority of the Senate, as the Senator knows. While we may differ with respect to what jobs ought to pay and what kind of jobs they should be, there is no doubt in my mind that the Senator from Wisconsin agrees with a majority of the committee that a job comes nearer to being the answer than to offer someone a guaranteed income for loafing for his lifetime. That just does not make too much sense, certainly not to the majority of the committee, and I do not think it does to the Senator from Wisconsin.

Mr. NELSON. It does not. I will vote for the pilot project. I am not happy with anything else that is pending. However, just to conclude this and for the clarification of the RECORD, that proposal of the administration for a $2,400 guaranteed annual income means—if the statistics are correct—under the President's proposal, almost one-third of the people in the State of Mississippi, for example, would go on the dole—29 or 30 percent.

Mr. NELSON. I think that is correct. And that is a large percentage of the population.

What I would like to have clarified in my mind is whether the distinguished chairman of the Finance Committee knows where the President now stands on this whole welfare business, because as the Senator knows, it is a guaranteed annual income. Mr. Moynihan—a fine Democrat and a good friend—came in to see me a year ago. He made it clear then that it was a guaranteed annual income.

He was an influential force in getting administration approval of this plan for a guaranteed annual income. The President has never wanted to use that phrase, but that is what it is. However, what puzzles me is that the President sent the House of Representatives his proposal for an annual income of $2,400 for everyone and now talks as though he has repudiated his own plan. In fact, Pat Moynihan, in explaining it, said:

Now, Gaylord, you and your wife and your three children can go up here—

And he pointed to the St. Croix River in a picture on the wall—

get a cabin there and move in. And if I came out there and offered you the job of President of Harvard at $50,000 a year, and you say, "No, I don't want that job," you can still draw your guaranteed annual income minus a certain amount for your refusal to work.

There simply is no doubt that the President's proposal is for a guaranteed income.

I now refer to the Republican platform. The President sent to Miami a group of his representatives so that he would be sure they did not put something in the platform that he did not approve.

As the political reporters pointed out in their articles, the President's people were there dictating the platform. I do not question that. The President wants the best platform he can get.

So the history is that he sent a bill to the House of Representatives that provided for a guaranteed income and several times criticized Congress for not passing it. Yet in San Clemente he said in effect: "They are sitting on my legislation and will not give me my guaranteed annual income legislation," although he did not use that phrase. The platform, dictated by the President's representatives said:

We flatly oppose programs or policies which embrace the principle of a government guaranteed income.

On which proposition does the President stand? Can the distinguished Senator explain that to me?

Mr. LONG. Mr. President, the best I can tell the Senator is that the President favors H.R. 1 and does not favor the committee amendment.

Mr. NELSON. Would that not be a repudiation of the platform plank?

Mr. LONG. I do not doubt the Senator's word. The Senator read it out of the platform. I do not doubt that is correct. I do not doubt that Mr. Moynihan told the Senator what the Senator said he told him. He told me things that persuaded me not to vote for the program but to vote against it.

I must say that every time I talk to the President, he sounds as though he agrees with me 100 percent on this proposal. But I regret to say that when one reads the bill and gets down to the specifics, it does not work out the way that the press releases say.

The President said in a speech at Williamsburg that everyone should take a job, that no job should be too menial. And he was quoted in the press as saying that. He said that everyone should take a job and no one should be on welfare that would not work. However, I would be the first to say that either he does not understand this bill or he is recommending something on the one hand and favoring something else on the other.

It is obvious that anyone on the committee who has studied this bill—as I think it is obvious that anyone who has studied the matter as much as the Senator has—will find implicit in this bill his guarantee of $2,400 to a person for doing absolutely nothing. And we see all the dangers that go along with it. That is what the program was as it came from the House. We recognize these dangers and we agree with what the President says in all of these declarations, that people should work, that he believes in the work ethic, that people should take jobs and people should not be on welfare if they do not take a job. Those problems are there, but the President is not supporting the Ribicoff amendment. He is standing on the $2,400, under the terms and conditions in H.R. 1, as it passed the House.

The best I can make of it is I do not think the President would be unhappy, from talking to him, if we passed a bill to make work more attractive than welfare or to make welfare less attractive than working.

Mr. NELSON. If the Senator will bear with me for 1 additional minute, I do not suggest that I out of hand reject the proposition there should be some kind of guaranteed support. In fact, I think there should be for those who are unable to support themselves; and I am going to vote for the Ribicoff amendment.

I want to clarify the record on the kind of propaganda that has been spread around the country by the President, his supporters, and the administration that the President does not support guaranteed annual income. I have the highest regard for Professor Moynihan, who is one of the ablest, most delightful, and thoughtful men I know. When he was in my office he was honestly explaining the bill. I had just gone on the Committee on Finance and I did not know anything about it. He gave me an explanation of the bill and said that it is guaranteed annual income. When I got around to studying the bill, I discovered I had been given an accurate, concise explanation of what the bill did in fact provide.

I think the record should be clear that the President has been supporting a guaranteed annual income, and yet that is what he has been attacking through the Republican platform and in speeches around the country. I do not think the country should be misled on the position the President has taken in support of his own bill. Yet his own recent rhetoric he is repudiating what he has criticized us for not passing.

I thank the Senator.

Mr. LONG. Mr. President, I regret to say that the hour that was allotted I have consumed. I would like to ask unanimous consent that the time be extended by an additional half hour, that the Senator from Connecticut be recognized, and that at the conclusion of that 1½ hour I be recognized so that I might make a motion to table the pending amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears no objection, and it is so ordered.

Mr. RIBICOFF. Mr. President, first, I would like to answer a few questions that have been raised by some of my colleagues. The distinguished Senator from Wisconsin asked why the President's position is as it is today. Secretary Richardson happened to be in Bridgeport, Conn., on September 23, 1972, when the Bridgeport Post stated:

Asked why Mr. Nixon had not bought Senator Ribicoff's compromise on the matter, Richardson candidly admitted the President owed more politically to some of the Finance Committee conservatives who might have felt he was going over their heads in supporting Mr. Ribicoff.

So much for Presidential principle.

The distinguished Senator from Missouri (Mr. SYMINGTON) asked a question regarding cost. I regret he is not here.

Mr. President, so many misstatements have been made—I am sure not deliberately—that the true figures and costs are hard to find. If one subtracts payments to adults who have been otherwise provided for in the committee bill, the following data applies to the various welfare proposals:

The family assistance program under H.R. 1 would cover 10 million people. The family assistance program under the Ribicoff amendment would cover 10 million people. The Finance Committee bill on AFDC would cover 10 million people. Basically there are the same 10 million people and they are all unemployable.

May I point out that the committee bill does not alter the present AFDC system, which is inefficient and ineffective.

Under H.R. 1's OFF proposal, which means Opportunities for Families and applies to the working poor and those employable, the number of people covered would be 9 million people. Added to the unemployables, this gives you a total of 19 million people. Under the $2,600 proposed by the Ribicoff-administration program, OFF would involve 14 million people for a total of 24 million people.

But I think all of us would be most interested, since the distinguished Senator from Louisiana talks about the fan-

tastic rise in the welfare rolls, in the fact that under the committee's "workforce" proposal, 20 million people would be added to the 10 million for a total of 30 million people covered by their program.

Mr. LONG. Is the Senator from Connecticut including in that figure the 20 million persons who would benefit from the refund of the social security tax?

Mr. RIBICOFF. That is so. The working poor would be covered by the proposal.

Mr. LONG. I do not regard a person as being on the welfare rolls if he is getting a refund of social security taxes. Maybe the Senator does.

Mr. RIBICOFF. No; but those on the OFF program are not "on welfare" either. They are working men and women who receive income supplements. Let us dispel a basic myth. We have two types of people in America today who are poor—those people who are unemployable and those who work. The unemployable include the sick, the disabled, the incapacitated, and mothers with young children. Ten million people are included in this category and are unemployable under anybody's definition—mine, Senator LONG'S and President Nixon's.

It is one of the great tragedies of the President's term that, having developed a sound proposal, he did not have the courage of his own convictions to support it. He ran away from it. The President said to America, "We have serious problems here. We are putting people on welfare who do not work and we do nothing to encourage people to work who should be working. We want to be sure someone who works gets more than someone who does not work."

So, he proposed a floor under income of $2,400 and he developed an income supplement for those who can work.

Let me give an example of what the President and I are talking about. Assume a family of four earns $1,000. Under my proposal he could receive supplemental benefits. To compute his payment the Ribicoff bill would disregard a part of his earnings—namely $720 plus 40 percent of additional income. Thus, from $1,000 would be deducted $720, leaving $280. Then deduct 40 percent of the remaining income, the countable income of the recipient would be $168. The difference between $168 and the $2,600 benefit is the off payment—$2,432. This family's income would be $1,000 of earnings plus $2,432 in off payments—a total of $3,432.

If the family had been under the program for unemployables its payments would have been $2,600. Clearly, then, it is better to work than to remain solely on public assistance.

In the few minutes remaining, I have a very concise explanation explaining what the Ribicoff-administration program is all about. I shall be pleased to answer any questions or be interrupted at any time.

The Ribicoff-administration agreement consists of two facets: Aid to those unable to work; and aid to the working poor including a preliminary pilot program of this concept.

Under my proposal. the family assistance plan—FAP—for those unable to work would go into effect on January 1, 1974.

For the opportunities for families program—OFF—pilot programs would be established by the Secretaries of Health, Education, and Welfare and Labor. The report of findings would be submitted to Congress and the President by December 31, 1973. If either House of Congress passed a resolution within 90 days thereafter expressing disapproval of the OFF program, it would not go into effect. But if Congress did not take any action, the OFF program would trigger into effect on July 1, 1974.

A. ASSISTANCE FOR THOSE WHO CANNOT WORK

This category includes children under 16, mothers with children under age 6, the elderly, ill or incapacitated, or their caretakers, caretakers of a child where the father or other adult relative in the home is working or registeerd for training, the caretaker of a child where suitable day care is unavailable, and unemployed, male-headed families for whom jobs are unavailable. The Finance Committee's definition of who is unemployable is virtually identifical to that in my bill.

1. PAYMENT LEVEL

Those unable to work will be assured a basic Federal payment to a family of four of $2,600. The payment will increase as the cost of living rises.

2. MAINTENANCE OF BENEFITS

In those States where payment levels exceed $2,600, States would be required to make supplemental payments to assure that no recipient receives a smaller payment than he or she receives under the present law. To alleviate the harmful effects of State welfare cutbacks of the last few years, the States would be required to supplement up to the higher of their January 1971 level or any higher previous or subsequent level.

3. STATE FISCAL RELIEF

Under the provisions of my amendment, every State would receive substantial fiscal relief. Under present law States receive matching funds from the Federal Government ranging from 50 to 83 percent of a State's costs. Under my proposal the Federal Government will pay 100 percent of the first $2,600 of cost.

In addition, while my amendment requires a State with a higher payment level to make supplements, the States would be "held harmless" from additional costs once their payments reached the levels for calendar year 1971.

Total savings to State and local governments in the first fiscal year will amount to $2.8 billion compared to $2.4 billion under H.R. 1 and $2.3 billion under the committee proposal. Fiscal relief would also be provided on an emergency interim basis. The States would receive $1 billion in fiscal relief in the interval before the new welfare program takes effect.

4. UNIFORM STANDARDS AND PROCEDURES

National uniform benefit levels, eligibility rules, and Federal administration would be established by the Ribicoff-administration agreement.

Procedures of the original Ribicoff amendment to assure fairness, including right to counsel, written opinions in welfare adjudication, elimination of punitive and cumbersome reporting and checking procedures are also included as are protection of employee rights, elimination of State residency requirements and determination of eligibility based on current need.

5. CHILD CARE

My proposal provides $1.5 billion for the creation of child-care services and $100 million for the construction of child-care facilities to assist working mothers.

Mothers with children under age 6 are exempt from the work requirements. Mothers with children over age 6 would register for work only if adequate day care were available and close to their place of residence or employment. Adequate day care is defined to mean child-care services no less comprehensive than those provided for by the 1968 Federal Interagency Day Care Requirements.

B. ASSISTANCE TO THOSE ABLE TO WORK: A PILOT PROGRAM

The most innovative portion of our welfare reform proposal is the opportunities for families—OFF—program. It would provide income supplements to those people who work, but still have low incomes to insure that it is always financially more profitable to work than simply receive welfare. Such a proposal would also remove the incentive for fathers to leave their families.

In addition, one of the basic tenets of this proposal is that all those who are able to work should be required to do so. Every able-bodied applicant who applies for welfare, including those already on welfare, would have to register for employment or training with the Department of Labor. The only exemption from this requirement would be for those responsible for the care of aged, ill, or incapacitated family members or children under age 6. Failure to report for work or training would result in a loss of benefits unless the recipient could show that jobs or day care were unavailable.

Those deemed employable would immediately be referred to suitable employment paying at least the Federal minimum wage. If no jobs were available the Department of Labor would develop employability plans and provide the necessary job training. In addition, in recognition of the fact that the private job market does not have sufficient jobs available for all those able to work, my proposal creates 300,000 meaningful public service jobs in the first year of the program.

Because of the innovative nature of the OFF program, my amendment would require that aid to the working poor be tried out on a limited basis to test out its structure and theories. It is time to try out on a pilot basis any new major social program before committing the resources of the Federal Government to total implementation.

The pilots of OFF will test the following:

First, the work experience of participants—the types of jobs they have, their hours and earnings;

Second, the effect of the program on the composition and structure of families;

Third, the types of services that are needed for the working poor;

Fourth, the extent to which families who are eligible for the program actually participate; and

Fifth, the administrative provisions of the program.

FISCAL RELIEF UNDER RIBICOFF-ADMINISTRATION AGREEMENT

There are two types of fiscal relief under the Ribicoff-administration agreement:

First. The first is emergency fiscal relief for the States. This is so-called Percy amendment. Under this provision States would receive retrospective relief for fiscal 1972 and fiscal 1973. Once a State's costs rise above its calendar 1971 AFDC cost levels, the Federal Government will assume all cost rises up to 20 percent above that level. Above a 20-percent rise in costs the regular matching formula for the State would again be in effect. Such a provision will save the States $515 million for fiscal 1972 costs and $704 million for fiscal 1973—a total savings of $1.2 billion.

Second. The second and most important element of fiscal relief takes place once the FAP–OFF program goes into effect. Under this program the Federal Government assumes 100 percent of the costs for the first $2,600. Under present law, costs are shared between State and Federal Government on a matching basis—usually a 50–50 matching.

The 27 States whose payments exceed $2,600 would have to make supplemental payments to bring payments up to January 1971, levels. These States would be assured, however, that their costs would not have to rise above calendar 1971. In other words, a State would be "held harmless" from additional costs once it reached 1971 levels. This program for families alone would save the States almost $1.9 billion.

While the Ribicoff bill does not legislate for the adult categories, it does have a "hold harmless" clause in its miscellaneous provisions to provide fiscal relief to the States for their costs above 1971 levels for the aged, blind, and disabled.

I ask unanimous consent to have printed in the RECORD certain charts, an editorial and a news release.

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

STATE FISCAL RELIEF UNDER THE RIBICOFF-ADMINISTRATION AGREEMENT FISCAL YEAR 1974

[In millions of dollars]

	Family program savings	Administrative savings	Total savings
Alabama	12.9	6.6	19.5
Alaska	2.6	.6	3.2
Arizona	38.9	3.5	42.4
Arkansas	7.5	2.7	10.2
California	148.7	96.9	245.6
Colorado	12.6	1.8	14.4
Connecticut	14.3	12.6	26.9
Delaware	6.3	.7	7.0
District of Columbia	45.4	.5	45.9
Florida	110.2	6.0	116.2
Georgia	40.5	9.8	50.3
Hawaii	8.1	1.1	9.2
Idaho	1.6	.5	2.1
Illinois	145.3	18.7	164.0
Indiana	25.2	3.5	28.7
Iowa	8.9	3.2	12.1
Kansas	9.6	3.6	13.2
Kentucky	6.0	5.6	11.6
Louisiana	39.5	11.7	51.2
Maine	2.3	1.2	3.5
Maryland	53.1	5.7	58.8
Massachusetts	52.4	12.8	65.2
Michigan	90.0	17.0	107.0
Minnesota	16.5	3.8	20.3
Mississippi	5.5	6.5	12.0
Missouri	8.8	9.1	17.9
Montana	.7	1.1	1.8
Nebraska	5.9	1.7	7.6
Nevada	2.2	.9	3.1
New Hampshire	1.5	.4	1.9
New Jersey	43.0	12.2	55.2
New Mexico	.9	1.6	2.5
New York	102.7	114.0	216.7
North Carolina	10.3	4.8	15.1
North Dakota	2.0	.7	2.7
Ohio	73.3	7.3	80.6
Oklahoma	22.5	6.6	29.1
Oregon	12.5	3.0	15.5
Pennsylvania	66.0	13.2	79.2
Rhode Island	8.6	2.8	11.4
South Carolina	7.0	4.5	11.5
South Dakota	1.4	1.1	2.5
Tennessee	19.7	3.0	22.7
Texas	22.2	11.4	33.6
Utah	4.0	.7	4.7
Vermont	3.1	.4	3.5
Virginia	17.2	3.3	20.5
Washington	9.7	2.8	12.5
West Virginia	8.4	1.8	10.2
Wisconsin	35.0	9.7	44.7
Wyoming	.7	.7	1.4
Guam	.5	.02	.5
Puerto Rico	18.2	4.6	22.8
Virgin Islands	.7	.2	.9
Total	1,412.6	460.2	1,872.8

EMERGENCY FISCAL RELIEF UNDER THE RIBICOFF-PILOT FISCAL RELIEF PLAN

This provision provides that once a state reaches its calendar 1971 AFDC cost levels, the federal government will assume all cost rises up to 20% above fiscal 1971 levels. States would receive regular matching funds for cost rises above that level. As a condition of fiscal relief states would have to maintain payment levels at the January 1971 level.

This program is an interim measure pending the effective date of FAP. Retrospective fiscal relief in fiscal 1972 and 1973 would amount to $1.2 billion as follows:

[In millions of dollars]

	1972	1973
Alabama	5.9	5.9
Alaska	1.5	1.7
Arizona	1.7	2.3
Arkansas	2.6	3.0
California	98.6	167.4
Colorado	4.1	8.0
Connecticut	9.7	9.7
Delaware	1.3	1.3
District of Columbia	5.3	5.3
Florida	6.6	6.6
Georgia	8.2	8.2
Hawaii	2.9	2.9
Idaho	.6	1.0
Illinois	40.7	40.7
Indiana	5.3	5.3
Iowa	1.7	4.9
Kansas	2.4	5.2
Kentucky	2.9	5.3
Louisiana	0	8.7
Maine	2.5	2.5
Maryland	9.8	9.8
Massachusetts	33.1	33.1
Michigan	34.7	34.7
Minnesota	8.5	10.3
Mississippi	2.9	2.9
Missouri	6.1	10.2
Montana	.2	.5
Nebraska	2.2	2.2
Nevada	.2	.6
New Hampshire	1.3	1.7
New Jersey	24.0	30.6
New Mexico	.4	1.0
New York	78.3	127.4
North Carolina	6.0	6.0
North Dakota	.6	.9
Ohio	21.1	21.1
Oklahoma	8.0	8.0
Oregon	2.6	4.8
Pennsylvania	38.1	47.5
Rhode Island	3.8	3.8
South Carolina	1.5	1.5
South Dakota	1.0	1.0
Tennessee	2.0	3.9
Texas	2.7	15.0
Utah	1.7	1.7
Vermont	1.3	1.3
Virginia	6.0	6.0
Washington	1.1	7.3
West Virginia	2.6	2.6
Wisconsin	8.7	8.7
Guam	.4	.4
Puerto Rico	.1	.1
Virgin Islands	0	1.6
Total	515.6	704.5

Note: Figures may not add due to rounding.

Source: Senate Finance Committee.

FULL-YEAR COSTS, PAYMENTS, AND SERVICES: 1ST FISCAL YEAR

[In billions of dollars]

	Current law	H.R. 1	Ribicoff-administration agreement	Finance Committee bill
Payments to families	5.3	6.2	7.2	[1] 6.7
Payments to adults	2.4	4.6	4.6	4.2
Payments for food stamps	2.9	.2	.1	1.8
Hold-harmless; fiscal relief		1.1	.8	
Subtotal: Payments	10.6	12.1	12.7	12.7
Child care	.6	.9	.9	.8
Training	.3	.5	.5	
Public jobs		.8	1.2	4.1
New employment service		.1	.1	
Administration	.6	1.1	1.1	1.3
Support services				.7
Subtotal: Related and support activities	1.5	3.4	3.8	6.9
Impact on other programs		−.1	−.1	−.1
Grand total	12.1	15.4	16.4	19.5

[1] Includes: Wage subsidy, 1.9; 10-percent rebate, 1.1; residual AFDC, 3.7; total, 6.7.

[From the Washington Post, Oct. 3, 1972]

MR. NIXON, WELFARE, AND THE SENATE

So long as there was no danger of enacting it, President Nixon was 1,000 per cent behind welfare reform. His speeches a short while back would make exquisite reading on the Senate floor today, hailing (as they invariably did) Mr. Nixon's own contribution to the cause of welfare reform, immodestly suggesting (as they invariably did, too) that the President's own proposal was the most important legislation to come before the Congress in nearly four decades. Important to whom, one now must ask? To those welfare recipients whose plight under our present inhumane system he seemed to describe with such conviction? To the left-out working poor who were—and are—victimized by laws Mr. Nixon professed to find so inequitable and so urgently in need of change? To the put-upon taxpayer who was footing the bill for this basically unfair and ineffective system of public aid? The answer seems to be that is wasn't important at all in Mr. Nixon's opinion. For the President, faced with a choice between passage of a good version of the bill (worked out by his top aides) and no bill at all, has opted for no bill. And the best explanation you can get for this from those in the know around him is that politically a decent version of his welfare reform bill wouldn't be helpful in this campaign year. Better to have the "issue," whatever that may mean—better to pretend you tried and failed.

That is the background to the vote that will probably be taken today on the Ribicoff-Administration welfare bill. We hyphenate the name of the bill and decline to drop the word "administration," because, despite the political decision in the White House to reject this proposal after a good deal of work on it by administration agents, it remains the fruit of that joint effort and the measure most deserving bipartisan support. In testimoney to this fact, some 19 Republican senators not long ago urged just such an effort. In the absence of the President's approval, however, they are not expected to vote for the measure today, or at least most of them are not expected to. So Mr. Nixon held the key to reform of this nation's scandalous, costly and self-defeating welfare system—and he has tossed it away.

Only a miracle—or a sudden access of independence on the part of those Republicans who know the bill's merits—could possibly save it today. At the same time, the Senate is likely to vote as well on a so-called "pilot" measure, which is the work of Senator Byrd of Virginia and Senator Roth of Delaware. This is a mischievous bill and it should be defeated. For under the guise of merely "trying out" different versions of welfare reform for the next several years, it would leave intact some of the most objectionable features of the Senate Finance Committee "welfare" bill including its dangerous child care provisions and its blood-testing, fingerprinting, sleuthing features. It is not a mere exercise in experimentation and program testing: it is an attempt to enact far-reaching law.

Today, of course, would have been a good time to enact far-reaching law of another kind—to enact the genuine reforms of the genuinely terrible system of which Mr. Nixon has spoken so often and so eloquently in the past three years. We were among those who took him at his word. And, having gone so long and so far on faith, it does not seem to us that this is a particularly apt moment to abandon all faith. In that spirit we express the frail and probably doomed hope that the Senate will pass the Ribicoff-Administration welfare bill today—with or without the administration's help.

THE LEAGUE OF WOMEN VOTERS OF THE UNITED STATES NEWS RELEASE

WASHINGTON, D.C.—The League of Women Voters of the United States today charged that the Administration had pulled the skids out from under efforts to pass welfare reform legislation this year.

League President Lucy Wilson Benson stated, "The Administration's lack of support for the compromise Ribicoff package—which they helped shape—is a shocking example of duplicity. It looks as though the only recourse for those who support progressive reform will be to actively campaign in this Congress to defeat welfare reform provisions affecting families."

The League stated that both the House passed version of Title IV and the Senate Finance Committee version now before the Senate are blatantly inadequate and would only compound the nation's existing welfare mess.

Mrs. Benson said, "The legislation under consideration by the Senate would neither provide for the legitimate needs of welfare recipients or provide employment for those who could work. The best thing that the Senate can do is to delete Title IV from the bill entirely."

Mrs. Benson said, "Election year politics have completed distorted the welfare issue. Now that the Administration has repudiated Senator Ribicoff's compromise package, which the League supports, the chances for meaningful reform are pretty slim. The enactment of either the Long or House provisions would be a disaster and the League will work for their defeat."

Contact: Carl Ericson, Assistant Public Relations Director, 296-1770.

Mr. NELSON. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. NELSON. The Senator referred to the Ribicoff-administration position. Is this the proposal the Senator worked out with the Secretary of Health, Education, and Welfare?

Mr. RIBICOFF. For 3 years we were in constant communication with the Department of Health, Education, and Welfare. Two of my staff were assigned full time for 3 years to work on this issue. We finally came to agreement on the $2,600 proposal now before the Senate. We thought we had reached an agreement at that time. The Secretary of Health, Education, and Welfare and the Secretary of Labor sent down a recommendation to the President to accept it.

If Senators want to know about the sad and sorry state of Government in America today, the Secretaries at all departments are figureheads. The staff in the White House runs the show. It has been practically the same in every administration. I experienced it myself, under President Kennedy. I found myself advocating programs I did not believe in, and being against programs that I did believe in. I found that everything has to be cleared through the staff of the White House.

Under the present administration, all domestic decisions in the White House are made by Mr. Ehrlichman, and every Secretary of every department is an errand boy often for some kid on the staff of the White House who has had no experience, and who tells experienced people what to do.

So the President of the United States ran away from the agreement we worked out with the staffs of HEW and the Labor Department.

Now, I would like to remind my colleagues that we have two parts under my proposal. One is the family assistance plan for people who are not able to work, and which goes into effect on January 1, 1974. For the opportunities for families program—these are people who can work—I have a pilot program until January 1, 1973.

I am not going to stand on this floor and say I have all the answers and my program is the only program. I do not know whether my program will work. So I have said, "Look, if we are going to fold some 14 million people into the welfare program, let us try it out and see if it works. And let us have a program that improves the lot of people on welfare now."

As to the costs, the proposal of $2,400, which was originally proposed by the President, would cost $8.4 billion. My proposal would cost $11.8 billion. The proposal of the Finance Committee, under the chairmanship of the Senator from Louisiana (Mr. LONG), would cost $15.8 billion. These are HEW figures.

Mr. TUNNEY. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. TUNNEY. I dislike to interrupt the eloquent exposition being made by the Senator from Connecticut. I had a question to ask the Senator, and I know time is running out. I understand that under the parliamentary situation it is impossible to offer an amendment to the amendment that the distinguished Senator from Connecticut has offered. However, I am very deeply concerned about the question of people who are able-bodied, women who do not have children 6 and under, working for the money they are receiving from the Government. I for one believe that every able-bodied person should have a minimum income, but that minimum income should be a result of work.

I recognize it is difficult, in one fell swoop, to create sufficient jobs to employ all able-bodied people who are presently on welfare.

Would the Senator from Connecticut be amenable to a proposal that would require all able-bodied people presently on welfare and with children not under 6 to be phased into a public service work program, say over a period of 3 years, one-third, one-third, and one-third?

I realize I cannot offer this proposal as an amendment to the Senator's amendment, but it could be offered as an amendment to the Roth-Byrd amendment.

Mr. RIBICOFF. May I comment? First, the proposal that I have makes provision for 300,000 public service jobs. My proposal is more expensive than the House bill, because the House bill provides for 200,000 public service jobs, and I have proposed 300,000 public service jobs. That is about all the Department can handle in the first year.

But I know the Senator's concern, and eventually, if we are going to pay people to work, we are going to have to create sufficient public service jobs. The weakness of the Senator from Louisiana's proposal is that under his "work fare" proposal people would be forced to go to work for $1.20 an hour.

Mr. TUNNEY. I could not think any proposal would be better for the first year. I was wondering if the Senator would be agreeable, after that first year, to having a phased-in program, for instance, one-third 1 year, then the second third the following year, and eventually all able-bodied people on welfare would be required to work at a public service job.

Mr. RIBICOFF. Without question, but in order to do that we would have to create the public service jobs. The Senator is absolutely correct. As a matter of fact, in America today we could provide 3 to 4 million public service jobs in needed employment for the public benefit.

The Senator is on the right track. I know his concern, and commend him. But once we get into the second year or the third year, the type of program that he suggests would certainly have my support.

Mr. TUNNEY. I appreciate the Senator's comment. I was just wondering, if the Senator from California could find the parliamentary machinery to offer such an amendment after the amendment of the Senator from Connecticut is passed, would the Senator from Connecticut be willing to support it?

Mr. RIBICOFF. Well, I would say thanks for the optimism, but if my program passed I would be more than will-

ing to support almost any amendment the Senator might propose.

I would like to point out that the amendment specifically provides that every able-bodied person who applies for welfare would have to register for work or training with the Department of Labor. The only exceptions would be those responsible for the care of an ill or aged family member, or mothers with children under the age of 6. Failure to report for work or training would result in loss of benefits unless the person could show that a job or day-care services were unavailable.

Mr. TUNNEY. Mr. President, the crux of the enormous welfare problem which this country now faces is embarrassingly simple. The basic cause and the only genuine solution to the welfare mess lie in jobs—meaningful jobs, jobs with enough pay to keep a family going, jobs to make a contribution to society and at the same time provide the means for the individual self-support and self-reliance on which our country depends.

Lack of jobs is the prime cause of the welfare mess.

And providing jobs is the only solution to that mess.

In 1971, 14.8 million people received some form of welfare payments. Of that number, 4.2 million received aid under programs for the elderly, blind, and disabled. The balance, 10.6 million, received AFDC payments: 7.7 million children and 2.9 million parents. By 1974, it is estimated that there will be at least 3.3 million families receiving AFDC payments. Of these, approximately 40 percent will be headed by employable adults who could hold down a job. Under the Finance Committee bill, all of these people about 1.3 million, will be required to register for work.

I have no quarrel with that requirement. I believe that those who can work should work, and what is more, I believe that most of them want to work.

But the fundamental question we face is how we get from here to there—requiring a man to take a job is one thing when there is a job to be had, and another thing when there are no jobs because 5.6 percent of our work force is unemployed.

The Ribicoff amendment in its revised form is a beginning of a solution to this problem. It does so both by requiring all able-bodied welfare recipients to work and by establishing a system to provide that work.

It calls for the establishment of the system in 1974, with a 2-year period in the meantime for pilot projects to test its effectiveness. After those 2 years, the full program would go into effect unless the House or Senate elects to exercise the veto power provided by the amendment.

Unfortunately, however, the amendment is deficient because it provides for only 300,000 public service jobs for persons who have registered for work but cannot find a job.

Mr. President, this provision is a crucial one in my mind. If we really want people to get off the dole and back to work, then we have got to provide the jobs. And to provide those jobs it is going to take a substantial commitment of public funds for public jobs, because they are not going to be found in the private sector by itself.

Let is not kid ourselves on this—if we invest only a token amount in public service jobs, then only a token number of jobs are going to be available—and we will still pay the rest of the cost through the same old welfare mess.

And let is get another thing straight—a public service job is just that—a job. It is a man or woman working with dignity; it is not a dole, and it is not welfare. And, at least, society will get some return for the money it invests.

Mr. President, I believe that what the taxpayers of this country—what all our people—are demanding from us is not that we somehow punish welfare recipients but that we provide a means so that men and women work to support their families. If they are able-bodied, they should work, and I believe they want to work. Most of the intolerable pressure on the present welfare system comes from people who need jobs, who want jobs, who are willing to work hard to support themselves and their families, who want to be rid of welfare every bit as much as the rest of us.

Some of them are given training to meet the demands of the modern labor market. Yet when they finish training, they face the demoralizing reality that there is still no job for them to go to.

Unless we make the effort to provide these jobs, we are perpetrating a hoax on the taxpayers who foot the bill for a bloated welfare system.

If welfare reform is going to have any meaning at all, if it is going to offer any hope of solving the welfare mess, we cannot avoid the ultimate issue—a job for every able-bodied American. We must provide those jobs, and where needed, we must pay for them.

We are not going to solve the welfare problem unless we are prepared to accept the fact that once more, as in past times of economic hardship, the Federal Government must be the employer of last resort.

The Ribicoff amendment attempts to deal with this problem in a limited fashion by providing some jobs—jobs which would benefit the community in fields like health, education, urban and rural development, recreation, environment, public safety, and other forms of needed public services.

Unfortunately, the number of jobs it provides is small in proportion to the need, only 300,000 by 1974, of the estimated 1.3 million jobs which must be found. And therefore, I do not see how I could support it unless it is altered to provide a more realistic and longer term commitment to public service jobs.

I recognize that this number was selected on that assumption that a greater number of useful and meaningful public jobs would be difficult to create in the first year. But the amendment in its present form makes no commitment beyond the initial year, and it is therefore inadequate.

I believe we should strengthen substantially the public service job section to provide public jobs for at least one-third of all those required to register for work by 1975, for two-thirds by 1976, and for all such persons by 1977.

And frankly, unless a provision of this kind is included, I cannot see how the present version of this amendment would do the job adequately.

The fact that the Ribicoff amendment contains a 2-year period for pilot projects confirms this belief.

Given that period for testing the system which is contained in the amendment, it is my belief that the next 2 years should be used to test a system in which every person in the test area is guaranteed a public job as a last resort. In that way, we can learn in very practical terms the relative costs and benefits of those jobs.

If it turns out that such an extensive public job program is not workable, we can vote to change it or abolish it at the end of the test period, using the veto provision contained in the Ribicoff amendment.

One thing we do know—the need for improved public services has never been greater. No one who has seen the deterioration of services in our major cities can dispute the work that needs to be done—roads go without patching, buildings go without painting, parks go without cleaning. Our police and firemen lack adequate support. And needed new facilities languish on the drawing boards.

And the irony is that we know from direct and recent experience that public service jobs can be created and implemented swiftly and effectively. After only a few months' experience with the meagerly funded Emergency Employment Act which created only 150,000 jobs—the Nation's mayors asked for a million more. And a recent survey of the program by a Senate committee shows that there were five applicants for every one job, and that the cities and States could have created twice as many jobs immediately if more money were available.

My own belief is that we will find that the cost to the American taxpayer of such a system is far, far less than continuation of the present hoax which tells a man he must work but denies him a job. Furthermore, the dividend to a better life for all of us through the public services provided by those workers is vastly more valuable than the continued drain in money and personal dignity from the present mess.

The cost of such a program is not going to be cheap. The best estimates are that it costs approximately $400 million for every 100,000 public service jobs to be created. Thus if we were to guarantee a job for each of the 1.3 million able-bodied welfare recipients required to work, the cost could run as high as $5.2 billion.

But by using the time for testing provided in the Ribicoff amendment, we could learn on a limited basis whether the cost is one which we should be prepared to pay.

And frankly, Mr. President, that is my quarrel with the Nixon administration. We are here today trying to make decisions about reforming a welfare system which has cost us billions upon billions of dollars, with only the barest of guess-

work about the effect of what we are doing. Three years ago we had the chance to try out some of these proposals on a pilot basis. Such was the proposal put to President Nixon, and back came his answer: All or nothing—enact my proposal in its entirety, with only guesses as to what its effect will be, but do not try it out in advance. And so here we are, 3 years later still trying to guess what is best for the country. We could have completed the 2-year test which was proposed by Senator RIBICOFF and others and been ready now to pass a law based upon hard data and experience. But instead, we are confronted with three camps, equally divided, and each as uncertain of the long-term effects as the others.

I cannot and will not support the President's proposal, because it is fundamentally a fraud upon both taxpayer and welfare recipient. It purports to put people to work yet does nothing to provide the jobs for them to work at. Nor can I support the present Finance Committee version, because it is fundamentally a cruel and punitive measure which would create a vast new category of subpoverty employment.

And so I am left with the Ribicoff proposal. My own position is that it must give greater emphasis to public jobs if it is to have any hope of succeeding in practice and if it is to get my vote.

But I will vote against tabling it today if I believe, after asking the Senator from Connecticut a few questions, that he would support an adequate number of public service jobs phased over a period of 4 years to provide a job for able-bodied welfare recipients.

Mr. NELSON. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. NELSON. This is predicated on the proposition, however, that there is a job available to be supplied either in public service employment or in the private sector, is that correct?

Mr. RIBICOFF. That is absolutely correct. I cannot imagine anything worse than to say someone has to work and then not have a job for him, or to train him for a job that does not exist.

Mr. NELSON. So that, in the circumstances where someone registers for work who needs welfare in order to feed the children and pay the rent, and no job is available, then he will still receive welfare support for the family, is that correct?

Mr. RIBICOFF. Yes, without question. I cannot follow the reasoning of the distinguished chairman. I hope the day never comes when I am willing to say that $1,248 is enough to support a family of 4 anywhere in America. I do not think that anyone in this body could make it any place in America on the sum of $1,248.

Mr. NELSON. Will the Senator yield further?

Mr. RIBICOFF. I am pleased to yield.

Mr. NELSON. In the Senator's amendment, was he dealing solely with the question of public service jobs, or are prospective recipients to be registered with the employment service as available for other jobs in the private sector?

Mr. RIBICOFF. Everyone who is on welfare, unless incapacitated by blindness, ill health, or caring for children under the age of 6, must register. Anyone who applies for welfare with the Welfare Department and says he is available for a job, the Labor Department lists and classifies him. The job should provide the minimum wage——

Mr. NELSON. That is not required, though?

Mr. RIBICOFF. My amendment requires that the minimum wage be paid. I would certainly hope that we do not take people on welfare and put them to work at less than the minimum wage. This would destroy the wage structure in America.

In other words, what we would be doing under the committee bill is subsidizing the sweat shop, subsidizing the individuals who want to get cheap labor, and destroying the structure of the American labor market.

Mr. NELSON. Does the Senator mind yielding further?

Mr. RIBICOFF. No, I am pleased to yield to any Senator on the floor who has any question.

Mr. NELSON. In distinguishing between the private employment field and the public service, is it clear in the Senator's amendment that of the 300,000 public service jobs—is it 300,000?

Mr. RIBICOFF. That is correct.

Mr. NELSON. That anyone who accepts a public employment job or service in public employment must be paid the same wage as anyone else in that municipal or State jurisdiction is paid for the same job?

Mr. RIBICOFF. Let me respond to the Senator by saying that he or she must be paid the prevailing wage or the minimum wage, whichever is higher. In other words, if the prevailing wage in an area is $2 an hour——

Mr. NELSON. No, I am talking about public service, first.

Mr. RIBICOFF. Public service jobs would also provide prevailing wage or the minimum wage, whichever is higher.

Mr. NELSON. That puzzles me a little bit. Does the Senator mean the prevailing wage within municipal employment in that area for that kind of a job?

Mr. RIBICOFF. For that kind of a job.

Mr. NELSON. He would not say that if the prevailing rate for a stenographer or a truck driver was higher outside the governmental sector——

Mr. RIBICOFF. No, within that category.

Mr. NELSON. Within the governmental sector?

Mr. RIBICOFF. The Senator is absolutely correct. That is what the amendment provides.

Mr. NELSON. Within the private sector, are there any limitations on the kind of job?

Let me give an example. Suppose the head of a family, let us in this case a mother with no spouse and with children 6 or over, is offered a job at the minimum wage; does she have to take it, regardless of what the job is?

Mr. RIBICOFF. No; she does not. If there is a job offered to go across town, without any public transportation, and she does not have means of transportation and adequate day care then she does not have to take that particular job.

Mr. NELSON. This is one of the points frequently raised, as the Senator from Connecticut knows. It has been mentioned on a number of occasions, I believe, by witnesses at the hearings as well as in discussions in executive sessions: Here is a mother with three children 6 or older; she now cleans house now does all the cooking, now supervises her children, she is there to get them off to school, she is there to receive them when they come back from school, but she is offered a job at the minimum wage to do housekeeping for someone else across town. Is she required to take it? Will they provide the transportation to get her there?

Mr. RIBICOFF. If there is no transportation to her job or no day care facilities for her children, then she does not have to take that job.

Mr. NELSON. I know it is very difficult, as the Senator from Connecticut and everyone here does, to draft a general section in a statute without it appearing to authorize certain requirements that no one would intend.

Would it make any sense at all to the Senator, in any event, if, say, it was summertime and the children were not in school, so the mother has to leave her three children at a day care center, which is available, and then go someplace across town to work at the minimum wage, doing housekeeping, when, in fact, it would cost more to have the children in the day-care center than the mother could earn working at housekeeping across town? Certainly, it is not the intent of the Senator's proposal to write that kind of requirement into the bill; is it?

Mr. RIBICOFF. You are correct that it would be self-defeating to require someone to work when it would be more expensive to provide day care than to pay public assistance.

The expenses of day care are excluded from the benefits that the person receives.

Mr. PASTORE. Mr. President, will the Senator yield so that I may ask a question on that point?

Mr. RIBICOFF. I yield.

Mr. PASTORE. Is it not going to be cheaper and better to keep that home intact by keeping the mother home with the children, rather than putting the children in a day-care center, which is going to be much more expensive, and have the mother go to work? That was the whole principle of aid to dependent children. The only trouble is that this program became expanded and expanded. I think what we are trying to do here is to get after the rascals. I hope we are not getting after the legitimate mothers.

Mr. RIBICOFF. Not at all. In our proposal, we have been very careful to make sure that there are penalties for desertion. If the father can be found, he will be brought to either civil or criminal justice and made to pay his share.

The weakness of the proposal and the arguments of the distinguished chair-

man is the assumption that you can find the father.

If a father can be found and it can be proved that he is the father, we make provision that under those circumstances the person who so avoids his responsibility is subject to criminal prosecution and is required to make payments for the support of his children.

Mr. PASTORE. Is that a Federal offense?

Mr. RIBICOFF. That is a Federal offense.

The PRESIDING OFFICER. The hour of 4:53 p.m. having arrived, under the previous order the Senator from Louisiana (Mr. LONG) is recognized for the purpose of moving to table the pending amendment of the Senator from Connecticut.

Mr. LONG. Mr. President, I move that the pending amendment of the Senator from Connecticut be laid on the table.

I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MAGNUSON (when his name was called). On this vote I have a pair with the Senator from Mississippi (Mr. EASTLAND). If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." I therefore withhold my vote.

Mr. INOUYE (when his name was called). On this vote I have a pair with the Senator from Colorado (Mr. ALLOTT). If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." I therefore withhold my vote.

Mr. GRAVEL (after having voted in the negative). On this vote I have a pair with the Senator from Tennessee (Mr. BAKER). If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." I therefore withdraw my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), and the Senator from Mississippi (Mr. EASTLAND) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE) is absent on official business.

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BAKER), the Senator from Arizona (Mr. GOLDWATER), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from Ohio (Mr. TAFT) is absent on official business.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Texas (Mr. TOWER) would vote "yea."

The respective pairs of the Senator from Colorado (Mr. ALLOTT) and that of the Senator from Tennessee (Mr. BAKER) have been previously announced.

The result was announced—yeas 52, nays 34, as follows:

[No. 506 Leg.]

YEAS—52

Allen	Dole	McClellan
Anderson	Dominick	Miller
Bellmon	Edwards	Montoya
Bennett	Ervin	Packwood
Bentsen	Fannin	Pearson
Bible	Fong	Proxmire
Brock	Fulbright	Randolph
Buckley	Gambrell	Roth
Burdick	Griffin	Saxbe
Byrd, Harry F., Jr.	Gurney	Sparkman
	Hansen	Spong
Byrd, Robert C.	Harris	Stennis
Cannon	Hollings	Stevens
Chiles	Hruska	Symington
Church	Jordan, N.C.	Talmadge
Cook	Jordan, Idaho	Thurmond
Cotton	Long	Young
Curtis	Mansfield	

NAYS—34

Aiken	Hughes	Percy
Bayh	Humphrey	Ribicoff
Beall	Jackson	Schweiker
Boggs	Javits	Scott
Brooke	Kennedy	Smith
Case	Mathias	Stafford
Cooper	Mondale	Stevenson
Cranston	Moss	Tunney
Eagleton	Muskie	Weicker
Hart	Nelson	Williams
Hartke	Pastore	
Hatfield	Pell	

PRESENT AND GIVING LIVE PAIRS, AS PREVIOUSLY RECORDED—3

Magnuson, against.
Inouye, against.
Gravel, against.

NOT VOTING—11

Allott	McGee	Mundt
Baker	McGovern	Taft
Eastland	McIntyre	Tower
Goldwater	Metcalf	

So Mr. LONG's motion to lay Mr. RIBICOFF's amendment on the table was agreed to.

The PRESIDING OFFICER (Mr. KENNEDY). Debate on this measure is limited——

Mr. MANSFIELD. Mr. President——

Mr. MONTOYA. Mr. President, let me take this opportunity to congratulate all the members of the Finance Committee on the completion of this monumental legislative task. While the Senate has already spent many hours on this legislation, our job is not yet complete.

As the Members of the Senate are well aware, there are differences between the House and Senate versions. I particularly want to address myself to the treatment accorded members of the chiropractic profession under the House version.

Under the House-passed bill, the Secretary of HEW is directed to conduct further study concerning the inclusion of chiropractic services under medicare.

The Senate, realizing that further study was not necessary, wisely included chiropractic services that comply with HEW standards under medicare.

This inclusion of chiropractic services is essential if we are to maintain freedom of choice in the area of health care for all Americans. The right of a patient to choose his or her health care method is a cherished one, and must be retained. To exclude chiropractic services from a growing Government health program such as medicare is to deprive millions of Americans of their right to select the health care they prefer.

The crisis of health care in America requires that all branches of the health profession join in the common effort. To exclude chiropractic practitioners from this battle is to cripple our efforts on this front. We have a duty to assure adequate health care for all our citizens, and we cannot meet this responsibility if we continue to exclude recognized health care professionals from participation in federally assisted health programs.

If we continue to refuse to include certain classes of health care professionals, we will continue to fail our citizens, especially the elderly whose fixed incomes often preclude their receiving adequate health care without assistance. The availability of other avenues of care is not enough when we fully consider the important role that confidence and fa-

miliarity play in successful health treatment.

It is because I believe in the right of free choice, and I know that Senators share this belief, that I strongly urge the Senate conferees to continue firm in their support of this section of H.R. 1. The will of the Senate on this matter is clear, and meets a critical need for America's elderly. As this matter goes to conference, I again urge that the inclusion provision of the Senate bill be retained.

Mr. HARRIS. Mr. President, as a member of the Senate Finance Committee, I have long been of the opinion—as I have stated publicly several times—that it is totally impossible to get real welfare reform during this session of the Congress. The Senate Finance Committee has adopted a "Workfare" program which discriminates against poor people who are out of jobs and those who cannot work. It would, in virtually every aspect, make worse the present failures in the welfare system.

H.R. 1—the welfare bill adopted by the House of Representatives and generally supported by the Nixon administration—is a punitive and regressive measure. It is not welfare reform.

No welfare bill can measure up to the need for reform unless, among other things, it guarantees the rights of present recipients, provides for decent pay and jobs and sets an adequate standard of income. Everybody agrees that the present system traps people in poverty, that people need an adequate income if they are to have some chance to escape poverty—to be able to afford decent education, health, housing, and job opportunity.

Yet, most of the proposals—even the so-called liberal compromises—do not meet these standards.

Further, it is clear that, even if the Senate were to pass at this late date an acceptable welfare reform bill, there is almost no hope that the measure would come back from conference in an acceptable form.

I disagree with some well-intentioned organizations and Senators who believe that any bill that recognizes the rights of the "working poor" is better than nothing. I believe that any measure that compromises on basic principles will actually put off the day when we might have real welfare reform—a guaranteed income at a decent level for those who cannot find work or who are unable to work. Furthermore, I vigorously oppose any legislation that would make worse the already wretched lives of present recipients.

Consequently, I strongly feel that any present compromise on principle will not hasten the day of welfare reform—but will delay that just achievement. I believe the best we can do in this session of Congress is to act to protect the rights of those already receiving assistance and to give fiscal relief to the States. We must, then, continue to work for such education of the public and the Congress as will allow real welfare reform—not make the present welfare system worse.

Therefore, in line with my long-announced position on this matter, I intend to vote for the motion to table the Ribicoff amendment.

NEED FOR PASS-ALONG

Mr. WILLIAMS. Mr. President, for the vast majority of older Americans the 20-percent social security increase will bring long overdue and welcome relief.

It will remove almost 2 million persons from poverty, including 1.4 million aged 65 or older.

In terms of dollars and cents, the new law will boost monthly social security benefits:

From $133 to $161 for the average retired worker;

From $223 to $270 for the typical retired couple; and

From $114 to $137 for the average widow.

However, for some older Americans—particularly those who also receive old-age assistance—this raise may be neutralized because their walfare payments will be cut back by the amount of the 20-percent increase.

Others may actually be worse off because the new raise will make them ineligible for medicaid.

The Senate has taken action to assure that no one will be penalized because of the 20-percent increase.

The Senate has approved an amendment to pass along the 20-percent raise for persons who receive social security and old-age assistance. The effect of this measure is to assure a net increase in the limited incomes for the elderly poor.

Moreover, the Finance Committee has included a provision in H.R. 1 to protect the aged, blind, and disabled against loss of medicaid coverage because of the 20-percent increase. A similar provision has been incorporated in legislation recently reported out by the House Ways and Means Committee.

Both these provisions, in my judgment, are urgently needed now.

A recent article in the New York Times makes a compelling case for prompt action on these matters.

Mr. President, I comment this article—entitled "Social Security Rise Becomes a Nightmare for Many Elderly"—to my colleagues and ask unanimous consent that it be printed at this point in the RECORD.

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

SOCIAL SECURITY RISE BECOMES A NIGHTMARE FOR MANY ELDERLY

(By David K. Shipler)

Like millions of other aged Americans, Marie Nashif of Denver will receive a 20 per cent increase in her Social Security check this month. But unlike most, she will not welcome the extra cash.

Mrs. Nashif is among the 187,000 or so elderly for whom Congressional election-year generosity has become a nightmare. The Social Security rise, voted by Congress June 30, has pushed her income just high enough to make her ineligible for the welfare and Medicaid benefits that she needs so desperately.

Mrs. Nashif, a small, alert, 74-year-old woman, suffers badly from arthritis. Until now, her heavy medical bills have been paid fully by Medicaid. But when her monthly Social Security check rises from $138.40 to $166.10, it will surpass the $147 figure that Colorado uses to divide those who are eligible from those who are not.

In exchange for her $27.70 additional from Social Security, Mrs. Nashif will have to pay $5.80 a month in medical insurance premiums, 20 per cent of all doctors, bills, the first $68 a year in hospital expenses, $17 a day after 60 days in the hospital, and the total amount of prescription drugs.

Further, she will lose $7 a month in welfare payments, she will probably become ineligible for food stamps, and her rent will rise, since she lives in Federally subsidized housing where rents are tied to income.

"When I take all this into consideration," she said, "I'll be a darn sight worse off than I am now."

Congressional action could eliminate such hardships, and several bills addressed to the problem are now pending. Last Friday, the Senate voted a solution for welfare recipients by passing a measure that would force states to raise the eligible income limits for welfare by the same dollar amount as the Social Security increases. Prospects for the bill in the House are uncertain.

Even if the bill becomes law, it will not help people who now collect Medicaid and are not welfare recipients, and there are thousands of those in New York City alone who risk losing their medical benefits. The bill addresses itself only to welfare recipients.

ACTION BY STATES

Some states have already taken action on their own. Gov. William T. Cahill of New Jersey has ordered Medicaid benefits continued for 4,000 elderly who would otherwise become ineligible.

Delaware has allocated $1-million to raise the eligibility income maximums. Gov. Winfield Dunn of Tennessee has changed administrative regulations to keep 7,500 people on the welfare rolls, Nebraska, Missouri, Iowa, Florida and Wyoming are among the states that have increased the income levels that determine eligibility.

No action has been taken in New York. The state's Department of Social Services contends that it has no power to make the necessary changes without approval from the Legislature, whose regular session begins in January.

New York City has already sent letters informing 6,000 elderly people that their welfare benefits will be halted. This means that they will have to begin paying 20 per cent of their medical expenses.

In addition, many aged New Yorkers who are not on welfare and are not addressed by the Senate bill will be hurt by the Social Security increases.

The city's Office For the Aging estimated that 14,696 persons who now receive 80 per cent of their medical expenses from Medicaid will be cut off altogether. In addition, 22,434 who are not on welfare but are fully covered by Medicaid will have until they have spent all their income above the welfare maximum on medical bills. At that point Medicaid will pick up the full burden again. This totals about 43,000 elderly affected adversely in New York City alone.

The figures elsewhere are smaller, ranging from about 10,000 in California to 400 in Vermont. The United States Department of Health, Education and Welfare calculates that nationwide, 187,000 people will become ineligible for welfare and 93,000 will lose Medicaid.

Even many who do not lose will not gain from the Social Security increase, since some states apply Social Security income against welfare payments. As Social Security rises, welfare decreases; the beneficiary is not the individual, but the state.

"I'm all for the increase," said John Maros, administrator of the Wyoming Division of Public Assistance. "The more Social Security they get the less public assistance is needed." The State of Washington estimates

that it will save $2.3-million in welfare payments by next June 30.

"The average pensioner in Alabama won't gain a dime as a result of the increase," said Ruben K. King, Alabama director of pensions and security.

BAN UNDER SENATE BILL

"This is a form of psychological deceit practiced upon senior citizens," said C. Christophor Brown, head of the law reform unit of the Baltimore Legal Aid Bureau. "The government is giving with one hand and taking away with the other."

This cannot happen if the bill passed by the Senate is approved by the House and signed by President Nixon; Under the measure states would be prohibited from reducing welfare payments in response to the Social Security increase.

The bill would also cost the states additional money by requiring them to raise the income limits for eligibility, not merely for those welfare recipients who are on Social Security, but for all disabled, aged and blind. In New York, many in the disabled category are narcotics addicts.

In most states, elderly people on Social Security receive only small amounts of money from welfare, and their removal from the rolls is less of a hardship in terms of direct welfare payments than it is in terms of the services that are corollaries to a welfare status.

In many states, for example, Medicaid—whose cost is shared by the Federal and state governments—is available only to those whose incomes are low enough to qualify them for welfare, even though the Federal guidelines allow Medicaid benefits for those with incomes up to 133 per cent of the welfare maximum.

Other benefits, such as food stamps, legal help and homemaking services, are also often tied directly to welfare.

BRONX WOMAN HIT

Mrs. Elesabeth Miles of 1365 Finley Avenue, the Bronx, for example, faces the loss of a valuable homemaker because the Social Security rise will make he ineligible for welfare. She is 62.

"The letter came last Wednesday," she said, "and now I have nothing. I have been a widow for 29 years and am completely blind in the right eye and partially blind in the left eye. My son is unable to take care of me because he has eight children of his own."

Her monthly Social Security check, to rise from $133.10 to $159.70, will have to cover her $70.40 a month rent, as well as her food and other expenses.

"They say that they are giving me a 20 per cent increase, but they been taking everything back and all I get is nothing," Mrs. Miles said. "We worked hard to take care of ourselves and they just don't care if we live or die."

In a small, sad room on West 86th Street, Joseph Wolfson, 80, a frail, asthmatic man spoke with fear. "Most of the time I am in the hospital because of asthma," he said. "I feel all right now, but who knows what can happen next week? I just can't live with that little amount of money and no medicaid."

Eva Estelle Jackson, 70, lives alone in Montgomery, Ala., and has suffered from tuberculosis and ulcers. She now receives $132 a month in Social Security and $24 in welfare, but she has been told that the Social Security increase will raise her a few dollars above the welfare maximum she will therefor lose Medicaid, which paid several thousand dollars for three weeks she spent in hospitals last year.

"It's gonna hit me hard," Miss Jackson said. "If they'd just left me with a pension of $1 or $2, and Medicaid, I'd have been a lot better off. If I had some illness, I just don't know what I'd do. I'd just be in bad shape, because I've got nobody to fall back on."

Miss Jackson discovered that she will also have to pay a $2-a-month garbage collection fee to the City of Montgomery. Only those on welfare are exempted from the fee.

Another Montgomery resident, Emily Shepherd, 75, is now in the hospital, being treated for emphysema. When her $137-a-month Social Security check rises to $164, she will lose $66 in welfare from the state, ending up with $39 less a month than now, and no Medicaid.

At that point, her choices will be "either to go into a convalescent home or just go back to my apartment and die," she says. "It's the most ridiculous thing I ever heard of. They should have had a little forethought. They're just a bunch of meatheads in Congress."

In Las Vegas, the Social Security check of Henrietta G. Oberg, 78, will rise from $153 to $183 a month, but her $23 welfare payment will be eliminated as a result, leaving her $7 ahead, but without Medicaid. She is being treated for cancer. "What am I going to do?" she asked.

In Cedar Rapids, Iowa, Mary Wright also lost Medicaid. "It will take it all away from me," she said of the Social Security increase. "I can't afford it. I'm having it all canceled. I got to pay my rent, clothes, and feed myself. There's nobody else to do it for me. You can't get any glasses, can't get any teeth—anything you need you can't get."

The difficulties have also affected some younger people. Lennell Frison, 40, a father of 10 in Portland, Ore., is a former foundry worker whose arthritis put him out of a job two years ago. He and his wife, who has diabetes, were told recently that the Social Security rise would mean the end of welfare and the end of medical payments.

"Without that aid to the doctor, man, I don't know how we're going to make it." His wife, he says, works sometimes as a janitor at night, making about $100 a week. They had planned to try to buy the sixroom house they now rent, he said, "But we're probably gonna lose it."

Mr. Frison has considered sending his 17-year-old son to work, but he is torn by powerful doubts. "I hate to take my oldest boy out of school, because then he'd be where I am. I think I'd go back to work and punish myself instead. I can't stand up too long. My legs won't hold me. But it gets you. A man ain't nothing if he can't feed his children."

In Hazelwood, Mo., a suburb of St. Louis, Mr. and Mrs. Russell French face similar difficulties. Mr. French suffers from heart disease and diabetes, she from arthritis and rickets. Two of their children, Charles, 15, and Lorraine, 12, have rickets, and a third, Russell, is diabetic.

"It's the Medicaid that counts," said Mrs. French. "I figure it would cost us $100 a month just to keep my husband supplied with medicine." Neither she nor her husband can work; their Social Security comes to about $400 a month.

The family's physician, who asked not to be identified, confirmed that the French family needed constant medical attention. "Of all my families this is the one that is probably the most in need," he said.

When Mrs. French was 10 years old and living in Corning, Ark., she recalled, her mother died because she could not get medical help. "If anyone thinks things have changed, they haven't," she said, "because the same thing probably will happen to us."

The PRESIDING OFFICER. The Senate will be in order. The Senate is still not in order. Senators are requested to take their seats.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the time on H.R. 1 be extended for 10 minutes so that the distinguished Senator from Delaware can withdraw his substitute and the distinguished Senator from Alaska may be recognized for not to exceed 10 minutes, with the time equally divided between the manager of the bill and the author of the amendment, and that at the conclusion of the 10 minutes, the Senate proceed to the consideration of the HEW appropriations bill under the previously agreed to order.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HUMPHREY. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. HUMPHREY. Mr. President, are we on controlled time on the HEW appropriations bill?

The PRESIDING OFFICER. The HEW appropriations bill is to be considered under controlled time.

Mr. HUMPHREY. Mr. President, what is the time situation on the HEW appropriations bill?

The PRESIDING OFFICER. The time on the HEW appropriations bill is 3 hours on the bill, 1 hour on any amendment in the first degree, and 30 minutes on other amendments.

SOCIAL SECURITY AMENDMENTS OF 1972

The Senate continued with the consideration of the bill (H.R. 1) to amend the Social Security Act, to make improvements in the medicare and medicaid programs, to replace the existing Federal-State public assistance programs, and for other purposes.

Mr. ROTH. Mr. President, I intend to withdraw my amendment at this time. It is obvious that the Senate is not yet ready to vote upon it. In withdrawing it, I intend to withdraw it under a parliamentary situation where I can be sure that we get a vote.

Mr. President, I withdraw my amendment No. 1668.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. STEVENS. Mr. President, I call up the Metcalf amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to state the amendment.

Mr. STEVENS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 935, between lines 8 and 9, insert the following new sections:

LIMITATION ON FISCAL LIABILITY OF STATES FOR OPTIONAL STATE SUPPLEMENTATION

SEC. 513. (a)(1) In any case where supplementary payments are made during any fiscal year with respect to Indians (within the meaning of section 1101(a)(9) of the Social Security Act) pursuant to a State's agreement under section 1616 of the Social Security Act (as in effect after December 31, 1973), the Secretary of Health, Education, and Welfare (subject to paragraph (2) of this subsection) shall—

(A) reduce the amount otherwise payable to him by the State for such fiscal year as provided in section 616(d) of such Act by an amount equal to the total of the supplementary payments so made with respect to all such persons (if and to the extent that such agreement provides that the Secretary will make the supplementary payments involved on behalf of the State (or political subdivision thereof)), or

(B) pay to the State (or political subdivision) which made the supplementary payments involved an amount equal to the total of such payments (if and to the extent that such agreements do not so provide).

(2) Paragraph (1) of this subsection shall apply with respect to the supplementary payments made during any fiscal year with respect to Indians (within the meaning of section 1101(a)(9)(1) of such Act) pursuant to any State's agreement or agreements only to the extent that—

(A) the total of such payments, when added to the total of the benefits payable for such fiscal year to those persons under title XVI of the Social Security Act, does not exceed

(B) the total expenditures made during the fiscal year ending June 30, 1973, for aid or assistance with respect to Indians (within the meaning of section 1101(a)(9) of such Act) under the plans of such State approved under titles I. X, XIV, XV, and XVI of such Act in such fiscal year (excluding expenditures authorized under section 1119 of such Act).

(b)(1) In the case of any State which has an approved plan, under part A of title IV of the Social Security Act, which provides for the furnishing of aid in accordance with a standard of need higher than that which would be required to furnish aid to families of various sizes in accordance with the dollar amounts referred to in clauses (1) through (4) of section 404(a) of such Act, there shall be paid to such State for each calendar quarter (commencing with the quarter ending March 31, 1973) an amount equal to 100 per centum of the difference between the cost incurred by such State in providing, to Indians (as defined in section 1101(a) of such Act), such aid for such quarter in accordance with such higher standard over the cost which would have been incurred in providing such aid for such quarter to such Indians in accordance with the standard which would be required to furnish aid to them in accordance with the dollar amounts referred to in clauses (1) through (4) of such section 404(a).

(2) Amounts payable to any State under this subsection shall be payable in like manner as were payments to which States were entitled under section 403 of the Social Security Act, as such section was in effect prior to January 1, 1973.

(3) There are hereby authorized to be appropriated such sums as may be necessary to make the payments authorized by this subsection.

ADDITIONAL FEDERAL PAYMENTS UNDER PUBLIC ASSISTANCE PROGRAMS ON ACCOUNT OF EXPENDITURES FOR AID OR ASSISTANCE TO INDIANS

SEC. 514. (a)(1) Section 9 of the Act of April 19, 1950 (64 Stat. 47; 25 U.S.C. 639), is amended to read as follows:

"SEC. 9. The Secretary of the Treasury shall pay to each State which has a plan approved under title I, X, XIV, XV, XVI, (or, after December 31, 1973, title VI) or XIX, of the Social Security Act, for each quarter, an amount equal to the excess of—

"(1) the total expenditures made during such quarter under such State plan as aid or assistance with respect to Indians (within the meaning of section 1101(a)(9) of such Act) (including amounts expended by reason of section 1119 of such Act, to the extent applicable, but not counting so much of any such expenditure as exceeds the limitations prescribed for purposes of determining the Federal share of such aid or assistance under the applicable provisions of such title or part), over

"(2) the amounts otherwise payable to such State under section 3, (or, effective for quarters beginning after the quarter ending December 31, 1973, section 603), 1003, 1403, 1505, 1603, or 1903 of such Act (including amounts determined under section 1119 of such Act, to the extent applicable) as the Federal share of aid or assistance under such plan with respect to such Indians."

(2) The amendment made by subsection (a) shall be effective with respect to calendar quarters beginning after the date of the enactment of this Act.

(b) Section 1101(a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(9) The term 'Indian' means any individual who (a) is a member of a tribe, band, or other organized group of Indians, including those tribes, bands, or groups terminated since 1940 and those recognized now or in the future by the State in which they reside, or who is a descendant, in the first or second degree, of any such member, or (B) is considered by the Secretary of the Interior to be an Indian for any purpose or (C) is an Eskimo or Aleut or other Alaska Native, or (D) is determined to be an Indian under regulations promulgated by the Secretary after consultation with the Secretary of the Interior."

The PRESIDING OFFICER. The Senator from Alaska is recognized for 15 minutes, and the Senator from Louisiana is recognized for 15 minutes.

Mr. STEVENS. Mr. President, today I am offering an amendment for the distinguished Senator from Montana (Mr. METCALF), which is cosponsored by myself, the distinguished Senator from North Dakota (Mr. BURDICK), the distinguished Senators from Arizona (Mr. GOLDWATER and Mr. FANNIN), the distinguished Senator from Alaska (Mr. GRAVEL), the distinguished Senator from Montana (Mr. MANSFIELD), the distinguished Senator from Kansas (Mr. DOLE), the distinguishetd Senator from South Dakota (Mr. McGOVERN), the distinguished Senator from Minnesota (Mr. MONDALE), the distinguished Senator from Utah (Mr. Moss), the distinguished Senator from West Virginia (Mr. RANDOLPH), the distinguished Senator from New Jersey (Mr. WILLIAMS), and the distinguished Senator from New Mexico (Mr. MONTOYA).

Mr. President, the historical position of the Government of the United States is that it has a unique and undeniable responsibility to one segment of our society—the American Indians. We have taken much from these people, so much, in fact, that as a group the American Indians rank lowest on our economic scale—lower than the black and lower than the Spanish-speaking Americans.

Of the two Houses of Congress, the Senate, in particular, has most often accepted the Federal Government's duty to the Indians. In 1935 when the first Social Security Act was passed, there was a provision in the Senate bill that the Federal Government assume the full cost of providing pensions for Indians. On numerous occasions since 1935 the Senate has reaffirmed this position.

The Federal Government has seen fit in the past to resettle and relocate Indian tribes from reservation to reservation and from State to State. Having made that decision, the Government has then placed on the individual States most of the burden of providing these people the economic assistance they require to achieve a minimal standard of living.

The amendment I am proposing today to H.R. 1 would relieve the States and place the financial responsibility for assistance to the American Indians where it belongs—on the Federal Government.

At present two States, New Mexico and Arizona, receive substantial Federal support for welfare assistance programs for the Navajo and Hopi Tribes residing in those States. Public Law 474 was enacted during the 81st Congress primarily because the welfare agencies of these two States refused to accept responsibility for the Indian population residing within their borders. This amendment being offered today would extend to all States the relief now enjoyed by two.

This bill does not merely extend the provisions of Public Law 474, however. In fact, enactment of this measure would effect the repeal of that law. This bill, authored by Mr. METCALF, would provide 100-percent Federal reimbursement for the costs of all welfare assistance programs, including medicaid, to American Indians, Aleuts, and Eskimos. It may be asked if the States should not assume some of the financial responsibility for these people—I contend that they will even with the enactment of this bill, as much of the land on which the Indians live is held in trust and thus not subject to State or local taxation. Additionally, because of the low economic status of the majority of our Indians, income tax revenues from this group are at a minimum. Thus, the States will still be sharing the financial burden with the Federal Government, but the costs will be more equitably shared than it is at present.

In 1970 when Senator METCALF introduced a similar piece of legislation, he was questioned closely by the distinguished Senator from Connecticut (Mr. RIBICOFF) as to the cost of this program to the Federal Government. No exact figures were available then and today I cannot give you an exact figure either. The reason for this is that the States do not keep a separate accounting of assistance programs to Indians. Very little information is available on this from either the Department of the Interior or the Department of Health, Edu-

cation, and Welfare. However, the following figures will give some idea of the scope of the commitment which the Federal Government would assume.

In 1970 it was estimated that State and county welfare agencies assisted twice as many Indians as were assisted by the Bureau of Indian Affairs. The BIA caseload for 1968 was 53,770. In 1969, BIA expenditures for welfare payments to Indians totaled $9,179,000. Assuming that the States spend twice as much as the Bureau of Indian Affairs, we are talking of a commitment in the range of $30 million annually.

Because of the increased responsiveness of the Congress in recent years to the plight of Indians, I would foresee this figure declining in coming years in contrast with the rapidly spiraling costs of welfare payments taken as a whole. In my own State of Alaska, for example, the lot of the Natives will be greatly enhanced in coming years thanks to the passage of the Alaska Native Land Claims Settlement Act. Many other Indian groups are also beginning to develop business and industries which will allow them to become economically independent and to regain their pride and stature. In Alaska we do foresee a better day, but it is not here yet. And until that day comes for my State and for all other States, I urge the Federal Government to quit paying lip service to responsibility toward our aboriginal people and to put words into deeds by passage of Senator METCALF's amendment to H.R. 1.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. STEVENS. I yield to the Senator from Montana.

Mr. MANSFIELD. Mr. President, does the Senator have the name of the distinguished Senator from Arizona (Mr. FANNIN) and my name listed as cosponsors?

Mr. STEVENS. The Senator is correct.

Mr. MANSFIELD. Mr. President, I thank the Senator.

Mr. LONG. Mr. President, with the endorsement of those prominent cosponsors, I have no doubt that the amendment will be agreed to. I think that has been somewhat evident.

Along with the Senator from Utah (Mr. BENNETT), I think we can agree with the amendment.

Mr. BENNETT. The Senator is correct.

Mr. MONDALE. Mr. President, I would like to indicate that I am a cosponsor of the amendment to H.R. 1 submitted by my colleague from Montana, Senator METCALF, who could not be here today. The amendment provides for Federal reimbursement for State expenditures on public assistance programs for Indians.

There is a precedent for this type of reimbursement. Under legislation passed in 1949, State welfare departments receive reimbursement for 80 percent of their share of the cost of old-age assistance, aid to dependent children, and aid to the blind in the Hopi and Navajo Indian tribes. In addition, the Senate agreed in 1970 to the 100-percent reimbursement, but the amendment was lost in conference.

Senator METCALF has proposed similar amendments to the Senate in the past and I have cosponsored them because I firmly believe that the problems of the Indians in this country are a national, rather than a State, responsibility.

To a large extent as a result of Federal policies, Indians have been forced to live in economically deprived jurisdictions which cannot meet welfare and other costs out of their local taxes. This is true in my own State of Minnesota, where 7,000 persons, or 40 percent of the Indian population is on public assistance. They are on public assistance because in many cases they are trapped in an environment completely lacking in economic opportunity.

Since our national policies have contributed so heavily to this economic segregation, I believe that the Federal Government has an obligation to eradicate the effects of the segregation. An estimated $6.5 million was spent on public assistance for Indians for Minnesota in 1970. About $3.5 million of that came from the State. Under my amendment the State would be reimbursed for that sum. In Beltrami County, in northern Minnesota—where Indians make up about one-quarter or one-fifth of the welfare case load—the savings from this measure would come to approximately $110,000. This figure includes $60,000 contributed from local funds to this year's welfare budget, as well as a $50,000 special contribution from the State approved by the legislature in recognition of this special financial burden placed on the county by the presence of the Red Lake Indian reservation.

I would like to note that this idea was endorsed by the National Governor's Conference this year. In that group's list of policy positions, it is stated:

> The federal government should administer the Social Security Act programs on the federal Indian reservations, or if the States are to discharge this function, the federal government should first grant adequate jurisdictional authority to the States thereby enabling them to properly discharge this function.

One final point that I would like to make is that this amendment is consistent with what has become one of the basic principles of welfare reform—that welfare is a national problem which, with a highly mobile population, transcends legal boundaries; and should be treated as such.

Mr. LONG. Mr. President, I yield back the remainder of my time.

Mr. STEVENS. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Alaska (Mr. STEVENS) (putting the question).

The amendment was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. COOK. Mr. President, I move to lay that motion on the table.

The motion was agreed to.

H.R. 1

Mr. HARRY F. BYRD, JR. Mr. President, the Senate tomorrow or the day after—I would like to see it tomorrow, but tomorrow or the day after—will have an opportunity hopefully to vote on what is known as H.R. 1, the administration's welfare proposals.

Today the Senate was very wise, in my judgment, in defeating by a vote of 52 to 34 the proposal of the senior Senator from Connecticut (Mr. RIBICOFF) to expand the welfare program initiated by the administration. It seems clear that the Senate is overwhelmingly opposed to the Ribicoff approach and the Ribicoff proposal. Now, what I hope we will get a vote on is the proposal offered by the administration under the leadership of the Secretary of Health, Education, and Welfare, Mr. Eliot Richardson.

The chief architect of this proposal was Dr. Daniel Moynihan, special counsel to the President in the White House; and his proposal was submitted to Congress. It was passed twice by the House of Representatives. It has been considered by the Senate Finance Committee. It was considered in 1970, 1971, and 1972, and it was rejected.

I feel that there should be welfare reform, but the proposal submitted by the administration is not welfare reform; it is welfare expansion. I cannot support this proposal. I opposed this proposal in the Finance Committee for 3 years, and I am going to oppose it on the floor of the Senate as long as it is before the Senate.

I cannot support this proposal because it is lacking in work incentives, it writes into law the principle of a guaranteed annual income, it will cost at least $5 billion more than the present program, it will require 80,000 new Federal employees to administer, and it will double the number of people on welfare. I submit that you do not get welfare by doubling the number of people on welfare.

It seems that what we want to do in this country is to encourage people to work. We want to get people off welfare. We want to get them into jobs. That is the approach the Finance Committee took.

The bill reported by the Finance Committee is known as workfare. It encourages people to work. Instead of guaranteeing an annual income, it guarantees job opportunities; and I think that is what the people in this country want Congress to do—to guarantee our fellow citizens jobs, not to guarantee them an income whether they work or whether they refuse to work.

There are too many in this country who refuse to work and want to live off the taxpayers; and I think the time has come when Congress, when it considers legislation in regard to welfare, must enact legislation which will encourage people to work.

I think we need welfare reform. We need to change the outmoded system we have. But in changing it, let us be sure that we go to something better.

We are better off staying where we are than to go to something that is twice as bad. In my judgment, H.R. 1, the administration's welfare proposal, is twice as bad as the present system; and one reason is that it doubles the number of people who will be drawing public assistance.

I am very anxious that we get a vote on the proposal submitted by Secretary Richardson, because I want to see how many people in the U.S. Senate are willing to vote for a proposal which its chief architect, Dr. Daniel Moynihan, Special Counsel to the White House, when he was lobbying for this proposal, said:

> This bill provides a minimum income to every family, united or not, working or not, deserving or not.

When it comes time for the Senate to vote, I will be most interested to see how many Senators want to vote for a minimum income to every family, united or not, working or not, deserving or not.

Mr. President, I think this is one of the most far-reaching proposals that has ever been submitted to Congress. Once we embark on the course of a guaranteed annual income, once we say that Congress, that the Government of the American people, owes everyone a guaranteed annual income, then, as I see it, there is no stopping.

We know now that we have one proposal by the Nixon administration for a $2,400 guaranteed annual income. Senator RIBICOFF, whose proposal was defeated today, wants to start at $2,600 but go immediately to $3,000, and then go up to $6,100. The Senator from Oklahoma (Mr. HARRIS) has advocated a $4,000 minimum income, and the Senator from South Dakota (Mr. MCGOVERN) has advocated a $6,500 minimum income.

I say that once we embark upon that path, there is no turning back. I submit that there is not enough money in the Federal Treasury, and there is not enough money in the pockets of the hardworking wage earners of this country, to pay the bill once we embark on a policy of guaranteeing everybody in this country an income, even though they refuse to work.

I want to close by citing again Dr.

Daniel Moynihan, who is a very brilliant man. I wish I had his brilliance. He is able to put into one sentence the gist of a very complicated bill. He sized it up well in one sentence:

This bill provides a minimum income to every family, united or not, working or not, deserving or not.

Also a very smart administrator in Washington is Mr. Elliot Richardson, the head of the Department of Health, Education, and Welfare; and he summed up the bill in three words. He said in his official testimony before the Finance Committee:

It is revolutionary and expensive.

So the Senate will have an opportunity, I hope tomorrow or the next day, to vote as to whether it wants a program which its chief sponsor, the Secretary of Health, Education, and Welfare, says is "revolutionary and expensive" and which one of the chief architects of the program says will guarantee a minimum income "to every family, united or not, working or not, deserving or not."

SOCIAL SECURITY AMENDMENTS OF 1972—AMENDMENT

AMENDMENT NO. 1686

(Ordered to be printed and to lie on the table.)

Mr. STEVENSON submitted an amendment intended to be proposed by him to the bill (H.R. 1) to amend the Social Security Act to increase benefits and improve eligibility and computation methods under the OASDI program, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis on improvements in their operating effectiveness, to replace the existing Federal-State public assistance programs with a Federal program of adult assistance and a Federal program of benefits to low-income families with children with incentives and requirements for employment and training to improve the capacity for employment of members of such families, and for other purposes.

SOCIAL SECURITY AMENDMENTS OF 1972

The PRESIDING OFFICER (Mr. GAMBRELL). Under the previous order, the Chair lays before the Senate H.R. 1, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (H.R. 1) to amend the Social Security Act, to make improvements in the medicare and medicaid programs, to replace the existing Federal-State public assistance programs, and for other purposes.

Mr. LONG. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The Senate proceeded to consider the amendment.

Mr. ROTH. Mr. President, I offer an amendment to the amendment by the Senator from Louisiana (Mr. LONG).

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

Strike all of title IV of the amendment and title V, down to and including all of section 532 of the amendment, and insert the following:

"TITLE IV—PROGRAMS FOR FAMILIES WITH CHILDREN

"PART A—TESTING OF ALTERNATIVE PROPOSALS FOR ASSISTANCE TO FAMILIES WITH DEPENDENT CHILDREN

"AUTHORIZATION FOR CONDUCT OF TEST PROGRAM

"SEC. 401. (a) For purposes of this part—

"(1) the term "family assistance tests' means (A) the programs contained in title IV of H.R. 1, Ninety-second Congress, first session, as passed by the House of Representatives, or (B) the program referred to in clause (A) as amended by amendment numbered 1669, Ninety-second Congress, second session, introduced in the Senate on October 2, 1972.

"(2) the term 'workfare test program' means the program contained in parts A and B, title IV of H.R. 1, Ninety-second Congress, second session, as reported to the Senate by the Committee on Finance on September 26, 1972, and

"(3) the term 'family' means a family with children.

"(b)(1) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the 'Secretary') is authorized, effective January 1, 1973, to plan for and conduct, in accordance with the provisions of this section, not more than three test programs. One of such programs shall be the family assistance test program defined in subsection (a)(1)(A) of this section, one of such programs shall be the family assistance program defined in subsection (a)(1)(B) of this section, and one of such programs shall be the workface test program.

"(2) Whenever the workfare test program is commenced, there shall commence, on the same date as such program, both family assistance test programs. Except as may otherwise be authorized by the Congress, no test program under this section shall be conducted for a period of less than twenty-four months or more than forty-eight months, and to the maximum extent practical each such test program shall be conducted for the same length of time.

"(3) Any such test program shall be conducted only in and with respect to an area which consists of one or more States, one or more political subdivisions of a State, or part of a political subdivision of a State, and shall be applicable to all the individuals who are residents of the State or the area of the State in and with respect to which such program is conducted.

"(4) During any period for which any such test program is in effect in any State or in any area of a State, individuals residing in such State or the area of the State in which such program is in effect shall not be eligible for aid or assistance under any State plan or program for which the State receives Federal financial assistance under part A of title IV of the Social Security Act.

"(5) The Secretary, in determining the areas in which test programs under this section shall be conducted, shall select areas with a view to assuring—

"(A) that the number of participants in any such program will (to the maximum extent practicable) be equal to the number of participants in any other such program; and

"(B) that the area in which any family assistance test program is conducted shall be comparable (in terms of size and composition of population, of average per capita income, rate of unemployment, and other relevant criteria) to an area in which a workfare test program is conducted.

"(c)(1) No test program under this section shall be conducted in any State (or any area thereof) unless such State shall have entered into an agreement with the Secretary under which the State agrees—

"(A) to participate in the costs of such test program; and

"(B) to cooperate with the Secretary in the conduct of such program.

"(2) Under any such agreement, no State shall be required to expend, with respect to any test program conducted within such State (or any area thereof), amounts greater than the amount which would have been expended with respect to such State or area thereof (as the case may be), during the period that such test program is in effect, under the State plan of such State approved under part A of title IV of the Social Security Act. For purposes of determining the amount any State would have under such a plan during the period that any such test program is in effect within such State (or any area thereof), it shall be assumed that the rate of State expenditure (from non-Federal funds) under such plan would be equal to the average of State expenditure (from non-Federal funds) under such plan for the twelve-month period immediately preceding the commencement of such test program.

"(d)(1) The Secretary shall, upon completion of any plans for and prior to the commencement of any test program under this section, submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a complete and detailed description such program and shall invite and give consideration to the comments and suggestions of such committees with respect to such program.

"(2) During the period that test programs are in operation under this section, the Secretary shall from time to time (but not less frequently than once during any six-month period) submit to the Congress a report on such programs. Each such report shall contain full and complete information and data with respect to such programs and the operation thereof, together with such recommendations and comments of the Secretary with respect to such programs as he deems desirable.

"(3) At the earliest practicable date after the termination of all test programs authorized to be conducted by this section, the Secretary shall submit to the Congress a full and complete report on such programs and their operation together with (A) the Secretary's evaluation of such programs and such comments or recommendations of the Secretary with respect to such programs as he deems desirable and (B) his recommendations (if any) for legislation to revise or replace the provisions of part A of title IV of the Social Security Act.

"(e)(1) The Secretary shall—

"(A) in the planning of any test program under this section; or

"(B) in assembling information, statistics, or other materials, to be contained in any report to Congress under this section;

consult with, and seek the advice and assistance of, the General Accounting Office and the General Accounting Office shall consult with the Secretary and furnish such advice and assistance to him upon request of the Secretary or at such times as the Comptroller General deems desirable.

"(2) The operations of any test program conducted under this section shall be reviewed by the General Accounting Office, and the books, records, and other documents pertaining to any such program or its operation shall be available to the General Accounting Office at all reasonable times for purposes of audit, review, or inspection. The books, records, and documents of each such program shall be audited by the General Accounting

Office from time to time (but not less frequently than once each year).

"(3) During the period that test programs are in operation under this section, the Comptroller General shall from time to time (but not less frequently than once during any six-month period) submit to the Congress a report on such programs which shall contain full and complete information and data with respect to such programs and the operation thereof, together with such recommendations and comments of the Comptroller General with respect to such programs as he deems desirable.

"(4) At the earliest practicable date after the termination of all test programs authorized to be conducted by this section, the Comptroller General shall submit to the Congress a full and complete report on such programs and their operation together with his evaluation of, and comments and recommendations (if any), with respect to such programs.

"(f) In the administration of test programs under this section, the Secretary shall provide safeguards which restrict the use or disclosure of information identifying participants in such programs to purposes directly connected with the administration of such programs (except that nothing in this subsection shall be construed to prohibit the furnishing of records or information concerning participants in such programs to the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives).

"(g) For the purpose of enabling the Secretary to formulate operational plans and to conduct test programs under this section, there are hereby authorized to be appropriated for each fiscal year $400,000,000.

"(h) Nothing in this Act shall be construed as a commitment, on the part of the Congress, to enact (at any future time) legislation to establish, on a permanent basis, any program tested pursuant to this section or any similar program.

"(i) Section 204(c)(2) of the Social Security Amendments of 1967 is repealed.

"PART B—EMPLOYMENT WITH WAGE SUPPLEMENT

"SEC. 420. The Social Security Act is amended by adding after title XIX thereof the following new title:

"TITLE XX—EMPLOYMENT WITH WAGE SUPPLEMENT

"ELIGIBILITY

"SEC. 2001. Every individual who is a head of family (as defined in seciton 2003(f)) and is a citizen of the United States (or an alien lawfully admitted for permanent residence in the United States or otherwise permanently residing in the United States under color of law) and who—

"(a) is employed in regular employment (as defined in section 2003(b)) in the United States (but not in the Commonwealth of Puerto Rico)—

"(1) which is compensated at a rate which—

"(A) is not less than the applicable rate (if any) required under Federal, State, or local law, and

"(B) is less than (but not less than three-fourths of) the minimum wage (as defined in section 2003(d)), and

"(2) in a position the compensation for which—

"(A) has not, during the three-month period preceding the date on which such individual is placed in such position, been reduced, or (if such compensation has been reduced during such period) the Secretary is satisfied (on the basis of evidence presented to him) that such compensation was not reduced in contemplation of the availability of the payment of wage supplement benefits under this subpart with respect to such position, and

"(B) is not reduced during the period that such individual is employed in such position, unless (i) such compensation is reduced after such individual has been employed in such position for a three-month period, or (ii) the Work Secretary is satisfied (on the basis of evidence presented to him) that the reduction in such compensation is or was not made because of the availability of the payment of wage supplement benefits under this part with respect to such positions;

"(b) makes application (filed in such form and manner and with such official as may be prescribed under regulations prescribed by the Secretary) for wage supplement benefits;

shall be entitled to receive the wage supplement payments authorized by this part for each week that the conditions of clauses (a) and (b) are met, commencing with the week following the week in which his application for such benefits is filed with the Secretary.

"AMOUNT OF WAGE SUPPLEMENT

"SEC. 2002. (a) For each week any individual who is entitled to wage supplement benefits under this title shall be paid a wage supplement equal to the amount produced by multiplying (1) the number of hours (not in excess of 40) for which such individual performed services (whether or not for the same employer) in regular employment (which meets the requirements of section 2001(a)) by (2) three-fourths of the excess of (A) the minimum wage (as defined in section 2003(d)) over (B) the hourly wage (as defined in subsection (a)) paid or payable to such individual for the services performed by him in such employment.

"(b) The term 'wage', as used in subsection (a)(2)(B), shall have the meaning assigned to such term by section 3(m) of the Fair Labor Standards Act of 1938.

"DEFINITIONS

"SEC. 2003. For purposes of this title—

"(a) The term 'Secretary' means the Secretary of Labor.

"(b) The term 'regular employment' means any employment provided by a private or public employer.

"(c) The term 'United States', when used in a geographic sense, means the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands and Guam."

"(d) The term 'minimum wage' means the hourly wage rate specified in section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)), or $2.00 per hour, whichever is less.

"(e) The term 'family' means two or more individuals—

"(1) each of whom (in the case of adult individuals) is the parent (or stepparent), grandparent (or step-grandparent), brother (or stepbrother), sister (or stepsister), uncle, aunt, first cousin, nephew, or niece, of a child referred to in clause (2);

"(2) at least one of whom is a child who is in the care of or dependent upon another of such individuals who bears to such child one of the relationships specified in clause (1); and

"(3) who are living in a place of residence in the United States maintained by one or more of them as his or their own home, except that no child who is living away from home while attending school shall, by reason of clause (4), be excluded as a member of a family on account of his absence from the family residence.

"(f) The term 'head of family', when used in reference to any family, means—

"(1) in case there is included among the members of the family an individual, who is the father of a child who is a member of the family, such individual (unless he is disabled);

"(2) in case there is no individual in the family who meets the criteria specified in clause (1) and there is included among the members of the family an individual, who is the mother of a child who is a member of the family, such individual (unless she is disabled);

"(3) in case there is no individual in a family who meets the criteria specified in clause (1) or (2), any other individual who is member of such family (other than a child or an individual who is disabled) and who undertakes to provide for the support of the children who are members of such family; except that (A) not more than one such individual shall, at any time, be regarded as the head of family of the family of which he is a member, and (B) no such individual shall be regarded as the head of family of any family if the Secretary determines that there is no child in such family other than a child which has been placed in such family in order to enable a member thereof to participate in the employment with wage supplement program established under this title.

"(g) The term 'child' means an individual who is unmarried and who—

"(1) has not attained the age of 18; or

"(2) has attained such age but has not attained the age of 21 and is a 'full-time student' (as such term is applied for purposes of section 202(d)).

"(h) The term 'disabled', when used in reference to any individual, means the inability of such individual to engage in any subtantial gainful activity by reason of any medically determinable physical or mental impairment.

PART C—CHILD SUPPORT

CHILD SUPPOAT AND ESTABLISHMENT OF PATERNITY

SEC. 430. (a) The Social Security Act is amended by adding after part C of title IV thereof the following new part:

"PART D—CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

"APPROPRIATION

"SEC. 451. For the purposes of enforcing (1) the support obligations owed by absent parents to children receiving assistance under part A of this title, (2) the residual monetary obligation owed to the United States by absent parents, and (3) the criminal penalties for nonsupport against absent parents, there is hereby authorized to be appropriated to the Attorney General for each fiscal year a sum sufficient to carry out the purposes of this part.

"DUTIES OF ATTORNEY GENERAL

"SEC. 452. (a) The Attorney General shall enforce the support rights assigned to him under section 402(a)(26) by applicants for and recipients of assistance under part A of this title, utilizing all funds and authority which are available to him for this purpose. To the extent required, he shall locate absent parents, determine paternity in order to establish duty to support, obtain support orders, collect support payments by use of voluntary agreements or other means, and enforce the residual monetary obligation owed the United States and the criminal provisions for nonsupport by such parents.

"(b)(1) The Attorney General shall, in accordance with procedures applicable to the recovery of obligations due the United States including, where appropriate, the use of voluntary agreements, and in accordance with the priorities for distribution specified in section 455, collect and distribute amounts from enforcement of obligations under paragraph (2). Whenever any individual is determined to be liable to the United States for any amount under this section, the Attorney General may make certification of such amount to the Secretary of the Treasury for collection pursuant to the provisions of section 6305 of the Internal Revenue Code of 1954. The Attorney General shall reimburse the Secretary of the Treasury for any costs involved.

"(2) The Attorney General is authorized to bring civil action in any court of competent jurisdiction (including the courts in any State or political subdivision thereof) against an absent parent to secure (A) support obligations assigned to him under section 402(a)(26), and (B) the residual monetary obligation owed to the United States as defined in section 457, except that all of part of such obligation may be suspended or forgiven by the Attorney General upon a finding of good cause. In taking actions against and absent parent, the Attorney General shall give priority to obtaining orders and proceeding with collections required under subsection (b)(2)(A).

"(3) The Attorney General may enter into voluntary agreements to recover support obligations assigned under section 402(a)(26), if there is no court order in effect directing payment of such obligation or if there is such an order in effect but there is no reasonable expectation that it can be enforced or that the obligation can be collected. Any voluntary agreement so made shall provide that support payments will not cease if the family ceases to receive assistance under part A of this title, and the amounts payable under such agreement, if there is no court order in effect, may be collected as authorized under the provisions of this part.

"(c) The Attorney General and the Director of the Office of Economic Opportunity are directed to enter into an appropriate arrangement under which the services of attorneys participating in legal services programs established pursuant to section 222(a)(3) of the Economic Opportunity Act of 1964 will be made available to the Attorney General to assist him in carrying out his functions under this part. The Attorney General shall, to the maximum extent feasible, utilize the services of such attorneys in the performance of such functions and may make the services of such attorneys available to States or political subdivisions to assist them in carrying out the purposes of this part. The Office of Economic Opportunity shall be reimbursed by the Attorney General for the costs incurred in providing such services.

"(d) The Attorney General shall require that each United States attorney designate an assistant United States attorney to be responsible for enforcement of the provisions of this part in his judicial district and maintain liaison with and assist the States and political subdivisions thereof in their child support efforts. Each assistant United States attorney so designated shall prepare and submit to the Attorney General for submission to the Congress quarterly reports on all activities undertaken pursuant to this section.

"(e)(1) There is hereby established in the Treasury a revolving fund to be known as the Federal Child Support Fund (hereinafter referred to as the 'fund') which shall be available to the Attorney General without fiscal year limitation, to enable him to carry out his responsibilities under this part.

"(2) Except as provided in sections 454(d) and 458, all moneys appropriated pursuant to section 451 for the purpose of funding Federal activities under this part and all moneys collected by the Federal Government pursuant to this part (including support payments and payments by way of reimbursement received from Federal agencies, States and political subdivisions thereof, and individuals) shall be paid into the fund and shall be disbursed by the Attorney General from time to time in accordance with the provisions of this part.

"(3) There is hereby appropriated to the fund, out of any moneys in the Treasury not otherwise appropriated, amounts equal to the amounts collected under section 6305 of the Internal Revenue Code of 1954, reduced by the amounts credited or refunded as overpayments of the amounts so collected. The amounts appropriated by the preceding sentence shall be transferred at least quarterly from the general fund of the Treasury to the fund on the basis of estimates made by the Secretary of the Treasury. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

"(f) The Attorney General shall notify the Secretary of the failure of the State agency administering the plan approved under part A of this title to comply with the requirements of section 402(a)(26).

"(g) The Attorney General shall maintain complete records of all amounts collected under this part and of the costs incurred in collecting such amounts and shall, not later than June 30 of each year (commencing with June 30, 1974), submit to the Congress a written report on all activities undertaken pursuant to the provisions of this part.

"PARENT LOCATOR SERVICE

"SEC. 453. (a) The Attorney General shall establish and conduct, within the Department of Justice, a Parent Locator Service which shall be used to obtain and transmit to any authorized person (as defined in subsection (c)) information as to the whereabouts of any absent parent when such information is to be used to locate such parent for the purpose of enforcing support obligations against such parent.

"(b) Upon request, filed in accordance with subsection (d) of any authorized person (as defined in subsection (c)) for the most recent address and place of employment of any individual, the Attorney General shall, notwithstanding any other provision of law, provide through the Parent Locator Service such information to such person, if such information—

"(1) is contained in any files or records maintained by the Attorney General or by the Department of Justice; or

"(2) is not contained in such files or records, but can be obtained by the Attorney General, under the authority conferred by subsection (e), from any other department, agency, or instrumentality, of the United States or of any State.

The Attorney General shall give priority to requests made by any authorized person described in subsection (o)(1).

"(c) As used in subsection (a), the term 'authorized person' means—

"(1) any agent or attorney of the United States or of any State or any political subdivision to which support collection functions have been delegated under section 454, who has the duty or authority to seek to recover any amounts under section 452;

"(2) the court which has authority to issue an order against an absent parent for the support and maintenance of a child, or any agent of such court; and

"(3) the parent, guardian, attorney, or agent of a child (other than a child receiving aid under part A of this title) without regard to the existence of a court order against an absent parent who has a duty to support and maintain any such child.

"(d) A request for information under this section sahll be filed in such manner and form as the Attorney General shall by regulation prescribe and shall be accompanied or supported by such documents as the Attorney General may determine to be necessary.

"(e)(1) Whenever the Attorney General receives a request submitted under subsection (b) which he is reasonably satisfied meets the criteria established by subsections (a), (b), and (c), he shall promptly undertake to provide the information requested from the files and records maintained by any of the departments, agencies, or instrumentalities of the United States or of any State.

"(2) Notwithstanding any other provision of law, whenever the individual who is the head of any department, agency, or instrumentality of the United States receives a request from the Attorney General for information authorized to be provided by the Attorney General under this section, such individual shall promptly cause a search to be made of the files and records maintained by such department, agency, or instrumentality with a view to determining whether the information requested is contained in any such files or records. If such search discloses the information requested, such individual shall immediately transmit such information to the Attorney General; and, if such search fails to disclose the information requested, such individual shall immediately so notify the Attorney General. The costs incurred by any such department, agency, or instrumentality of the United States or of any State in providing such information to the Attorney General shall be reimbursed by him. Whenever such services are furnished to an individual specified in subsection (c)(3), a fee shall be charged such individual. The fee so charged shall be deposited in the Fund and shall be used to reimburse the Attorney General or his delegate for the expense of providing such services.

"(f) The Attorney General, in carrying out his duties and functions under this section, shall enter into arrangements with State agencies administering or supervising the administration of State plans approved under part A of this title, under which the offices operated under such plans will accept from parents, guardians, or agents of a child described in subsection (c)(3) and transmit to the Attorney General requests for information with regard to the whereabouts of absent parents and will otherwise cooperate with the Attorney General in carrying out the purposes of this section.

"DELEGATION OF SUPPORT COLLECTION FUNCTIONS TO STATES OR POLITICAL SUBDIVISIONS

"SEC. 454. (a) The Attorney General shall delegate to any State having a plan approved under part A of this title the authority to recover the child support obligation assigned to the United States under section 402(a)(26) if he determines that such State has an effective program (in accordance with the standards established in subsection (b)) for locating absent parents, determining paternity, obtaining support orders, and collecting amounts of money owed by parents for the support and maintenance of their child or children. Such a delegation may be made to a political subdivision of any such State upon a finding that the State as a whole does not have an effective program for locating absent parents, determining paternity, obtaining support orders, and collecting child support but that such political subdivision does have an effective program which meets the standards established in subsection (b).

"(b) The Attorney General shall not approve any program pursuant to subsection (a) unless such program provides—

"(1) for the development and implementation of a program under which such State or political subdivision will undertake—

"(A) in the case of a child born out of wedlock with respect to whom an assignment under section 402(a)(26) of this title is effective, to establish the paternity of such child, and

"(B) in the case of any child wtih respect to whom such assignment is effective, to secure support for such child from his parent (or from any other person legally liable for such support), utilizing any reciprocal arrangements adopted with other States to obtain or enforce court orders for support, and

"(2) for the establishment of an organizational unit in the State or political subdivision administering the program under this section;

"(3) for entering into cooperative arrangements with appropriate courts and law enforcement officials (A) to assist the State

or political subdivision administering the program under this section, including the entering into of financial arrangements with such courts and officials in order to assure optimum results under such program, and (B) with respect to any other matters of common concern to such courts or officials and the State or political subdivision administering the program under this section;

"(4) that the State or political subdivision will establish a service to locate absent parents utilizing—

"(A) all sources of information and available records; and

"(B) the Parent Locator Service in the Department of Justice;

"(5) that the State or political subdivision will, in accordance with standards prescribed by the Attorney General, cooperate with the State or political subdivision of another State or with the Attorney General in administering a program under this part—

"(A) in establishing paternity, if necessary,

"(B) in locating an absent parent residing in the State (whether or not permanently) against whom any action is being taken under this part in another State,

"(C) in securing compliance by an absent parent residing in such State (whether or not permanently) with a voluntary agreement or an order issued by a court of competent jurisdiction against such parent for the support and maintenance of a child or children of such parent with respect to whom aid is being provided under the plan of such other States, and

"(D) in carrying out other functions required by this part;

"(6) that the State or political subdivisions may enter into voluntary agreements to recover child support obligations delegated under subsection (a), if there is no court order in effect directing payment of such obligation or if there is such an order in effect but there is no reasonable expectation that it can be enforced or that the obligation can be collected. Any voluntary agreement so made shall provide that support payments will not cease if the family ceases to receive assistance under part A of this title, and the amounts payable under such agreement, if there is no court order in effect, may be collected as authorized under the provisions of this part;

"(7) that the State or political subdivision require, as a condition of the absent parent being permitted to make support payments on a voluntary basis, the execution by such parent of an appropriate affidavit (which shall be recorded in the records of the court or other appropriate agency) in which such parent acknowledges the paternity of such child or children;

"(8) that, if the State uses voluntary agreements under paragraph (6), it will establish an administrative mechanism for enforcing such agreements;

"(9) that such State or political subdivision will comply with such other requirements as the Attorney General determines to be necessary to the establishment of an effective program for locating absent parents, determining paternity, obtaining support orders, and collecting support payments including, but not limited to, requiring a full record of collections and disbursements; and

"(10) that the State or political subdivision shall reimburse the Attorney General for the costs incurred by the Federal Government in enforcing and collecting support obligations assigned under this section.

"(c) The Attorney General shall, upon the request of any State or political subdivision to which he has delegated the authority to recover the child support obligation assigned to the United States under section 402(a)(26), make available to such State or political subdivision (1) the services of attorneys participating in legal services programs who are, by reason of the agreement required by section 452(c), assisting the Attorney General in carrying out his functions under this part, and (2) upon a showing by the State or political subdivision that such State or political subdivision made diligent and reasonable efforts in utilizing their own collection mechanisms, the collection facilities of the Department of the Treasury (subject to the same requirements of certification by the Attorney General imposed by section 452(b) and subject to such limitations on the frequency of making such certification as may be imposed by the Attorney General).

"(d) From the sums appropriated therefor, the Attorney General shall pay to each State or political subdivision which has a program approved under this section, for each quarter, beginning with the quarter commending January 1, 1973, an amount equal to 75 percent of the total amounts expended by such State or political subdivision during such quarter for the operation of the program approved under this section except as provided in sections 455(b)(2), 456, and 459.

"DISTRIBUTION OF PROCEEDS FROM SUPPORT COLLECTIONS

"SEC. 455. (a) Amounts collected as support obligations assigned under section 402(a)(26) shall be distributed in the following order of priority—

"(1) If a State or its agent makes the collection, the proceeds of such collection shall be distributed, beginning with the first dollar, as follows—

"(A) the family shall be paid the larger of—

"(i) 100 percent of such proceeds if they are equal to or less than the amount of the assistance payment which would otherwise be made, or

"(ii) an amount of such proceeds that is equal to the lesser of (I) the amount required by a court order to be paid for child support or (II) the amount agreed upon by the parties to a voluntary child support agreement,

any any proceeds so paid that are in excess of the amount of the assistance payment otherwise payable shall be deemed to reduce the residual monetary obligation to the Federal Government by a like amount;

"(B) such amounts as may be necessary to reimburse the State for such State's share of assistance payments (with appropriate reimbursement of the political subdivision if it participated in the financing) made to the family prior to the date on which the support obligation was collected shall be paid to such State, and any amounts so paid shall be deemed to reduce the residual monetary obligation to the Federal Government by a like amount; and

"(C) such amounts as may be necessary to reduce or eliminate the residual monetary obligation to the Federal Government by the absent parent shall be paid to the Federal Government and deposited in the fund.

"(2) If a political subdivision or its agent makes the collection, the proceeds of such collection shall be distributed, beginning with the first dollar, as follows—

"(A) the family shall be paid the larger of—

"(i) 100 percent of such proceeds if they are equal to or less than the amount of the assistance payment which would otherwise be made, or

"(ii) an amount of such proceeds that is equal to the lesser of (I) the amount required by a court order to be paid for child support or (II) the amount agreed upon by the parties to a voluntary child support agreement,

and any proceeds so paid that are in excess of the amount of the assistance payment otherwise payable shall be deemed to reduce the residual monetary obligation to the Federal Government by a like amount;

"(B) such amounts as may be necessary to reimburse the political subdivision for its share of assistance payments made to the family prior to the date on which the support obligation was collected shall be paid to such political subdivision, and any amounts so paid shall be deemed to reduce the residual monetary obligation to the Federal Government by a like amount; and

"(C) such amounts as may be necessary to reduce or eliminate the residual monetary obligation to the Federal Government by the absent parent shall be paid to the Federal Government and deposited in the fund.

"(3) If the Attorney General makes the collection, the proceeds of such collection shall be distributed, beginning with the first dollar, as follows—

"(A) the family shall be paid the larger of—

"(i) 100 percent of such proceeds if they are equal to or less than the amount of the assistance payment which would otherwise be made, or

"(ii) an amount of such proceeds that is equal to the lesser of (I) the amount required by a court order to be paid for child support or (II) the amount agreed upon by the parties to a voluntary child support agreement,

and any proceeds so paid that are in excess of the amount of the assistance payment otherwise payable shall be deemed to reduce the residual monetary obligation to the Federal Government by a like amount; and

"(B) such amounts as may be necessary to reduce or eliminate the residual monetary obligation to the Federal Government by the absent parent shall be paid to the Federal Government and deposited in the fund.

Whenever payments are made pursuant to paragraph (2)(A) or (3)(A) to a family residing in a State which does not have an approved support program under this part, the Attorney General shall so certify to the Secretary, who shall reduce the amount of any grant made to such State under part A of this title by an amount equal to the amount so certified and deposit such amount into the Fund, except that such reduction shall not be greater than the amount of the assistance payment such family would have received from such State had the payment under paragraph (2)(A) or (3)(A) not been made.

"(b) Whenever a family for whom support payments have been collected and distributed under this part ceases to receive assistance under part A of this title, the Attorney General, or the State or political subdivision to which the Attorney General has delegated the authority to collect support obligations pursuant to this part, shall—

"(1) continue to collect such support payments from the absent parent for a period of three months from the month following the month in which such family ceased to receive assistance under part A of this title, and pay all amounts so collected to the family; and

"(2) at the end of such three-month period, if the Attorney General (A) is authorized to do so by the individual on whose behalf the collection will be made and (B) finds that the absent parent has not met his support obligation for the period of twenty-four consecutive months immediately preceding the end of such three-month period or throughout the term of such obligation, whichever is shorter, continue to collect such support payments from the absent parent until he has met his support obligation for a period of twenty-four consecutive months, and pay the net amount of any amount so collected to the family after deducting any costs incurred in making the collection from the amount of any recovery made.

"INCENTIVE PAYMENT TO LOCALITIES

"SEC. 456. When a political subdivision of a State makes the enforcement and collection

of the support obligation assigned under section 402(a)(26) (either within or outside of such State, and whether as the agent of such State or as the agent of the Attorney General), an amount equal to 25 percent of any amount collected and required to be distributed as provided in sections 455(a)(1)(A) and (B), or in sections 455(a)(2)(A) and (B), as appropriate, to reduce or eliminate assistance payments, shall be paid to such State or political subdivision from amounts which would otherwise represent the Federal share of assistance to the family of the absent parent.

"RESIDUAL MONETARY OBLIGATIONS TO THE UNITED STATES

"SEC. 457. There is hereby imposed on any absent parent whose child or children have received assistance payments under part A of this title a residual monetary obligation to the United States. Such obligation shall be in an amount that is equal to the total amounts of payments made to the family of an absent parent each month under the State plan approved under part A of this title, or, if less, 50 percent of the monthly income of the absent parent for each such month (but not less than $50 per month), except that during any month in which an absent parent is meeting his support obligations by paying the full amount of a court ordered support payment or the full amount of the support payment which he has agreed to pay according to the terms of a voluntary support agreement entered into between him and the Attorney General (or his delegate), whichever is larger, no obligation shall be imposed. Interest on any such amount shall accrue at the rate of 6 percent per annum, but the total amount of such obligation (including interest thereon) shall be reduced by the amount of any sums collected by a State or political subdivision which represent such State or political subdivision's share of assistance payments made under the State plan approved under part A of this title.

"REGIONAL LABORATORIES TO ESTABLISH PATERNITY THROUGH ANALYSIS AND CLASSIFICATION OF BLOOD

"SEC. 458. (a) The Secretary shall establish, or arrange for the establishment or designation, in each region of the United States, a laboratory which he determines to be qualified to provide services in analyzing and classifying blood for the purpose of determining paternity, and which is prepared to provide such services to courts and public agencies in the region to be served by it.

"(b) Whenever a laboratory is established or designated for any region by the Secretary under this section, he shall take such measures as may be appropriate to notify appropriate courts and public agencies (including agencies administering any public welfare program within such region) that such laboratory has been so established or designated to provide services, in analyzing and classifying blood for the purpose of determining paternity, for court and public agencies in such region.

"(c) The facilities of any such laboratory shall be made available without cost to courts and public agencies in the region to be served by it.

"(d) There is hereby authorized to be appropriated for each fiscal year such sums as may be necessary to carry out the provisions of this section.

"CONSENT BY THE UNITED STATES TO GARNISHMENT AND SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD SUPPORT AND ALIMONY OBLIGATIONS

"SEC. 460. Notwithstanding any other provision of law, moneys (the entitlement to which is based upon remuneration for employment) due from, or payable by, the United States (including any agency or instrumentality thereof and any wholly owned Federal corporation) to any individual, including members of the armed services, shall be subject, in like manner and to the same extent as if the United States were a private person, to legal process brought for the enforcement, against such individual, of his legal obligations to provide child support or make alimony payments.

"PENALTY FOR NONSUPPORT

"SEC. 461. (a) Any individual who is the parent of any child or children and who is under a legal duty to provide for the support and maintenance of such child or children (as required under the law of the State where such child or children reside) but fails to perform such duty and has left, deserted, or abandoned such child or children and such child or children receive assistance payments to provide for their support and maintenance which are funded in whole or in part from funds appropriated therefor by the Federal Government shall, upon conviction, be penalized in an amount equal to 50 percent of the residual monetary obligation owed to the United States, or fined not more than $1,000, or imprisoned for not more than one year, or any combination of these three penalties.

"(b) This section does not preempt any State law imposing a civil or criminal penalty on an absent parent for failing to provide support and maintenance to his child or children to whom such parent owes a duty to support."

Conforming Amendments to Title XI

(b) Section 1106 of such Act is amended—

(1) by striking out the period at the end of the first sentence of subsection (a) and inserting in lieu thereof the following: "and except as provided in part D of title IV of this Act.";

(2) by adding at the end of subsection (b) the following new sentence: "Notwithstanding the preceding provisions of this subsection, requests for information made pursuant to the provisions of part D of title IV of this Act for the purpose of using Federal records for locating parents shall be complied with and the cost incurred in providing such information shall be paid for as provided in such part D of title IV."; and

(3) by striking out subsection (c).

COLLECTION OF CHILD SUPPORT OBLIGATIONS

(c)(1) Subchapter A of chapter 64 of the Internal Revenue Code of 1954 (relating to collection of taxes) is amended by adding at the end thereof the following new section:

"SEC. 6305. COLLECTION OF CERTAIN LIABILITY TO THE UNITED STATES.

"Upon receiving a certification from the Attorney General under section 452(b)(1) of the Social Security Act with respect to any individual, the Secretary or his delegate shall assess and collect the amount certified by the Attorney General in the same manner, with the same powers, and (except as provided in this section) subject to the same limitations as if such amount were a tax imposed by subtitle C the collection of which would be jeopardized by delay, except that—

"(1) no interest or penalties shall be assessed or collected, and

"(2) for such purposes, paragraphs (4), (6), and (8) of section 6334(a) (relating to property exempt from levy) shall not apply."

(2) The table of sections for such subchapter is amended by adding at the end thereof the following new item:

"SEC. 6305. COLLECTION OF CERTAIN LIABILITY TO THE UNITED STATES"

(d) The amendments made by subsections (a), (b), and (c) shall become effective on January 1, 1973.

AMENDMENTS TO PART A OF TITLE IV

"SEC. 430A. (a) Section 402(a)(8)(A) of the Social Security Act is amended—

"(1) by striking out 'and' at the end of the clause (i);

"(2) by striking out the semicolon at the end of clause (ii) and inserting in lieu thereon a comma; and

"(3) by adding at the end of clause (ii) the following new clause:

"'(iii) $20 per month, with respect to the dependent child (or children), relative with whom the child (or children) is living, and other individual (living in the same home as such child (or children)) whose needs are taken into account in making such determination, of all income derived from support payments collected pursuant to part D; and'.

"(b) Section 401(a)(9) is amended to read as follows: '(9) provide safeguards which permit the use or disclosure of information concerning applicants of recipients only to (A) public officials who required such information in connection with their official duties, or (B) other persons for purposes directly connected with the administration of aid to families with dependent children;'.

"(c) Section 402(a)(10) is amended by inserting immediately before 'be furnished' the following: ', subject to paragraphs (24) and (26),'.

"(d) Section 402(a)(11) is amended to read as follows: '(11) provide for prompt notice (including the transmittal of all relevant information) to the Attorney General of the United States (or the appropriate State official or agency (if any) designated by him pursuant to part (D)) of the furnishing of aid to families with dependent children with respect to a child who has been deserted or abandoned by a parent (including a child born out of wedlock without regard to whether the paternity of such child has been established);'.

"(e) Section 402(a) is further amended—

"(1) by striking out 'and' at the end of paragraph (22); and

"(2) by striking out the period at the end of paragraph (23) and inserting in lieu thereof a semicolon and the following: '(24) provide (A) that, as a condition of eligibility under the plan, each applicant for or recipient of aid shall furnish to the State agency his social security account number (or numbers, if he has more than one such number), and (B) that such State agency shall utilize such account numbers, in addition to any other means of identification it may determine to employ, in the administration of such plan; (25) contain such provisions pertaining to determining paternity and securing support and locating absent parents as are prescribed by the Attorney General of the United States in order to enable him to comply with the requirements of part D; and (26) provide that, as a condition of eligibility for aid, each applicant or recipient will be required—

"'(A) to assign to the United States any rights to support from any other person he may have (i) in his own behalf or in behalf of any other family member for whom he is applying for or receiving aid, and (ii) which have accrued at the time such assignment is executed, and which will accrue during the period ending with the third month following the month in which he (or such other family members) last receive aid under the plan or within such later month as may be determined under section 455(b), and

"'(B) to cooperate with the Attorney General or the State or local agency he has delegated under section 454, (i) in establishing the paternity of a child born out of wedlock with respect to whom aid is claimed, and (ii) in obtaining support payments for herself and for a child with respect to whom such aid is claimed, or in obtaining any other payments or property due herself or such child.'

"(f) Sections 402(a)(17), (18), (21), and (22), and section 410 of such Act are repealed.

"(g) The amendments made by this section shall become effective on January 1, 1973."

PART D—CHILD CARE AND CHILD WELFARE SERVICES

SEC. 431. (a) The Social Security Act is amended by adding after title XX thereof (as added by section 420 of this Act) the following new title:

"TITLE XXI—CHILD CARE

"FINDINGS AND DECLARATION OF PURPOSE

"SEC. 2101. (a) The Congress finds and declares that—

"(1) the present lack of adequate child care services is detrimental to the welfare of families and children in that it limits opportunities of parents for employment or self-improvement, and often results in inadequate care arrangements for children whose parents are unable to find appropriate care for them;

"(2) low-income families and dependent families are severely handicapped in their efforts to attain or maintain economic independence by the unavailability of adequate child care services;

"(3) many other families, especially those in which the mother is employed, have need for child care services, either on a regular basis or from time to time; and

"(4) there is presently no single agency or organization, public or private, which is carrying out the responsibility of meeting the Nation's needs for adequate child care services.

"(b) It is therefore the purpose of this title to promote the availability of adequate child care services throughout the Nation by providing for the establishment of a Bureau of Child Care which shall have the responsibility and authority to meet the Nation's unmet needs for adequate child care services, and which, in meeting such needs, will give special consideration to the needs for such services by families in which the mother is employed or preparing for employment, and will promote the well-being of all children by assuring that the child care services provided will be appropriate to the particular needs of the children receiving such services.

"ESTABLISHMENT AND ORGANIZATION OF BUREAU OF CHILD CARE

"SEC. 2102. (a) In order to carry out the purposes of this title, there is hereby established a Bureau of Child Care (hereinafter in this title referred to as the 'Bureau').

"(b)(1) The powers and duties of the Bureau shall be vested in a Director who shall be appointed by the President, by and with the advice and consent of the Senate.

"(2) The Director shall have the power to appoint (without regard to the provisions of title 5, United States Code, governing appointments in the competitive service) such personnel as he deems necessary to enable the Bureau to carry out its functions under this title. All personnel shall be appointed solely on the ground of their fitness to perform their duties and without regard to political affiliation, sex, race, creed, or color. The Director may (without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and General Schedule pay rates) fix the compensation of personnel. The amount of the compensation payable to any employee shall be reasonably related to the compensation payable to State employees performing similar duties in the State in which such employee is employed by the Bureau; except that, in no case shall the amount of the compensation payable to any employee be greater than that payable to Federal employees performing similar services. For purposes of the preceding sentence, personnel employed in the principal office of the Bureau shall be deemed to be performing services in the District of Columbia (which shall be deemed to be a State for such purposes), and personnel performing services in more than one State shall be deemed to be employed in the State in which their principal office or place of work is located.

"(3) The Director is authorized to obtain the services of experts and consultants on a temporary or intermittent basis in accordance with the provisions of section 3109 of title 5, United States Code, but at rates for individuals not to exceed the per diem equivalent of the rate authorized for GS-18 by section 5332 of such title.

"(4) The Director shall establish, within the Bureau, an Office of Program Evaluation and Auditing the functions of which shall be to assure that standards established under this title with respect to child care services and facilities providing such services will be met, and that funds of or under the control of the Bureau will be properly used. The Director shall utilize such Office to carry out the duties (relating to evaluation of facilities) imposed upon him under section 2104(c)(2).

"DUTIES AND POWERS

"SEC. 2103. (a) It shall be the duty and function of the Bureau to meet the needs of recipients of assistance under title IV of this Act, and persons who have been or are likely to become applicants for or recipients of such aid, for child care services and, to the maximum extent economically feasible, the needs of the Nation for child care services.

"(b)(1) In carrying out such duty and function, the Bureau shall, through utilization of existing facilities for child care and otherwise, provide (or arrange for the provision of) child care services in the various communities of each State. Such child care services shall include the various types of care included in the term 'child care services' (as defined in section 2118(b)) to the extent that the needs of the various communities may require.

"(2) The Bureau shall charge and collect a reasonable fee for the child care services provided by it (whether directly or through arrangements with others). The fee so charged for any particular type of child care services provided in any facility shall be uniform for all children receiving such types of services in such facility. Any such fee so charged may be paid in whole or in part by any person (including the Bureau, as provided in subsection (e), or any other public agency) which agrees to pay such fee or a part thereof.

"(3) The Bureau shall not enter into any arrangement with any person under which the facilities or services of such person will be utilized by the Bureau to provide child care services unless such person agrees (A) to accept any child referred to such person by the Bureau for child care services on the same basis and under the same conditions as other children applying for such services, and (B) to accept payment of all or any part of the fee imposed for such services from any public agency which shall agree to pay such fee or a part thereof from Federal funds.

"(c) In providing child care services in the various communities of the Nation, the Bureau shall accord first priority (1) to the needs for child care services of families on behalf of whom child care services will be paid in whole or in part from funds appropriated to carry out part A of title IV and section 2109 of this title and who are in need of such services to enable a member thereof to accept or continue in employment or participate in training to prepare such member for employment, and (2) to arranging for care in facilities providing hours of child care sufficient to meet the child care needs of children whose mothers are employed full time.

"(d) In providing for child care services the Bureau shall first place children in facilities which receive funds from sources other than funds made available under this title including, if the parents of such children agree, child development programs.

"(e)(1) From the sums available to carry out the provisions of this title for each fiscal year, the Bureau is authorized to assist low-income families in meeting the costs of child care services where such services are necessary to enable an adult member of such family to engage in employment.

"(2) The amount of the subsidy provided to any family under this subsection shall be determined in accordance with a schedule established by the Director, after taking into account the number of families needing such assistance, the amount of assistance needed by such families, and the amount of the funds available for the provision of such assistance. Such schedule shall (A) provide that the amount of subsidy payable to any family shall be equal to a per centum of the costs incurred by such family for the child care services with respect to which such subsidy is paid, (B) be related to ability of such family to pay the costs of such services (as determined by family size and income), and (C) be designed to assure that the amount of the subsidy payable to any family is not greater than the minimum amount necessary to enable such family to secure such services.

"(f) In carrying out its duties and functions under this title, the Bureau shall have power—

"(1) to acquire (by purchase, gift, devise, lease, or sublease), and to accept jurisdiction over and to hold and own, and dispose of by sale, lease, or sublease, real or personal property, including but not limited to a facility for child care, or any interest therein for its purposes;

"(2) to operate, manage, superintend, and control any facility for child care under its jurisdiction and to repair, maintain, and otherwise keep up any such facility; and to establish and collect fees, rentals, or other charges for the use of such facility or the receipt of child care services provided therein;

"(3) to provide child care services for the public directly or by agreement or lease with any person, agency, or organization, and to make rules and regulations concerning the handling of referrals and applications for the admission of children to receive such services; and to establish and collect fees and other charges, including reimbursement allowances, for the provision of child care services: Provided, That, in determining how its funds shall be used for the provision of child care services within a community, the Bureau shall take into account any comprehensive planning for child care which has been done, and shall generally restrict its direct operation of programs to situatitons in which public or private agencies are unable to develop adequate child care;

"(4) to provide advice and technical assistance to persons desiring to enter into an agreement with the Bureau for the provision of child care services to assist them in developing their capabilities to provide such services under such an agreement;

"(5) to prepare, or cause to be prepared, plans, specifications, designs, and estimates of costs for the construction and equipment of facilities for child care services in which the Bureau provides child care directly;

"(6) to construct and equip, or by contract cause to be constructed and equipped, facilities (other than home child care facilities) for child care services: Provided, That the Bureau shall take into account any comprehensive planning for child care that has been done;

"(7) to train persons for employment in providing child care services, with particular emphasis on training persons receiving assistance under part A of title IV;

"(8) to procure insurance, or obtain indemnification, against any loss in connection with the assets of the Bureau or any liability

in connection with the activities of the Bureau, such insurance or indemnification to be procured or obtained in such amounts, and from such sources, as the Board deems to be appropriate;

"(9) to cooperate with any organization, public or private, the objectives of which are similar to the purposes of this title; and

"(10) to do any and all things necessary, convenient, or desirable to carry out the purposes of this title, and for the exercise of the powers conferred upon the Bureau in this title.

"STANDARDS FOR CHILD CARE

"SEC. 2104. (a) In order to assure that adequate standards of staffing, health, sanitation, safety, and fire protection are met, the Bureau shall not provide or arrange for the provision of child care of any type or in any facility unless the applicable requirements set forth in the succeeding provisions of this section are met with respect to such care and the facility in which such care is offered.

"(b)(1) The ratio of the number of children receiving child care to the number of qualified staff members directly engaged in providing such care (whether as teachers' aids or in another capacity) shall be such as the Director may determine to be appropriate for the type of child care provided and the age of the children involved, but in no case shall the Director require a ratio of less than—

"(A) eight to one, in case such care is provided in a home child care facility; or

"(B) ten to one, in case such care is provided in a day nursery facility, nursery school, child deevlopment center, play group facility, or preschool child care center.

For purposes of applying the ratios set forth in clauses (A) and (B) of the preceding sentence, any child under age three shall be considered as two children.

"(2) In the case of any facility (other than a facility to which paragraph (1) is applicable) the ratio of the number of children receiving child care therein to the number of qualified staff members providing such care shall not be greater than such ratio as the Director may determine to be appropriate to the type of child care provided and the age of the children involved, except that such ratio shall not be greater than twenty-five to one.

"(3) As used in this subsection, the term 'qualified staff member' means an individual who has received training in, or demonstrated ability in, the care of children.

"(c)(1) Any facility in which the Bureau provides child care (whether directly or through arrangements with others) must—

"(A)(i) in the case of facilities that are not homes, meet such provisions of the Life Safety Code of the National Fire Protection Association (twenty-first edition, 1967) as are applicable to the type of facility; except that the Bureau may waive for such periods as it deems appropriate, specific provisions of such code which, if rigidly applied, would result in unreasonable hardship upon the facility, but only if the Bureau makes a determination (and keeps a written record setting forth the basis of such determination) that such waiver will not adversely affect the health and safety of the children receiving care in such facility and (ii) in the case of facilities that are homes, meet requirements adopted by the local area (or a comparable area, if none have been adopted for the local area) for application to general residential occupancy;

"(B) contain (or have available to it for use) adequate indoor and outdoor space for children for the number and ages of the children served by such facility; have separate rooms or areas for cooking, and have separate rooms for toilets;

"(C) have floors and walls of a type which can be cleaned and maintained and which contain or are covered with no substance which is hazardous to the health or clothing of children;

"(D) have such ventilation and temperature control facilities as may be necessary to assure the safety and reasonable comfort of each child receiving care therein;

"(E) provide safe and comfortable facilities for the variety of activities children engage in while receiving care therein;

"(F) provide special arrangements or accommodations, for children who become ill, which are designed to provide rest and quiet for ill children while protecting other children from the risk of infection or contagion; and

"(G) make available to children receiving care therein such toys, games, books, equipment, and other material as are appropriate to the type of facility involved and the ages of the children receiving care therein.

"(2) The Director, in determining whether any particular facility meets minimum requirements imposed by paragraph (1) of this subsection, shall evaluate, not less often than once each year, on the basis of inspections made by personnel employed by the Bureau or by others through arrangements with the Bureau, such facility separately and shall make a determination with respect to such facility after taking into account the location and type of care provided by such facility as well as the age group served by it.

"(d) The Bureau shall not provide (directly or through arrangements with other persons) child care in a child care facility or home child care facility unless—

"(1) such facility requires that, in order to receive child care provided by such facility, a child must have been determined by a physician (after a physical examination) to be in good health and must have been immunized against such diseases and within such prior period as the Director may prescribe in order adequately to protect the children receiving care in such facility from communicable disease (except that no child seeking to enter or receiving care in such a facility shall be required to undergo any medical examination, immunization, or physical evaluation or treatment (except to the extent necessary to protect the public from epidemics of contagious diseases, if his parent or guardian objects thereto in writing on religious grounds);

"(2) such facility provides for the daily evaluation of each child receiving care therein for indications of illness;

"(3) such facility provides adequate and nutritious (though not necessarily hot) meals and snacks, which are prepared in a safe and sanitary manner;

"(4) such facility has in effect procedures designed to assure that each staff member thereof is fully advised of the hazards to children of infection and accidents and is instructed with respect to measures designed to avoid or reduce the incidence or severity of such hazards;

"(5) such facility has in effect procedures under which the staff members of such facility (including voluntary and part-time staff members) are required to undergo, prior to their initial employment and periodically thereafter, medical assessments of their physical and mental competence to provide child care;

"(6) such facility keeps and maintains adequate health records on each child receiving care in such facility and on each staff member (including any voluntary or part-time staff member) of such facility who has contact with children receiving care in such facility; and

"(7) such facility has in effect, for the children receiving child care services provided by such facility, a program under which emergency medical care or first aid will be provided to any such child who sustains injury or becomes ill while receiving such services from such facility, the parent of such child (or other proper person) will be promptly notified of such injury or illness, and other children receiving such services in such facility will be adequately protected from contagious disease.

"(e) The Bureau shall not provide (directly or through arrangements with other persons) child care, in any child care facility or home child care facility, to any child unless there is offered to the parent or parents with whom such child is living (or, if such child is not living with a parent, the guardian or other adult person with whom such child is living) the opportunity of (A) meeting and consulting, from time to time, with the staff of such facility on the development of such child, and (B) observing, from time to time, such child while he is receiving care in such facility.

"(f) Any nursery school, kindergarten, or child development center in which care is provided must meet applicable State or local educational standards.

"PHYSICAL STRUCTURE AND LOCATION OF CHILD CARE FACILITIES

"SEC. 2105. (a) There may be utilized, to provide child care authorized by this title, new buildings especially constructed as child care facilities, as wel as existing buildings which are appropriate for such purpose (including, but not limited to, schools, churches, social centers, apartment houses, public housing units, office buildings, and factories).

"(b) The Director, in selecting the location of any facility to provide child care under this title, shall, to the maximum extent feasible, give consideration to such factors as whether the site selected therefor—

"(1) is conveniently accessible to the children to be served by such facility, in terms of distance from the homes of such children as well as the length of travel-time (on the part of such children and their parents) involved;

"(2) is sufficiently accessible from the place of employment of the parents of such children so as to enable such parents to participate in such programs, if any, as are offered to parents by such facility; and

"(3) is conveniently accessible to other facilities, programs, or resources which are related to, or beneficial in, the development of the children of the age group served by such facility.

"EXCLUSIVENESS OF FEDERAL STANDARD; PENALTY FOR FALSE STATEMENT OR MISREPRESENTATION

"SEC. 2106. (a) Any facility in which child care services are provided by the Bureau (whether directly or through arrangements with other persons) shall not be subject to any licensing or similar requirements imposed by any State (or political subdivision thereof), and shall not be subject to any health, fire, safety, sanitary, or other requirements imposed by any State (or political subdivision thereof) with respect to facilities providing child care.

"(b) If any State (or political subdivision thereof), group, organization, or individual feels that the standards imposed, or proposed to be imposed, by the Bureau under section 2104(c)(1) for child care facilities (or any type of class of child care facilities) are less protective of the welfare of children than those imposed on such facilities by such State (or political subdivision thereof, as the case may be), such State (or political subdivision thereof), group, organization, or individual may, by filing a request with the Bureau, obtain a hearing on the matter of the standards imposed or proposed to be imposed by the Bureau with respect to such facilities.

"(c) Whoever knowingly and willfully makes or causes to be made, or induced or seeks to induce the making of, any false statement or representation of a material fact with respect to the conditions or operation of any facility in order that such facility may qualify as a facility in which child care services are provided by the Bureau (whether directly or through arrangements with other

persons) shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $2,000 or imprisoned for not more than six months, or both, and any such facility shall be ineligible, for two years following such conviction, to participate in any child care program that is in whole or in part funded by the United States.

"RECONSIDERATION OF CERTAIN DECISIONS

"SEC. 2107. Whenever any group or organization has presented to the Bureau a proposal, under which such group or organization would provide child care services on behalf of the Bureau, which has been rejected by the Bureau, such group or organization, upon request filed with the Director may have a reconsideration of such proposal by the Bureau.

"CONFIDENTIALITY OF CERTAIN INFORMATION

"SEC. 2108. The Bureau shall impose such safeguards with respect to information held by it concerning applicants for and recipients of child care as are necessary or appropriate to assure that such information will be used only for purposes directly connected with the administration of this title, that the privacy of such applicants or recipients will be protected, and that, when such information is used for statistical purposes, it will be used in such manner as not to identify the particular individuals involved.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 2109. In addition to such sums as may be available to the Bureau from the Child Care Fund established under section 2110, there is hereby authorized to be appropriated to carry out the provisions of this title, for the fiscal year beginning July 1, 1972, the sum of $800,000,000, and for each fiscal year thereafter, such sums as may be necessary.

"REVOLVING FUND

"SEC. 2110. (a) There is hereby established in the Treasury a revolving fund to be known as the Federal Child Care Fund (hereinafter in this title referred to as the 'Fund') which shall be available to the Bureau without fiscal year limitation to carry out its purposes, functions, and duties under this title.

"(b) There shall be deposited in the Fund—

"(1) funds appropriated under section 2109; and

"(2) the proceeds of all fees, rentals, charges, interest, or other receipts (including gifts) received by the Bureau.

"(c) Except for expenditures from the Federal Child Care Capital Fund (established by section 2111(d)) and expenditures from appropriated funds, all expenses of the Bureau (including salaries and other personnel expenses) shall be paid from the Fund.

"(d) If the Bureau determines that the moneys in the fund are in excess of the current needs of the Bureau, it may invest such amounts therefrom as it deems advisable in obligations of the United States or obligations the payment of principal and interest of which is guaranteed by the United States.

"REVENUE BONDS OF BUREAU

"SEC. 2111. (a) The Bureau is authorized (after consultation with the Secretary of the Treasury) to issue and sell bonds, notes, and other evidences of indebtedness (hereafter in this section collectively referred to as 'bonds') whenever the Director determines that the proceeds of such bonds are necessary, together with other moneys available for operation of the Bureau from the Fund, to provide funds sufficient to enable the Bureau to carry out its purposes and functions under this title with respect to the acquisition, planning, construction, remodeling, or renovation of facilities for child care or sites for such facilities; except that (1) no such bonds shall be sold prior to July 1, 1975, (2) no more than $50,000,000 of such bonds shall be issued and sold during any fiscal year, and (3) the outstanding balance of all bonds so issued and sold shall not at any one time exceed $250,000,000.

"(b) Any such bonds may be secured by assets of the Bureau, including, but not limited to, fees, rentals, or other charges which the Bureau receives for the use of any facility for child care which the Bureau owns or in which the Bureau has an interest. Any such bonds are not, and shall not for any purpose be regarded as, obligations of the United States.

"(c) Any such bonds shall bear such rate of interest, have such dates of maturity, be in such denominations, be in such form, carry such registration privileges, be executed in such manner, be payable on such terms, conditions, and at such place or places, and be subject to such other terms and conditions, as the Director may prescribe.

"(d)(1) There is hereby established in the Treasury a fund to be known as the 'Federal Child Care Capital Fund' (hereinafter in this title referred to as the 'Capital Fund'), which shall be available to the Bureau without fiscal year limitations to carry out the purposes and functions of the Bureau with respect to the acquisition, planning, construction, remodeling, renovation, or initial equipping of facilities for child care services, or sites for such facilities.

"(2) The proceeds of any bonds issued and sold pursuant to this section shall be deposited in the Capital Fund and shall be available only for the purposes and functions referred to in paragraph (1) of this subsection.

"COLLECTION AND PUBLICATION OF STATISTICAL DATA

"SEC. 2112. The Bureau shall collect, classify, and publish, on a monthly and annual basis, statistical data relating to its operation and child care provided (directly or indirectly) by the Bureau together with such other data as may be relevant to the purposes and functions of the Bureau.

"REPORTS TO CONGRESS

"SEC. 2113. (a) The Director shall, not later than January 30 following the close of the first session of each Congress (commencing with January 30, 1974), submit to the Congress a written report on the activities of the Bureau during the period ending with the close of the session of Congress last preceding the submission of the report and beginning, in the case of the first such report so submitted, with the date of enactment of this title, and in the case of any such report thereafter, with the day after the last day covered by the last preceding report so submitted. As a separate part of any such report, there shall be included such data and information as may be required fully to apprise the Congress of the actions which the Bureau has taken to improve the quality and availability of child care services, together with a statement regarding the future plans (if any) of the Bureau to further improve the quality of such services.

"(b) The Director shall conduct, on a continuing basis, a study of the standards for child care under section 2104, and shall report to the Congress, not later than January 1, 1977, the results of such study, together with his recommendations (if any) with respect to changes which should be made in establishing such standards.

"APPLICABILITY OF OTHER LAWS

"SEC. 2114. (a) The provisions of section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), or other provisions of law relating to competitive bidding, shall not be applicable to the Bureau; nor shall any other provision of law limiting the authority of instrumentalities of the United States to enter into contract be applicable to the Bureau in respect to contracts entered into by the Bureau for the provision of child care services in a home child care facility, temporary child care home, or a night care home.

"(b) The provisions of the Public Buildings Act of 1959 (40 U.S.C. 601–615) shall not apply to the acquisition, construction, remodeling, renovation, alteration, or repair of any building of the Bureau or to the acquisition of any site for any such building for use as a child care facility.

"RESEARCH AND DEMONSTRATIONS

"SEC. 2115. The Secretary, in the administration of section 426, shall consult with and cooperate with the Bureau with a view to providing for the conduct of research and demonstrations which will be applicable to child care services.

"NATIONAL ADVISORY COUNCIL ON CHILD CARE

"SEC. 2116. (a)(1) For the purpose of providing advice and recommendations for the consideration of the Director of the Bureau in matters of general policy in carrying out the purposes and functions of the Bureau, and with respect to improvements in the administration by the Bureau of its purposes and functions, there is hereby created a National Advisory Council on Child Care (hereinafter in this section referred to as the 'Council').

"(2) The Council shall be composed of the Secretary of Health, Education, and Welfare, the Secretary of Labor, the Secretary of Housing and Urban Development, and eight individuals, who shall be appointed by the Director (without regard to the provisions of title 5, United States Code, governing appointments in the competitive service), and who are not otherwise in the employ of the United States.

"(3) Of the appointed members of the Council, not more than three shall be selected from individuals who are representatives of social workers or child welfare workers or nonprofit organizations or are from the field of education, and the remaining appointed members shall be selected from individuals who are representatives of consumers of child care (but not including more than one individual who is a representative of any organization which is composed of or represents recipients of such assistance).

"(b) Each appointed member of the Council shall hold office for a term of three years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his successor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the appointed members first taking office shall expire, as designated by the Director at the time of appointment, four on June 30, 1974, four on June 30, 1975, and four on June 30, 1976.

"(c) The Council is authorized to engage such technical assistance as may be required to carry out its functions, and the Director shall, in addition, make available to the Council such secretarial, clerical, and other assistance and such pertinent data prepared by the Bureau as the Council may require to carry out its functions.

"(d) Appointed members of the Council shall, while serving on the business of the Council, be entitled to receive compensation at the rate of $100 per day, including traveltime; and while so serving away from their homes or regular places of business, they shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"COOPERATION WITH OTHER AGENCIES

"SEC. 2117. (a)(1) The Bureau is authorized to enter into agreements with public and other nonprofit agencies or organizations whereby children receiving child care provided by the Bureau (whether directly or through arrangements with other persons) will be provided other services con-

ductive to their health, education, recreation, or development.

"(2) Any such agreement with any such agency or organization shall provide that such agency or organization shall pay the Bureau in advance or by way of reimbursement, for any expenses incurred by it in providing any services pursuant to such agreement.

"(b) The Bureau may also enter into cooperative arrangements with the State health authority and the State agency primarily responsible for State supervision of public schools to utilize such agencies in the provision of health services and education for children receiving child care.

"DEFINITIONS

"SEC. 2118. For purposes of this title—

"(a) The term 'Bureau' means the Bureau of Child Care established pursuant to section 2102.

"(b) The term 'child care services' means the provision, by the person undertaking to care for any child, of such personal care, protection, and supervision of each child receiving such care as may be required to meet the child care needs of such child, including services provided by—

"(1) a child care facility;

"(2) a home child care facility;

"(3) a temporary child facility;

"(4) an individual as a provider of at-home child care;

"(5) a night care facility; or

"(6) a boarding facility.

"(c) The term 'child care facility' means any of the following facilities:

"(1) day nursery facility;

"(2) nursery school;

"(3) kindergarten;

"(4) child development center;

"(5) play group facility;

"(6) preschool child care center;

"(7) school age child care center;

"(8) summer day care program facility;

but only if such facility offers child care services to not less than six children; and in the case of a kindergarten, nursery school, or other daytime program, such facility is not a facility which is operated by a public school system, and the services of which are generally available without charge throughout a school district of such system;

"(d) The term 'home child care facility' means—

"(1) a family day care home;

"(2) a group day care home;

"(3) a family school day care home; or

"(4) a group school age day care home.

"(e) The term 'temporary child care facility means—

"(1) a temporary child care home;

"(2) a temporary child care center; or

"(3) other facility (including a family home, or extended or modified family home) which provides care, on a temporary basis, to transient children.

"(f) The term 'at-home child care' means the provision, to a child in his own home, of child care services, by an individual, who is not a member of such child's family or a relative of such child, while such child's parents are absent from the home.

"(g) The term 'night care facility' means—

"(1) a night care home;

"(2) a night care center; or

"(3) other facility (including a family home, or extended or modified family home) which provides care, during the night, of children whose parents are absent from their home and who need supervision during sleeping hours in order for their parents to be gainfully employed.

"(h) The term 'boarding facility' means a facility (including a boarding home, a boarding center, family home, or extended or modified family home) which provides child care for children on a twenty-four hour per day basis (except for periods when the children are attending school) for periods, in the case of any child, not longer than one month.

"(i) The term 'day nursery' means a facility which, during not less than five days each week, provides child care to children of preschool age.

"(j) The term 'nursery school' means a school which accepts for enrollment therein only children between two and six years of age, which is established and operated primarily for educational purposes to meet the developmental needs of the children enrolled therein.

"(k) The term 'kindergarten' means a facility which accepts for enrollment therein only children between four and six years of age, which is established and operated primarily for educational purposes to meet the developmental needs of the children enrolled therein.

"(l) The term 'child development center' means a facility which accepts for enrollment therein only children of preschool age, which is established and operated primarily for educational purposes to meet the developmental needs of the children enrolled therein, and which provides for the children enrolled therein care services, or instruction for not less than five days each week.

"(m) The term 'play group facility' means a facility which accepts as members thereof children of preschool age, which provides care or services to the members thereof for not more than three hours in any day, and which is established and operated primarily for recreational purposes.

"(n) The term 'preschool child care center' means a facility which accepts for enrollment therein children of preschool age, and which provides child care to children enrolled therein on a full-day basis for at least five days each week.

"(o) The term 'school age child care center' means a facility which accepts for enrollment therein only children of school age, and which provides child care for the children enrolled therein during the portion of the day when they are not attending school for at least five days each week.

"(p) The term 'summer day care program' means a facility which provides child care for children during summer vacation periods, and which is established and operated primarily for recreational purposes; but such term does not include any program which for children during summer vacation periods, pation in such program is without charge and is generally available to residents of any political subdivision.

"(q) The term 'family day care home' means a family home in which child care is provided, during the day, for not more than eight children (including any children under age fourteen who are members of the family living in such home or who reside in such home on a full-time basis).

"(r) The term 'group day care home' means an extended or modified family residence which offers, during all or part of the day, child care for not less than seven children (not including any child or children who are members of the family, if any, offering such services).

"(s) The term 'family school age day care home' means a family home which offers child care for not more than eight children, all of school age, during portions of the day when such children are not attending school.

"(t) The term 'group school age day care home' means an extended or modified family residence which offers family-like child care for not less than seven children (not counting any child or children who are members of the family, if any, offering such services) during portions of the day when such children are not attending school.

"(u) The term 'temporary child care home' means a family home which offers child care, on a temporary basis, for not more than eight children (including any children under age fourteen who are members of the family, if any, offering such care).

"(v) The term 'temporary child care center' means a facility (other than a family home) which offers child care, on a temporary basis, to not less than seven children.

"(w) The term 'night care home' means a family home which offers child care, during the night, for not more than eight children (including any children under age fourteen who are members of the family offering such care).

"(x) The term 'boarding home means a family home which provides child care (including room and board) to not more than six children (including any cihldren under age fourteen who are members of the family offering such care).

"(y) The term 'boarding center' means a summer camp or other facility (other than a family home) which offers child care (including room and board) to not less than seven children.

"(z) The term 'facility', as used in connection with the terms 'child care', 'home child care', 'temporary child care', 'night care', or 'boarding care', shall refer only to buildings and grounds (or portions thereof) actually used (whether exclusively or in part) for the provision of child care services."

(b) Section 1101(a)(1) of the Social Security Act is amended by striking out "and XIX" and inserting in lieu thereof "XIX, XX, and XXI".

(c) Section 5316 of title 5, United States Code (relating to Executive Schedule pay rates at level V), is amended by adding at the end thereof:

"(131) Director of the Bureau of Child Care."

(d) The amendments made by this section shall become effective on the date of enactment of this Act.

MODEL DAY CARE

SEC. 432. Title IV of the Social Security Act (as amended by this Act) is amended by adding at the end thereof the following new part:

"PART E—GRANTS TO STATES FOR ESTABLISHMENT OF MODEL DAY CARE

"APPROPRIATION

"SEC. 471. There are authorized to be appropriated for grants to States for development of model day care for children such sums as may be necessary during each of the fiscal years ending on June 30, 1973, June 30, 1974, and June 30, 1975. From the sums authorized to be appropriated pursuant to this section, the Secretary is authorized to approve grants to each State during such fiscal years in amounts up to $400,000 per year to pay all or part of the cost of developing model child care through the establishment and operation of a child care center or system and to provide training for individuals in the field of child care. Payments under this section may be in advance or by way of reimbursement."

CHILD WELFARE SERVICES

SEC. 433. (a) Effective with respect to fiscal years beginning after June 30, 1972, section 420 of the Social Security Act is amended by striking out "$55,000,000 for the fiscal year ending June 30, 1968, $100,000,000 for the fiscal year ending June 30, 1969, and $110,000,000 for each fiscal year thereafter" and inserting in lieu thereof $200,000,000 for the fiscal year ending June 30, 1973, $215,000,000 for the fiscal year ending June 30, 1974, $230,000,000 for the fiscal year ending June 30, 1975, $250,000,000 for the fiscal year ending June 30, 1976, and $270,000,000 for each fiscal year thereafter".

(b)(1) Section 442 (a)(1) of such Act is amended by striking out subparagraph (C) thereof.

(2) Section 425 of such Act is amended by striking out "or day care" and by insert-

ing "other than those defined in section 2018(c)" after "child care facilities".

(3) The amendments made by the preceding provisions of this subsection shall take effect July 1, 1973.

NATIONAL ADOPTION INFORMATION EXCHANGE SYSTEM

SEC. 434. The Social Security Act is amended by adding after section 426 of title IV thereof, the following new section:

"SEC. 427. (a) The Secretary is authorized to provide information, utilizing computers and modern data processing methods, through a national adoption information exchange system, to assist in the placement of children awaiting adoption and in the location of children for persons who wish to adopt children, including cooperative efforts with any similar programs operated by or within foreign countries, and such other related activities as would further or facilitate adoptions.

"(b) There are authorized to be appropriated $1,000,000 for the fiscal year ending June 30, 1973, and such sums as may be necessary for succeeding fiscal years, to carry out this section."

TITLE V—MISCELLANEOUS

PART A—PROVISIONS RELATING TO PUBLIC ASSISTANCE

REPORT ON QUALITY OF WORK PERFORMED BY WELFARE PORSONNEL

SEC. 501. (a) The Secretary of Health, Education, and Welfare shall conduct a full and complete study of ways of enhancing the quality of work performed by individuals employed in the administration and operation of State plans approved under titles I, IV, X, XIV, XV, and XVI of the Social Security Act for the purpose of arriving at standards of performance or other appropriate means of eliminating variations in the quality of work performed and encouraging the development of improved performance by such individuals.

(b) In conducting the study required by subsection (a), the Secretary is authorized to engage the assistance of individuals who have demonstrated knowledge and expertise in the area of welfare administration (including individuals who have direct contact with recipients) and from individuals who are themselves recipients under such State plans.

(c) The Secretary shall conduct the study required by subsection (a) and report his findings thereon together with appropriate recommendations to the Congress not later than January 1, 1974.

CRIMINAL OFFENSES BY WELFARE EMPLOYEES

SEC. 502. (a) (1) Part A of title XI of the Social Security Act (as designated by section 249F of this Act and amended by sections 216(a), 221, 241, 271, 272, 410, 411, and 431) is further amended by adding at the end thereof the following new section:

"CRIMINAL OFFENSES BY WELFARE EMPLOYEES

"SEC. 1126. Any officer or employee of the United States or of any State or of any political subdivision of such State acting in connection with the administration or operation of any State plan approved under title I, IV, X, XIV, XV or XVI, of this Act—

"(1) who is guilty of any extortion or willful oppression under color of State or Federal law; or

"(2) who knowingly allows the disbursement of greater sums than are authorized by law, or receives any fee, compensation, or reward, except as by law prescribed, for the performance of any duty; or

(3) who, with intent to defeat the application of any provision of title I, IV, X, XIV, XV, or XVI, of the Social Security Act or any State plan approved thereunder, fails to perform any of the duties of his office or employment; or

"(4) who conspires or colludes with any other person to defraud the United States, any State government, or any political subdivision of such State; or

"(5) who knowingly makes opportunity for any person to defraud the United States, any State government, or any political subdivision of such State; or

"(6) who does or omits to do any act with intent to enable any other person to defraud the United States, any State government, or any political subdivision of such State;

"(7) who makes or signs any fraudulent entry in any book, or makes or signs any fraudulent application, form, or statement, knowing it to be fraudulent; or

"(8) who, having knowledge or information of fraud committed by any person against the United States, any State government, or any political subdivsion of such State under title I, IV, X, XIV, XV, or XVI of the Social Security Act or any State plan approved thereunder, fails to report, in writing, such knowledge or information to the Secretary or his delegate, or, if the fraud is against a State government or any political subdivision of such State, to the individual designated to administer the State plan approved under such title or his delegate; or

"(9) who demands, or accepts, or attempts to collect directly or indirectly as payment or gift, or otherwise, any sum of money or other thing of value for the compromise, adjustment, or settlement of any charge or complaint for any violation or alleged violation of law, except as expressly authorized by law so to do;

shall be dismissed from office or discharged from employment and, upon conviction thereof, shall be fined not more than $10,000, or imprisoned not more than 5 years, or both."

(2) (A) Effective January 1, 1974, section 1126 of the Social Security Act (as added by paragraph (1) of this subsection) is amended by striking out "title I, IV, X, XVI, XV, or XVI," each place it appears therein and inserting in lieu thereof "title IV, VI, or XV,".

(B) The amendments made by subparagraph (A) shall not apply to the Commonwealth of Puerto Rico, the Virgin Islands, or Guam.

(b) In addition to the requirements imposed by law as a condition of approval of a State plan under title I, VI, IV, X, XIV, XV, or XVI of the Social Security Act, there is hereby imposed the requirement (and the plan shall be deemed to require) that the State plan provide that any officer or employee of the State acting in connection with the State plan as approved under such title who shall be found guilty of a violation of section 1126 of such Act shall be dismissed from office or discharged from employment in addition to any other penalty imposed under such section 1126.

DEMONSTRATION PROJECTS TO REDUCE WELFARE DEPENDENCY

SEC. 503. (a) Section 1110(a) of the Social Security Act is amended by inserting after the period at the end thereof the following new sentence: "Of the funds appropriated under the preceding sentence for any fiscal year commencing after June 30, 1972, not less than 50 per centum thereof shall be used in projects relating to the prevention and reduction of dependency."

(b) Section 1115 is amended by inserting immediately after the matter at the end thereof the following new sentence: "Not less than 50 per centum of the amounts made available to the States under this section, for any fiscal year beginning after June 30, 1972, shall be used in projects relating to the prevention and reduction of welfare dependency."

LIMITATION ON REGULATORY AUTHORITY OF THE SECRETARY

SEC. 504. Section 1102 of the Social Security Act is amended by inserting immediately before the period at the end thereof the following: "; except that no rule or regulation which affects title I, IV, X, XIV, XV, or XVI of this Act shall be adopted unless such rule or regulation is related to a specific provision in such title and no rule or regulation so adopted shall be inconsistent with any provision of such title".

LIMITATION ON AUTHORITY OF SECRETARY WITH RESPECT TO ADVISORY COUNCILS

SEC. 505. Title XI of the Social Security Act is amended by adding after section 1127 the following new section:

"LIMITATION ON AUTHORITY OF SECRETARY WITH RESPECT TO ADVISORY COUNCILS

"SEC. 1128. Nothing in this Act shall be construed to authorize or permit the Secretary of Health, Education, and Welfare to prescribe any rule or regulation requiring any State, in the operation of a State plan approved under title I, IV, X, XIV, XV, or XVI of this Act, to establish or pay the expenses of any advisory council to advise the State with respect to such plan, its operation, or any program or programs conducted thereunder."

PROHIBITION AGAINST PARTICIPATION IN FOOD STAMP OR SURPLUS COMMODITIES PROGRAM BY PERSONS ELIGIBLE TO PARTICIPATE IN EMPLOYMENT OR ASSISTANCE PROGRAMS

SEC. 508. (a) Effective January 1, 1974, section 3(e) of the Food Stamp Act of 1964 is amended by adding at the end thereof the following new sentence: "No person who is determined to be eligible (or upon application would be eligible) for aid under a State plan approved under title XV of the Social Security Act, and no person who is eligible (or upon application would be eligible) to receive supplemental security income benefits under title XVI of such Act shall be considered to be a member of a household or an elderly person for purposes of this Act."

(b) Section 3(h) of such Act is amended to read as follows:

"(h) The term 'State agency', with respect to any State, means the agency of State government which is designated by the Secretary for purposes of carrying out this Act in such State."

(c) Section 10(c) of such Act is amended by striking out the first sentence.

(d) Clause (2) of the second sentence of section 10(e) of such Act is amended by striking out "used by them in the certification of applicants for benefits under the federally aided public assistance programs" and inserting in lieu thereof the following: "prescribed by the Secretary in the regulations issued pursuant to this Act".

(e) Section 10(e) of such Act is further amended by striking out the third sentence.

(f) Section 14 of such Act is amended by striking out subsection (e).

(g) Effective January 1, 1974, section 416 of the Act of October 31, 1949, is amended by adding at the end thereof the following new sentence: "No person who is determined to be eligible (or upon application would be eligible) for aid under a State plan approved under title XV of the Social Security Act, and no person who is eligible (or upon application would be eligible) to receive supplemental security income under title XVI of such Act, shall be eligible to participate in any program conducted under this section (other than nonprofit child feeding programs or programs under which commodities are distributed on an emergency or temporary basis and eligibility for participation therein is not based upon the income or resources of the individual or family)."

(h) Except as otherwise provided in this section, the amendments made by this section shall take effect on January 1, 1973.

PAYMENTS TO STATES FOR FOOD STAMP CASH-OUT

SEC. 509. (a) From the amounts appropriated therefor, the Secretary shall pay to each State (or political subdivision thereof) for

each quarter (commencing with the quarter beginning January 1, 1974) an amount equal to the total amount by which the payments by such State (or political subdivision) described in section 1616(a) of the Social Security Act (whether or not paid under an agreement entered into under such section) to any individual for any month, when increased by (1) the amount of such individual's other income (exclusive of income described in section 1612(b) of such Act but including income described in paragraph (2) of such section), and (2) the benefits, if any, paid under title XVI of such Act exceed the adjusted payment level (as defined in subsection (b)) of such State or the amount of such individual's income described in clauses (1) and (2), whichever is greater, but not counting so much of any such payment, when so increased, as exceeds the sum of such adjusted payment level plus the bonus value of food stamps (as defined in subsection (c)).

(b)(1) As used in this paragraph, the term "adjusted payment level", in the case of any State, means the amount of the money payment which an individual (or two or more individuals living in the same household) with no other income would have received under the State plan approved under title I, X, XIV or XVI of the Social Security Act, as such titles were in effect for October 1972, increased by a payment level modification.

(2) As used in this subparagraph, the term "payment level modification", in the case of any State, means that amount by which such State, which for October 1972 made money payments under its plan approved under title I, X, XIV or XVI of the Social Security Act, as such titles were in effect for such month to individuals with no other income which were less than 100 per centum of its standard of need, could have increased such money payments without increasing (if it reduced its standard of need under such plan so that such increased money payments equaled 100 per centum of such standard of need) the non-Federal share of expenditures for such money payments for October 1972 (as defined in subsection (d)).

(c) As used in this paragraph, the term "bonus value of food stamps" means—

(1) the face value of the coupon allotment which would have been provided for October 1972 to an individual (or two or more individuals living in the same household) under the Food Stamp Act of 1964, reduced by

(2) the charge which such individual (or individuals) would have paid for such coupon allotment,

if the income of such individual (or individuals) for such month had been equal to the adjusted payment level. The face value of food stamps and the charge therefor in October 1972 shall be determined in accordance with rules prescribed by the Secretary of Agriculture in effect for such month.

(d) As used in this paragraph the term "non-Federal share of expenditures for money payments for October 1972", in the case of any State, means—

(1) total expenditures by such State for money payments for such month under its State plan approved under title I, X, XIV, or XVI of the Social Security Act, as such title was in effect for such month reduced by

(2) the amount determined for such State for such month under subsection (a)(1) or (2) of section 1003, and subsection (a)(1) or (2) of section 1403), and section 1118 of such Act, and section 9 of the Act of April 19, 1950 (as such sections were in effect during such month).

ADMINISTRATIVE EXPENSES FOR TITLE XVI

SEC. 510. Appropriations for administrative expenses incurred during the fiscal year ending June 30, 1973, in developing the staff and facilities necessary to place in operation the supplemental security income program established by title XVI of the Social Security Act, as amended by this Act, may be included in an appropriation Act for such fiscal year.

TREATMENT OF RENT UNDER PUBLIC HOUSING

SEC. 511. (a) Section 9 of Public Law 92-213 is repealed.

(b) The amendment made by this section shall become effective on the first day of the month following the month in which this Act is enacted.

PROHIBITION AGAINST USE OF FEDERAL FUNDS TO UNDERMINE PUBLIC ASSISTANCE PROGRAMS

SEC. 512. Part A of title XI of the Social Security Act (as designated by section 249F of this Act) is amended by adding after section 1126 (as added by section 502(a) of this Act) the following new section:

"PROHIBITION AGAINST USE OF FEDERAL FUNDS TO UNDERMINE PROGRAMS UNDER THE SOCIAL SECURITY ACT

"SEC. 1127. (a)(1) Subject to paragraph (2), no Federal funds shall be used (whether directly or indirectly) to pay all or any part of the compensation or expenses of any attorney or other person who, as a part of his federally financed activity whether as an employee in the executive branch or under a grant or contractual arrangement with the executive branch (or other employment), engages in any activity, for or on behalf of any client or other person or class of persons, the purpose of which is (by litigation or by actions related thereto) to nullify, challenge, or circumvent any provision of the Social Security Act, or any of the purposes or intentions of the Congress in enacting any such title or provision thereof or relating thereto; and it shall be unlawful for any such attorney or other person who engages in any such federally financed activity to accept or receive any Federal funds to defray all or any part of his compensation.

"(2) The prohibition contained in paragraph (1) shall not apply to any particular case or lawsuit (or to any attorney or other person involved therein) if the Attorney General issues an order specifically waiving such prohibition with respect to such case or lawsuit; except that no such order shall become effective with respect to any case or lawsuit until 60 days after the Attorney General shall have submitted to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a notice of his intention to waive such prohibition with respect to such case or lawsuit.

"(b) Any person who authorizes the disbursement of any Federal funds, and any attorney or other person who receives or accepts any such funds, in violation of subsection (a), shall be held accountable for and required to make good to the United States the amount of funds so disbursed or received or accepted."

PART B—GENERAL PROVISIONS

CHANGE IN EXECUTIVE SCHEDULE—COMMISSIONER OF SOCIAL SECURITY

SEC. 520. (a) Section 5316 of title 5, United States Code (relating to positions at level V of the Executive Schedule), is amended by striking out:

"(51) Commissioner of Social Security, Department of Health, Education, and Welfare.".

(b) Section 5315 of title 5, United States Code (relating to positions at level IV of the Executive Schedule), is amended by adding at the end thereof the following:

"(97) Commissioner of Social Security, Department of Health, Education, and Welfare.".

(c) The amendments made by the preceding provisions of this section shall take effect on the first day of the first pay period of the Commissioner of Social Security, Department of Health, Education, and Welfare, which commences on or after the first day of the month which follows the month in which this Act is enacted.

EVALUATION OF SOCIAL SECURITY PROGRAMS

SEC. 521. Part A of title XI of the Social Security Act (as designated by section 249F of this Act) is amended by adding after section 1128 (as added by section 505 of this Act) the following new section:

"EVALUATION OF SOCIAL SECURITY PROGRAMS

"SEC. 1129. (a)(1) The Comptroller General is hereby authorized to make analyses and evaluations of programs under this Act.

"(2) The departments and agencies shall make available to the Comptroller General such information and documents as he considers necessary for him to complete his work under this subsection.

"(b)(1) No department or agency of the Federal Government shall enter into any contract for the conduct of, or employ any expert or consultant to conduct, any study or evaluation of any program which—

"(A) is established by or pursuant to this Act, or

"(B) receives Federal financial assistance pursuant to authority contained in this Act,

if the conduct of such study or evaluation involves the expenditure, from Federal funds, of an amount in excess of $25,000, unless, prior to the commencement of such study or evaluation, such department or agency shall have requested of, and obtained from, the Comptroller General approval for the conduct of such study or evaluation.

"(2) The Comptroller General shall not approve any request for the conduct of any study or evaluation of any program under paragraph (1), unless he determines that—

"(A) the conduct of such study or evaluation of such program is justified;

"(B) such department or agency cannot effectively conduct such study or evaluation through utilization of regular full-time employees of such department or agency; and

"(C) such study or evaluation will not be duplicative of any study or evaluation which is being conducted, or will be conducted within the next twelve months, by the General Accounting Office.

"(c)(1) To assist in carrying out his functions under this section, the Comptroller General may sign and issue subpenas requiring the production of negotiated contract and subcontract records and records of other non-Federal persons or organizations to which he has a right of access by law or agreement.

"(2) In case of disobedience to a subpena issued under the authority contained in paragraph (1), the Comptroller General may invoke the aid of any district court of the United States in requiring the production of the records referred to in paragraph (1). Any district court of the United States within the jurisdiction in which the contractor, subcontractor, or other non-Federal person or organization is found or resides or in which the contractor, subcontractor, or other non-Federal person or organization transacts business may, in case of contumacy or refusal to obey a subpena issued by the Comptroller General, issue an order requiring the contractor, subcontractor, or other non-Federal person or organization to produce the records; and any failure to obey such order of the court shall be punished by the court as a contempt thereof."

PART C—LIBERALIZATION OF RETIREMENT INCOME CREDIT; OTHER INTERNAL REVENUE CODE AMENDMENTS

RETIREMENT INCOME CREDIT

In General

SEC. 531. (a) Section 37 of the Internal Revenue Code of 1954 (relating to retirement income) is amended to read as follows:

"SEC. 37. RETIREMENT INCOME.

"(a) GENERAL RULES.—

"(1) JOINT RETURNS.—In the case of a joint return—

"(A) if either spouse has attained the age of 65 before the close of the taxable year, or

"(B) if neither spouse has attained the age of 65 before the close of the taxable year but one or both spouses have public retirement system pension income for the taxable year,

there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 15 percent of the retirement income (as limited by subsection (b)) received by the husband and wife during the taxable year.

"(2) OTHER RETURNS.—In the case of a return by an unmarried individual and of a separate return by a married individual—

"(A) if the individual has attained the age of 65 before the close of the taxable year, or

"(B) if the individual has not attained the age of 65 before the close of the taxable year but has public retirement system pension income for the taxable year,

there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 15 percent of the retirement income (as limited by subsection (b)) received by the individual during the taxable year.

"(b) LIMITATION OF RETIREMENT INCOME.—

"(1) IN GENERAL.—The amount of retirement income which may be taken into account for purposes of subsection (a) shall not exceed the following amounts (reduced as provided in paragraph (2)):

"(A) $2,500, in the case of an unmarried individual,

"(B) $2,500, in the case of a joint return where only one spouse is an eligible individual,

"(C) $3,750, in the case of a joint return where both spouses are eligible individuals, or

"(D) $1,875, in the case of separate return by a married individual.

"(2) REDUCTION.—Except as provided in paragraphs (3) and (4), the reduction under this paragraph in the case of any individual is—

"(A) any amount received by such individual as a pension or annuity—

"(i) under title II of the Social Security Act,

"(ii) under the Railroad Retirement Act of 1935 or 1937, or

"(iii) otherwise excluded from gross income, plus

"(B) in the case of any individual who has not attained age 72 before the close of the taxable year—

"(1) except as provided in clause (ii), one-half the amount of earned income received by such individual in the taxable year in excess of $2,000, or

"(ii) if such individual has not attained age 62 before the close of the taxable year, and if such individual (or his spouse under age 62) is an eligible individual as defined in subsection (d)(4)(B), any amount of earned income in excess of $1,000 received by such individual in the taxable year.

"(3) SPECIAL RULES FOR DETERMINING THE DEDUCTION PROVIDED IN PARAGRAPH (2).—

"(A) JOINT RETURNS.—In the case of a joint return, the reduction under paragraph (2) shall be the aggregate of the amounts resulting from applying paragraph (2) separately to each spouse.

"(B) SEPARATE RETURNS OF MARRIED INDIVIDUALS.—In the case of a separate return of a married individual, paragraph (2)(B)(i) shall be applied by substituting '$1,000' for '$2,000', and paragraph (2)(B)(ii) shall be applied by substituting '$500' for '$1,000'.

"(C) NO REDUCTION FOR CERTAIN AMOUNTS EXCLUDED FROM GROSS INCOME.—No reduction shall be made under paragraph (2)(A) for any amount excluded from gross income under section 72 (relating to annuities), 101 (relating to life insurance proceeds), 104 (relating to compensation for injuries or sickness), 105 (relating to amounts received under accident and health plans), 402 (relating to taxability of beneficiary of employees' trust), or 403 (relating to taxation of employee annuities).

"(4) SPECIAL RULE FOR CERTAIN INDIVIDUALS RECEIVING PUBLIC RETIREMENT SYSTEM PENSION INCOME.—In the case of a joint return where one spouse is an eligible individual as defined in subsection (d)(4)(A) and the other spouse is an eligible individual as defined in subsection (d)(4)(B), there shall be an additional reduction under paragraph (2) in an amount equal to the excess (if any) of $1,250 over the amount of the public retirement system pension income of the spouse who is an eligible individual as defined in subsection (d)(4)(B).

"(c) RETIREMENT INCOME.—For purposes of this section—

"(1) IN GENERAL.—Except as provided in paragraph (2), the term 'retirement income' means income from—

"(A) pensions and annuities (including public retirement system pension income and including, in the case of an individual who is, or has been, an employee within the meaning of section 401(c)(1), distributions by a trust described in section 401(a) which is exempt from tax under section 501(a)),

"(B) interest,

"(C) rents,

"(D) dividends, and

"(E) bonds described in section 405(b)(1) which are received under a qualified bond purchase plan described in section 405(a) or in a distribution from a trust described in section 401(a) which is exempt from tax under section 501(a),

to the extent included in gross income without reference to this section, but only to the extent such income does not represent compensation for personal services rendered during the taxable year.

"(2) CERTAIN INDIVIDUALS UNDER AGE 65.—In the case of—

"(A) a return by an unmarried individual who has not attained the age of 65 before the close of the taxable year,

"(B) a separate return by a married individual who has not attained the age of 65 before the close of the taxable year, and

"(C) a joint return if neither spouse has attained the age of 65 before the close of the taxable year,

the term 'retirement income' means only public retirement system pension income, and only so much of such income received by an individual during the taxable year as does not exceed $2,500.

"(d) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) PUBLIC RETIREMENT SYSTEM PENSION INCOME.—The term 'public retirement system pension income' means income from pensions and annuities under a public retirement system for personal services performed by the taxpayer or his spouse, to the extent included in gross income without reference to this section, but only to the extent such income does not represent compensation for personal services rendered during the taxable year. For purposes of this paragraph, the term 'public retirement system' means a pension, annuity, retirement, or similar fund or system established by the United States, a State, a possession of the United States, any political subdivision of any of the foregoing, or the District of Columbia.

"(2) EARNED INCOME.—The term 'earned income' has the meaning assigned to such term in section 911(b) except that such term does not include any amount received as a pension or annuity.

"(3) COMMUNITY PROPERTY LAWS DISREGARDED.—The determination of whether—

"(A) earned income, or

"(B) income from pensions and annuities for personal services (including public retirement system pension income and distributions to which subsection (c)(1)(A) applies),

is the income of a husband or wife shall be made without regard to community property laws.

"(4) ELIGIBLE INDIVIDUAL.—The term 'eligible individual' means an individual who—

"(A) has attained the age of 65 before the close of the taxable year, or

"(B) has not attained such age but has public retirement system pension income for the taxable year.

"(5) MARITAL STATUS.—Marital status shall be determined under section 153.

"(6) JOINT RETURN.—The term 'joint return' means the joint return of a husband and wife made under section 6013.

"(e) NONRESIDENT ALIEN INELIGIBLE FOR CREDIT.—No credit shall be allowed under this section to any non-resident alien."

Technical Amendments

(b)(1) Section 904 of the Internal Revenue Code of 1954 (relating to limitation on foreign tax credit) is amended by redesignating subsection (g) as subsection (h), and by inserting after subsection (f) the following new subsection:

"(g) COORDINATION WITH CREDIT FOR RETIREMENT INCOME.—In the case of an individual, for purposes of subsection (a) the tax against which the credit is taken is such tax reduced by the amount of the credit (if any) for the taxable year allowable under section 37 (relating to retirement income)."

(2) Section 6014(a) of such Code (relating to tax not computed by taxpayer) is amended by striking out the last sentence thereof.

(3) Section 6014(b) of such Code is amended—

(A) by striking out paragraph (4),

(B) by redesignating paragraph (5) as paragraph (4), and

(C) by inserting "or" at the end of paragraph (3).

Effective Date

(c) The amendments made by this section shall apply to taxable years beginning after December 31, 1972.

Mr. LONG. Mr. President, as I understand it, the Senator's amendment is basically the same as the amendment that he has previously offered, which was the pending amendment yesterday. The purpose of offering the amendment which I offered was to present to the Senator a parliamentary situation in which he could obtain a vote on his amendment rather than it being subject to a substitute, and after each substitute was voted down, additional substitutes being offered for it. In this situation, I believe the Senator from Delaware has a parliamentary situation in which he can have a vote on his amendment.

Personally, I expect to vote for the Roth amendment. I think that it offers us the best opportunity to lead the Senate out of the wilderness on title IV that is available to us.

Mr. President, I ask unanimous consent that my amendment and the Roth amendment be temporarily laid aside to permit the Senator from West Virginia to offer an amendment dealing with a different subject, with the understanding that when action on the Byrd amendment is completed, the Senate will return to the consideration of the Long amendment and the Roth amendment thereto.

The PRESIDING OFFICER. Is there objection to the request of the Senator

from Louisiana? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished manager of the bill. I call up an amendment which I have at the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD's amendment is as follows:

COVERAGE UNDER MEDICARE FOR COAL MINERS ENTITLED TO BLACK LUNG BENEFITS UNDER THE FEDERAL COAL MINE HEALTH AND SAFETY ACT OF 1969

SEC. 2991. (a) Section 1811 of the Social Security Act (as amended by section 201(a)(1)(A)(2) of this Act) is further amended—

(1) by striking out "and" at the end of clause (1), and

(2) by striking out the period at the end of clause (2) and inserting in lieu thereof the following: ", and (3) coal miners (as defined in title IV, Part A, sec. 402 (d) of the Federal Coal Mine Health and Safety Act of 1969) who have been entitled to black lung benefits under such title for not less than 24 months, and who are not otherwise entitled to hospital insurance benefits under this title."

(b) Section 1817 of such Act is amended by adding at the end thereof the following new subsection:

"(i) There are authorized to be appropriated to the Trust Fund established by this section from time to time such sums as the Secretary deems necessary for any fiscal year on account of—

(1) payments made or to be made during such fiscal year from such trust Fund with respect to individuals entitled to hospital insurance benefits solely by reason of entitlement to black lung benefits under title IV of the Federal Coal Mine Health and Safety Act of 1969,

(2) the additional administrative expenses resulting or expected to result therefor, and

(3) any loss in interest to such Trust Fund resulting from the payment of such amounts, in order to place such Trust Fund in the same position at the end of such fiscal year in which it would have been if such black lung beneficiaries are not entitled to hospital insurance benefits.".

(c) Section 1831 of such Act (as amended by section 201(a)(1)(A)(3) of this Act) is further amended by inserting after the words "disabled individuals" the words ", including coal miners entitled to black lung benefits under title IV of the Federal Coal Mine Health and Safety Act of 1969."

(d) Section 1837 of such Act (after the new subsections added by sections 206(a) and 259(a) of this Act) is amended by adding at the end thereof the following new subsection:

"(i) Enrollment requirements under this section shall apply to coal miners entitled to black lung benefits in the same way and under the same applicable provisions as are applicable to disability insurance beneficiaries under title II of this Act.".

(e) Section 1838 of such Act (as amended by section 201(c)(3)(C) of this Act) is amended by adding at the end thereof the following new subsection:

"(e) Coverage period requirements under this section shall apply to coal miners entitled to black lung benefits in the same way and under the same applicable provisions as are applicable to disability insurance beneficiaries under title II of this Act.".

(f) Section 1839 of such Act (as amended by section 201(c)(5) of this Act) is amended by adding at the end thereof the following new subsection:

"(f) Amounts of premiums as established under this section shall apply to coal miners entitled to black lung benefits in the same way and under the same applicable provisions as are applicable to disability insurance beneficiaries under title II of this Act."

(g) Section 1840(a)(1) of such Act (as amended by section 201(c)(6)(A) of this Act) is further amended—

(1) by striking out "or" after "section 202" and inserting a comma in lieu thereof, and

(2) by inserting after "223," the following: "or to black lung benefits paid under title IV of the Federal Coal Mine Health and Safety Act of 1969,".

(h) Section 1840 of such Act (as amended by this Act) is further amended by adding at the end thereof the following new subsecton:

"(j) The Secretary of the Treasury shall, from time to time, transfer from the general funds of the United States to the Federal Supplementary Medical Insurance Trust Fund the aggregate amount deducted under subsection (a)(1) of this section from the black lung benefits paid under title IV of the Federal Coal Mine Health and Safety Act of 1969 for the period to which such transfer relates.".

(i) Section 1870 of such Act (as amended by sections 261(a) and 281 (a)(2) and (b) of this Act) is amended by inserting "or title IV of the Federal Coal Mine Health and Safety Act of 1969" after "title II of this Act" wherever it appears in such section.

Mr. ROBERT C. BYRD. Mr. President, the purpose of my amendment is to provide medicare benefits for a small group of miners who are receiving black lung benefits, but who are under the age of 65, or are not otherwise eligible for medicare coverage.

I am advised by the medicare expert of the Senate Finance Committee that there are approximately 6,000 miners who are not entitled to social security disability benefits, and that the projected costs for covering them is $6 million. This is the group of miners which I am attempting to assist with my amendment. I am informed that under the provisions of H.R. 1, as reported by the Senate Finance Committee, those persons under the age of 65 who are receiving social security disability benefits, will henceforth be entitled to medicare coverage. However, the small group of miners that I am trying to reach with my amendment are not covered by that provision in H.R. 1, or any other provision of law. They will somehow "fall between the cracks" and be left out in the cold with no medical coverage. What I am attempting to accomplish with my amendment is to "patch up these cracks" to insure that this group of deserving and needy miners is not overlooked and left without medical coverage.

Although I stated earlier that there are potentially 6,000 black lung recipients who could be covered by my amendment, it is estimated that only 2,500 to 3,000 will actually be affected because it is estimated that as many as 3,000 are presently employed in some type of part-time work and this would exclude them from the benefits of my amendment.

Although my amendment will not affect a large number of individuals, I cannot overly emphasize how important this coverage would be to this small group. The majority of them are in such poor health and in such dire financial circumstances that, quite likely, whatever black lung benefits they do receive usually go, in large part, toward payment of the ever-continuing medical bills which they will be incurring for the balance of their lives, in an effort to alleviate their pain, suffering, and disablement resulting from their black lung condition. I think that every citizen of this country should take note of the fact that these individuals contracted this disease while working for the benefit of the Nation. They toiled beneath the surface of the earth, mining the fuel to run our factories and light and heat our homes. Surely, it is not too much to provide them, at this point in their lives, with the ability to procure medical treatment to ease their physical suffering to the extent possible.

I believe my amendment will correct an injustice and I urge its adoption.

Mr. LONG. Mr. President, I applaud the Senator from West Virginia for his interest in the coal miners of West Virginia and the other States of this Union. The Senator worked hard in his early years, and is still working hard. The work ethic has not departed from the philosophy of the Senator from West Virginia, and he has not forgotten those who work in less desirable jobs than the job he holds today. He remembers those who worked alongside him in the coal mines of West Virginia during his earlier years, and has never lost his interest in them.

I have discussed this amendment with the Senator from Utah (Mr. BENNETT), and we would be pleased to accept the amendment, and hope that the Senate will go along with us.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator from Louisiana, the manager of the bill, and also the distinguished ranking minority member (Mr. BENNETT).

I know that my distinguished senior colleague (Mr. RANDOLPH) would want to be added as a cosponsor, and I ask unanimous consent that his name be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from West Virginia.

The amendment was agreed to.

The PRESIDING OFFICER. The question recurs on agreeing to the amendment of the Senator from Delaware (Mr. ROTH) to the amendment of the Senator from Louisiana (Mr. LONG).

Mr. ROTH. Mr. President, first I ask unanimous consent that Mr. Nathan Hayward of my staff be permitted to be present on the floor during the consideration of my amendment, including the vote thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. Mr. President, I thank the distinguished chairman of the Committee on Finance both for his words of support for my amendment and es-

pecially for his help in obtaining the parliamentary situation under which we can reach a vote on this most important proposal.

This is, as the chairman has said, basically the same amendment which I withdrew yesterday.

I am very pleased to have as the principal cosponsor of the measure the distinguished Senator from Virginia (Mr. BYRD) and, joining us, Senators BROCK, BUCKLEY, FANNIN, GAMBRELL, GOLDWATER, GURNEY, HANSEN, and SPONG.

Its major objective is to authorize a pilot test of each of the three major welfare reform proposals—the workfare plan reported out by the Finance Committee, Senator RIBICOFF'S amendment No. 1614, introduced last week, and H.R. 1—title IV—as passed by the House last year. The language would authorize $200 million per year for the administration to conduct the three tests, over a 2–4 year horizon. Before the tests went into effect, the administration would have to submit its plans to the Finance and Ways and Means Committees for comment.

After the tests begin, both the administration and the GAO would report to Congress on test results every 6 months, and again at the completion of the program. It would then be up to Congress to digest the data and take positive action to authorize more permanent welfare reforms.

THE NEED FOR TESTING

Mr. President, H.R. 1 has been as hotly debated in House and Senate committees and on the floor as any piece of social legislation in recent years. The transcripts of testimony and legislative proceedings run well into the thousands of pages. Supporters of each of the three measures cite the alarming statistics which show that the number of beneficiaries under AFDC has risen nearly 150 percent during the decade 1960–70. Even more recently, 2.25 million people were added to the AFDC roles in 1971 alone. Costs, too, have climbed to such levels that many State treasuries are close to the breaking point, not to mention the increased costs of Federal participation. These skyrocketing caseloads and checks have added so substantially to our social and financial burdens that people in all walks of life, liberals and conservatives alike, cry out in frustration. Clearly, the current welfare crisis is one of our most urgent domestic problems, and we in Congress have the authority and the responsibility to help reverse this deteriorating trend.

Yet, proponents of these separate measures argue vehemently that competing reform proposals will not salve our welfare wounds. Opponents of family assistance, for example, feel either that its benefits are too low, or that it sets a dangerous precedent as a guaranteed minimum income for all. Likewise, many question the feasibility of finding jobs for the hundreds of thousands of currently unemployed, and therefore oppose the notion of guaranteed jobs as a replacement for welfare. It seems to me that if there is a common denominator in this debate, it must be uncertainty, coupled with frustration.

Each Member of Congress is well acquainted with the welfare problems of his or her constituents. We can only feel compassion for the disadvantaged trapped in urban ghettos or left to struggle in an economically dissipated community. But what answers are there to these conditions of poverty and human suffering?

CURRENT INCOME MAINTENANCE TESTS

Mr. President, it is gratifying to realize that Congress and the administration have worked together in the past to fashion four experiments in welfare reform. OEO and HEW are presently conducting four small pilot projects in New Jersey, North Carolina, Washington, Colorado, and Indiana in an effort to better understand the impact of a guaranteed income on welfare families.

But these have been very modest efforts involving less than a total of 10,000 people in the original sample sizes. Each plan differs from the next, and none of them bears an exact resemblance to the three major proposals now before the Senate. Limited test results have been collected and analyzed. But the fact of the matter is, Mr. President, that not even the administrators of these tests could feel secure enough in their interpretation of the pilots to be able to say, "This is the route we should definitely go."

These are pioneer social laboratories, and very valuable for their contribution to our understanding of complex economic and behavioral issues. None of them, though, deals directly with the "workfare" elements of the legislation, and their welfare benefit levels are, in most cases, considerably higher than either the $2,400 or $2,600 figures embodied in H.R. 1 and Senator RIBICOFF'S latest amendment. In a sense, we have only reached the wind tunnel. What I am proposing is not only a mockup, but a full 2 to 4 year flight test for these landmark pieces of legislation.

IMPACTS OF THE THREE PROPOSALS

Anyone who has reviewed the very comprehensive committee reports on the pending bill cannot help but be struck by the enormous impact of these proposed reform measures. According to committee estimates, the House version of H.R. 1 would cost at least an additional $5.5 billion in fiscal year 1973, and a minimum of $23.5 billion by the end of its currently authorized 5-year life. The Finance Committee estimates its plan at $4.3 billion in 1974. Senator RIBICOFF has estimated that his latest compromise amendment would have a marginal cost of $3.9 billion in its first full year of operation. And if the medicare experience is any precedent—as I am sure it will be—these estimates will all prove to be on the low side.

More important than costs is the impact of these bills on the millions of people they are designed to reach. If the House estimates are achieved, 10½ million additional people will become eligible for welfare or "workfare" benefits, bringing the number of assisted people to more than 12 percent of our Nation's population. Under the Finance Committee version, guaranteed employment would be authorized for 1.2 million of the families currently receiving welfare but no longer eligible as recipients. Senator RIBICOFF calls for increased minimum payments and the creation of 300,000 public service jobs in the first year alone.

Mr. President, these are staggering statistics, and should not be taken lightly. Under H.R. 1, for example, the number of recipients in Puerto Rico would practically triple to nearly 1 million, meaning that 1 person in every 3 there would be under public assistance. Many States would more than double their welfare roles; every State would, of course, have its welfare lists increased. I emphasize these numbers not because I feel the Senate should disregard these people. On the contrary, Mr. President, it is because the potential impact of all three programs is so great that I argue now for prudence. No matter how grievous this national disease may be, we should not attempt to treat it with a remedy that has not been fully tested.

AN ANSWER TO CRITICS

Mr. President, I am thoroughly familiar with the rejoinder that pilot programs only delay therapeutic action, making the gap between those that have and those that do not grow even wider. But let me stress that a vote for testing is not a step backward, is not a retreat, is not even what some people decry as preserving the status quo. It seems to me that if my amendment is adopted, we will be saying to the administration, "Choose three pressing parts of the country—three States, or parts of them, three cities, or parts of them—and use this initiative to take three giant steps forward."

These pilot programs will be given time and money enough to prove their intrinsic value. During their trial, administration officials and the GAO will be reporting to Congress on their successes and failures.

These tests will. I hope, give us more complete answers to the many questions Congress must face. How will higher guaranteed benefits affect recipients' work incentives? Can meaningful public service jobs really be created overnight? How will private sector employers react to the opportunity to hire the previously unemployed in partnership with the Federal Government? Will the new administrative procedures for identifying welface cheaters prove as effective as promised? Can States and the Federal bureauacries really prune current operating expenses which are rising at a faster rate than the caseloads?

Mr. President, can we honestly expect to answer these and many other important questions without the benefit of practical experience? I earnestly want to see the current patchwork of programs reformed. There are too many injustices, too many inequalities, too many abuses for us to turn our backs.

Yet, reform has been postponed more than once, simply because Members of Congress could not agree on which direction to follow. As a second term Congressman, I strongly advocated the testing approach when family assistance was voted by the House in April 1970. My distinguished predecessor, John Williams, firmly believed in this approach,

and attempted to persuade the Senate in the closing days of the 91st Congress that this was a sensible course. Perhaps if we now had the benefit of 2 years of testing experience, our legislative dilemmas would be less painful.

AN EXAMPLE WORTH NOTING

Mr. President, I have recently worked very hard with doctors and foundations to bring to this country an awareness of the misery caused by the many varieties of arthritis. It is a painful and merciless crippler, which affects the entire fabric of our society. Like the welfare problem, it reaches every State and congressional district, every city and rural county. I have been most impressed by the energy and dedication of the men and women working in laboratories and rehabilitation centers to try to combat the effects of arthritis and find a cure or preventative for the disease.

And yet, despite the suffering that arthritis creates, these scientists are constantly challenging their findings with laboratory and clinical testing. They are not, nor can they afford to be, satisfied with a simple panacea. Theirs is a perpetual job of experimentation, study, revision, and then more testing.

Their example has had a striking impact on me, and makes me ask my colleagues, why do we in Congress not follow such a lead? Why do we not authorize more program experimentation rather than program extension? Our desks are covered every day with new proposals—promised remedies for some social ill. But how often do we really ask "What confidence do I have that this is not only one answer to the problem, but the best answer at this time?"

Mr. President, let me conclude by stressing that I am not a skeptic, nor a pessimist. There are elements of all three plans which appeal to me and would, I am sure, help to improve our deteriorating welfare problem. But we are seeking a consensus that does not yet exist, partly, I am sure, because of Senators' individual reservations about one or more aspects of the programs. So I contend, let us take a major step ahead by having the courage to test our hunches in the field. Periodic reports from the administration and the Congress' investigator—the GAO—should help us in our observations. Then in 2 years, or more, if it is necessary, we can stand here with facts, rather than forecasts, to fashion the much-needed improvements we all seek.

Mr. LONG. Mr. President, will the Senator from Delaware yield?

Mr. ROTH. I yield.

Mr. LONG. I shall vote for the Senator's amendment. There are a few things about it that I personally somewhat disagree with. If the amendment carries, I would think it might be desirable to offer the Senate a chance to work its will on one or two aspects of the amendment which could perhaps be added at the end of the bill.

The Senator is aware of the fact that there are one or two things he does with his amendment that some of his cosponsors or supporters do not like but even with that, I believe, would be willing cheerfully to present the problem to the Senate and let the Senate work its will.

If the amendment is agreed to, it will not change a provision at the end of my amendment to provide some temporary relief to State governments between now and January 1974. It is my understanding that if the Senator's amendment is agreed to, that portion of my amendment would remain and that problem would be solved. But some Senators would like to vote on the controversial issue about welfare payments to strikers. Would not the Senator's amendment—I ask him if I am not correct—strike out that provision that says we will not pay welfare payments to those actively engaged in conducting a strike?

Mr. ROTH. That is correct.

Mr. LONG. So that those who feel we should not pay welfare payments to persons actively engaged in a strike—on the theory that they are not receiving wages because they voluntarily refuse to work and they do not want anyone else to work in that particular plant, say, and the Government should be neutral in a fight between management and labor—would have the opportunity, if they saw fit, to renew the issue in some other fashion, such as an amendment at the end of the bill.

Mr. ROTH. That would be correct.

Mr. LONG. While the Senator's amendment strikes this, he does not seek to prejudice the right of someone to raise that issue separately and permit the Senate to express itself on that; is that not correct?

Mr. ROTH. I agree with what the chairman has said. That is not the intention of this Senator.

Mr. LONG. I believe that the amendment the Senator has offered presents us with a prospect of passing this bill and doing all the many good things that are in title I, II, and III, with most of the benefits and the advantages that are in titles IV and V which, I fear, are not likely to happen unless we do agree to something along the line of testing these two controversial suggestions, or even testing a third controversial suggestion, reserving to Congress the right to judge by the results.

The Senator is well aware of the fact that Secretary of Health, Education, and Welfare Richardson is determined that any test must be accompanied by a provision that would say it goes into effect whether the test is a success or even if the test is a complete failure. That is something the Senator has not been willing to incorporate in his amendment and something he would resist, I take it?

Mr. ROTH. I agree very strongly with the chairman that I would not agree to having any one of the three proposals go into effect without Congress first taking action. The whole benefit and purpose of the testing is for Congress to have adequate information available to it so that it can fashion the best kind of program to solve the many welfare problems we have. For us to delegate today the authority to the executive branch, in my judgment, would be unconscionable and undesirable. That is the purpose of the testing. Then let us pass on what needs to be done.

Mr. LONG. There was a time when I was willing to go along with Secretary Richardson and Mr. Veneman and their group in an arrangement where they could put their testing into effect based on their own judgments, reserving to Congress the right to decide. But my experience on this very thing, the family assistance plan, has proved that those people are so adamant, so dogged in their determination to put into effect the guaranteed annual income for not working, and to keep the pages in the bill that would appear to be totally impracticable even when it is shown them that they are impracticable so that we could no longer defend that proposal.

I told them that I could no longer advocate some arrangement where we would let them try something and let them put it into effect, even though it proved to be a failure, and I could not defend it logically with my colleagues. I became convinced that we should not let them do something that was not good for the country, that was wrong. And, thereafter, I was not going to support anything like that.

I am pleased to see here that the Senator from Delaware does not make that mistake. He would test these three controversial programs—the Ribicoff approach, the administration approach, as well as the workfare approach, reserving to Congress the right to work its will after it sees the results of the tests. That will lead the Senate out of the wilderness, I believe, more than anything else.

I shall vote for the Senator's amendment.

Mr. ROTH. I thank the distinguished chairman of the Finance Committee for his support.

Mr. BUCKLEY. Mr. President, will the distinguished Senator from Delaware yield?

Mr. ROTH. I am happy to yield to the distinguished Senator from New York.

Mr. BUCKLEY. First of all, I am very much pleased to be a cosponsor of this amendment. It is a most constructive approach which will provide for a pragmatic test of the basic alternatives which have been proposed for welfare reform.

However, I am concerned about 1 or 2 features in the testing programs which are described, necessarily vaguely, in the amendment.

One has to do with money and the other has to do with the extent of the testing.

It seems to me that we must make sure the tests are, in fact, definitive and not open to second guessing or to criticism.

I think that this, in turn, suggests that the area of sampling must be large enough so that we do not have people popping in and across various political or testing lines in order to tailor their particular needs or desires to the particular program being offered within the area.

Let us face it, the workfare proposal would be distasteful to a lot of people. That does not mean that work should not be required as a quid pro quo for those receiving public assistance. However, I could see that if we had a test area composing only a portion of a city,

as suggested in the language of the amendment, people could move from one apartment house to another and find themselves outside its reach. So I would urge that Congress make it clear in its report, assuming that this measure is adopted by Congress, that the administration is to select a test area which will be large enough in geographical scope so as to make sure that at least a portion of the population within it remains truly representative during the course of the test period.

This in turn leads to my concern as to the funds to be authorized; namely, the $200 million. The $200 million is to support three programs. That means it would be $66⅔ million per program per year for a 2-year period or more.

I seriously question whether that is adequate for the kind of test that I think the Senator from Delaware has in mind. I wonder if the Senator would consider doubling that figure to $400 million on the basis that we are dealing with legislation which will ultimately cost in the billions. It is better at this stage to authorize too much money rather than too little, because otherwise we might frustrate the whole purpose of the legislation.

Mr. ROTH. Mr. President, in answer to the two points the junior Senator from New York raises, I would say that I am sympathetic to his proposal that we double the amount of money.

As I said in my opening statement, I think it is most important that this be a full scale test. And I do not want it later called inadequate because of the amount of money made available or because of the geographic size of the study.

For that reason, Mr. President, I am willing to agree to the $400 million.

Mr. President, I modify my amendment in section 401(g), to strike the $200 million and in lieu thereof insert $400 million. That would mean that $400 million would be authorized each year of the test.

The PRESIDING OFFICER. The amendment is so modified.

Mr. ROTH. Mr. President, on the Senator's second point, I agree that the locations chosen for the studies should be large enough to guarantee bona fide results. Our language is purposely vague there, because we think it is difficult to write into legislation exactly how such tests should be conducted.

We have to provided a safeguard to require that the administration consult with the Finance Committee and the House Ways and Means Committee before putting the plans into operation. As a guideline, though, we have provided that the three tests involve areas of similar size and demography so that we can have an honest comparison.

It will take a great deal of work to establish these studies, but I am sure that HEW has the resources to do such a job.

I hope that the amendment, as written, will provide adequate safeguards.

Mr. BUCKLEY. I believe that is a very prudent proposal. I also state that I have the position approved by the distinguished chairman of the committee; namely, that no program should be enacted automatically after a test period without prior consent and authorization by the Congress.

Mr. BENNETT. Mr. President, will the Senator yield to me without losing his right to the floor?

Mr. ROTH. I yield to the distinguished Senator from Utah.

Mr. BENNETT. Mr. President, I have been buried in this problem now for 9 or 10 months. I know that I would have preferred to see the committee's so-called workfare program remain in the bill and become law. However, I realize that under the circumstances this is not possible. And under those circumstances I am delighted that the Senator from Delaware has offered his proposal which should be fair to all of us who advocate different programs to solve the problem.

I feel perfectly sure in my own mind that under the test, which in a sense becomes competitive, our workfare proposal will stand up as the most desirable of the three.

Mr. President, I am happy to join with the distinguished chairman of the committee in supporting the amendment of the Senator from Delaware. I hope that all of our colleagues will also support it so that we can lay at rest once and for all the differences that exist with respect to the proper way to approach this problem. I certainly hope that the Senator's amendment is agreed to by the Senate.

Mr. ROTH. Mr. President, I appreciate the support of the distinguished Senator from Utah. I know that no one on the Finance Committee has been more dedicated or has worked harder to come up with a reasonable solution to the problem. I think that the Finance Committee has presented us with a revolutionary approach, and that it deserves the same kind of adequate testing as the other proposals.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. ROTH. Mr. President, I yield to the distinguished Senator from North Dakota.

Mr. YOUNG. Mr. President, I commend the Senator for offering his amendment. I think it has great merit in that it would help to find out which of these welfare programs, if any, would improve on our present situation.

I was wondering if the Senator's amendment could include as a pilot area an Indian reservation. They are probably the poorest people. We have our greatest welfare problem on the Indian reservations.

I hope that one of the areas selected for a pilot test might include an Indian reservation.

Mr. ROTH. Mr. President, we have not written such a requirement into the language of the bill. However, as I pointed out earlier in proposing the test, the executive branch will be required to consult with the Finance Committee as well as to the House Ways and Means Committee. I am sure that the distinguished ranking minority Member's colleagues would be happy to discuss this possibility with him, when the administration begins its work on the test design.

Mr. HANSEN. Mr. President, will the Senator yield?

Mr. ROTH. I yield to the distinguished Senator from Wyoming.

Mr. HANSEN. Mr. President, I rise in support of the Roth-Byrd amendment.

Our present welfare system is inadequate, extremely inefficient, and thereby grossly ineffective. Welfare reform is essential and has been the so-called first order of Congress for several years now.

The House has passed a welfare reform bill—twice. It is now the Senate's turn to at least respond this time. We are, however, bottlenecked by three different proposals. I am not saying that this is bad. In fact, I think it is good, and it helps prove the point which I am about to make.

We in the Senate Finance Committee have heard testimony about the failings of the present welfare system. What has happened, though, is that each Senator has combined his personal public experiences with his State's welfare system, his personal insights into the present welfare system, and the testimony of critics and analysts of the present program, and has tried to conceptualize a new system which will "cure" all of the ills of the present system.

What has been the result? Based upon the impact of our own ideas, we are beginning to gravitate toward one of the three proposals for welfare reform now before us. Or, as another alternative, we will bury our heads in the sand, ignore what is happening in the welfare offices across the country, and block the passage of any welfare proposal this session. Then, when the 93d Congress begins, we will have the dubious pleasure of starting all over again. But next time we might not have this divergence of opinion. Maybe, in desperation, next time we will agree to one proposal or another in hopes of at least getting something passed to alleviate the present welfare mess.

As I have said before, this difference of opinion about a welfare solution is good. It points out to us that three factions of the Senate believe very strongly that each of their proposals is the key to a functional system weighted on the one hand by responsibility for those less fortunate and balanced on the other hand by a reasonable and equitable means of supporting the system.

The problem is—which proposal, given the ills of the present system, will best meet the needs of the individuals involved without having them sacrifice their human dignity and without causing a divisive resentment among the other tax-paying citizens who are footing the bill.

I therefore wish to commend those Senators who espouse these diversified views. It shows the American people that we are searching for a reasonable and workable system for aiding the less fortunate and that, even in the waning days of this session of Congress, we are not willing to forego our very real dedication to our ideals in order to insure the passage of some type of welfare reform. If this were the case, chances are in a few years, we would be right back in the same boat, trying to devise a system which would be more functional.

For these reasons I cannot help but concur with the Roth-Byrd pilot test proposal—yet a fourth channel to welfare reform.

Why should the Congress, as a legislative body, be an absolutist in decreeing the best method for reforming our pres-

ent welfare program without first testing the various methods espoused by my colleagues in the Senate? We have at least concentrated our efforts and thoughts on three different proposals. After the pilot testing of these three proposals as well as a constant and thorough analysis of them, we might be quite surprised to find that one proposal is superior or that a hybrid of one or more proposals is the real answer we are seeking.

If this is not the case, the pilot testing of these welfare proposals will advance us much more rapidly toward an efficient and effective welfare system. Why lose the ground we have already gained with the hearings and committee work behind us, only to start over again in a few month's time? Why not use this work as a stepping stone toward the establishment of a comprehensive welfare program?

I personally believe in the theory of workfare as opposed to welfare. The Finance Committee approach is closest to my own theory of "helping those who help themselves." However, I can see some discrepancies in the administration of this revolutionary new program, and I would rather see the "bugs" worked out in a small cross-section of the country under a pilot test approach than to spend millions of dollars correcting the wrongs in welfare offices in every city across the country once we have adopted one of the proposals as law. Would it not be much better to have perfected the systems on a small scale before putting it into operation on a large scale?

As I have indicated, the Senate at this time is split four ways. There are those who favor the original welfare proposal embodied in H.R. 1; there are those who feel Senator RIBICOFF has the right answer to welfare reform; there are those who think the Finance Committee is headed in the right direction; and there are those who feel we must test each of these proposals before dedicating our resources to another welfare system. After much deliberation, I have decided that I fall into the latter category.

We must not toss aside the insight we have gained into the present welfare program. At the same time we must not blindly adopt a welfare program which, while patently promising to cure the ills of the present welfare system, could create even greater needs and thereby force us into a socialistic society, by falsely encouraging more and more people to believe that it is not necessary for able bodied citizens to work.

I, therefore, urge my colleagues to think about their position on welfare reform. I hope in so doing that they will concur that the best direction is that of the Roth-Byrd-amendment for the pilot testing of each of the three welfare proposals during the next 2 years. At the end of that time we will be able rationally to decide upon the best proposal.

Although my policy is not to circumvent the Finance Committee on which I serve, after weighing the adamant feelings of all proponents, I believe the only fair way to proceed is to put the various proposals to a test in order to determine the best direction to take in the future. I would, therefore, urge my colleagues to vote in favor of this amendment.

Mr. RIBICOFF. Mr. President, I send to the desk a motion to recommit and ask that it be stated.

The PRESIDING OFFICER. The clerk will report the motion.

The legislative clerk read as follows:

I move to recommit H.R. 1 to the Finance Committee with instructions to report forthwith with the following amendment:

Beginning on page 689, line 11, strike out everything down through page 863, line 26.

Beginning on page 921, line 2, strike out everything down through page 932, line 24.

Beginning on page 933, line 9, strike out everything down through line 2 on page 936.

Beginning on page 947, line 4, strike out everything down through line 5 on page 954.

Beginning on page 963, line 19, strike out everything down through line 17, page 989.

Mr. RIBICOFF. Mr. President, the Senate has now rejected my welfare reform proposal—a proposal which would have ended the present welfare mess. The moment of truth for meaningful reforms appears to have ended in what the New York Times called "another long night of despair for the millions on welfare."

We are all victims of this failure.

Those people in America who are unable to work—mothers with preschool children, the incapacitated, the infirm and those caring for them—must endure the intolerable inadequacies of the present system.

The working poor, that 40 percent of America's poverty population who live in families headed by a full-time worker, will continue to be ignored and the taxpayer who must pay the bills for an inadequate, inefficient, and inhuman jungle of 1,152 different welfare systems will continue to watch welfare costs skyrocket. These costs for AFDC alone amounted to $6.2 billion in calendar year 1971, an increase of almost 15 percent over the preceding year.

The Finance Committee's proposals only compound the welfare mess, leaving intact the present system and building upon it a gigantic workfare bureaucracy which would administer a jungle of wage supplements and make-work subpoverty jobs. The Finance Committee proposal is expensive and unwieldy.

Therefore, I now offer my motion to recommit with instructions to delete the Finance Committee welfare reform proposals.

As the legislation now stands it is completely unacceptable. Thus the only proper course to take at this time is to recommit the entire bill.

I know what the distinguished Senator from Delaware is trying to do. In general, I agree with that objective. It would have been appropriate in the fall of 1970 to have tried to have a true pilot, or a set of pilot programs for our Nation. This was submitted to the Secretary of HEW by the entire Committee on Finance, only to have it rejected.

I felt then and continue to feel that this was a grave mistake in judgment. If pilot programs had been accepted, we would have completed all the varied tests across the country. The results would have been reported back to Congress, and we would have had an opportunity, both in the Committee on Finance and in the Ways and Means Committee, to study those tests and come to our own conclusions on the merits of the various proposals for welfare reform.

As I said before in this debate, I have enough self-doubt in my own mind to feel I do not know all the answers; no one does because sufficient information is not available. Pilot programs 2 years ago would have given us a great opportunity to study this problem and we were all convinced this should have been done.

The distinguished predecessor of the Senator from Delaware, Senator Williams, was bitterly opposed to the entire concept of the administration's original welfare proposal—and I do not question the deep sincerity of the Senator from Delaware at that time. He felt the President's bill was a great mistake, and he would not have any part of it. Yet, in trying to accommodate various positions and be fair about it Senator Williams, who did conduct a filibuster in the closing days of that Congress in order to prevent the adoption of any welfare reform proposal, said to me in private conversations time and time again:

Abe, I do not like this bill. I want no part of it. But if we tested it out I would go for it, and I cannot understand why my administration is unwilling to have tests made.

He also said:

Abe, I do not like this bill. I want no part appropriate sufficient funds for this test; let HEW come to me and tell me how much they want, and I will vote to authorize the money, even if it is up to $500 million.

But the administration was adamant in their opposition and a great opportunity was lost.

I decried the situation and the Senator from Louisiana (Mr. LONG) decried the situation. As far as I know, every member of the Committee on Finance who wanted this tested out decried the lost opportunity to have these pilot programs.

The argument that was given was, "You are delaying the time when it will go into effect." So here we are in the closing days of this sesison in 1972 and we are still talking about tests.

What bothers me about the Roth proposal is that it leaves much of the Finance Committee bill intact. It would delete the work administration and make work jobs programs; but unfortunately, it would leave intact the Bureau of Child Care with its low or nonexistent standards. It would leave intact the wage subsidy and work bonus, as well as the overly stringent and strident child support and deserting fathers provisions.

If my motion is accepted, the bill will be reported without the underlying Finance Committee proposals and we can seriously debate the merits of the Roth proposal and other amendments at that time.

Mr. President, I yield the floor.

Mr. PERCY and Mr. LONG addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. PERCY. Mr. President, I send to

the desk an amendment to the pending motion and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. The Senator from Illinois (Mr. PERCY) proposes an amendment to the motion offered by the Senator from Connecticut.

The Percy amendment to the motion is as follows:

Strike out all of the instructions of the motion of the Senator from Connecticut (Mr. RIBICOFF) and insert in lieu the following:

"FISCAL RELIEF FOR STATES

"SEC. 1131. (a) The Secretary shall, subject to subsection (c), pay to any State which has a State plan approved under title I, X, XIV, or XVI, or part A of title IV, of this Act, for each quarter beginning after June 30, 1971, in addition to the amounts (if any) otherwise payable to such State under such titles, such part, section 1118, and section 9 of the Act of April 19, 1950, on account of expenditures as cash assistance, an amount equal to the excess (if any) of—

"(1) an amount equal to the lesser of—

"(A) the non-Federal share of the expenditures, under the State plans approved under such title or such part A (as the case may be), as cash assistance for such quarter (not counting any part of such expenditures which is in excess of the amount of the expenditures which would have been made as cash assistance under such plans if such plans had remained as they were in effect for January 1971, or

of the amount referred to in clause (2),

"(2) an amount equal to 100 per centum of the non-Federal share of the total average quarterly expenditures, under such plans, as cash assistance during the 4-quarter period ending December 31, 1970.

"(b) For purposes of subsection (a) the non-Federal share of expenditures for any quarter under State plans approved under title I, X, XIV, or XVI, or part A of title IV, of this Act as cash assistance, referred to in subsection (a)(1), means the excess of—

"(1) the total expenditure for such quarter under such plans as (A) old-age assistance, (B) aid to the blind, (C) aid to the disabled, (D) aid to the aged, blind, or disabled, and (E) aid to families with dependent children, over

"(2) the amounts determined for such quarter for such State with respect to such expenditures under sections 3, 1003, 1403, 1603, 403, and 1118 of this Act and (in the case of a plan approved under title I or X or part A of title IV) under section 9 of the Act of April 19, 1950.

"(c) No payment under this section shall be made for any quarter to any State on account of expenditures, as cash assistance, under a State plan of such State if the standards, under any plan of such State approved under title I, X, XIV, or XVI, or part A of title IV, for determining eligibility for, or the amount of, cash assistance to individuals under such plan have been so changed as to be less favorable, to all (or any substantial class or category) of the applicants for or recipients of such assistance under the plan, than the standards provided for such purpose under such plan as in effect for January 1, 1971, or, if more favorable to any such applicants or recipients, for any month after January 1971."

MAINTENANCE OF STATE PAYMENT LEVELS

SEC. 403. Section 402(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (22); and

(2) by striking out the period at the end of paragraph (23) and inserting in lieu thereof "; and" the following: "(24) provide that aid furnished under the plan to a family for any month shall not be less than (A) the amount of aid which would have been furnished for October 1972 under such plan to a family of the same size with no other income, reduced by (B) any income such family may have which is not required to be disregarded by clause (8)."

On page 989, after line 17, add the following new title:

TITLE VI—EFFECTIVE DATE OF CERTAIN PROVISIONS

SEC. 601. Notwithstanding any other provision of this Act, title IV (other than sections 401, 402, and 403) and title V (other than sections 510, 521, 531, and 534 shall be effective at such time as the Congress may determine in subsequent legislation.

The PRESIDING OFFICER. The motion is not amendable. The Senator can move to amend the instructions.

Mr. LONG. Mr. President, I really think the Senate wants to vote for the Roth amendment. If I did not think so I would not have agreed to vote for the Roth amendment myself.

The Senator offered his amendment and he could not bring it to a vote because we had a substitute for it offered by the Senator from Connecticut.

We were informed there were to be other substitutes offered, which I did not think the Senate wanted to agree to. So to accommodate the Senator and to try to bring his proposal to a vote, I myself offered an amendment so he could offer his amendment in the second degree with the prospect of bringing it to a vote. But it looks as if some do not want the Senator's amendment voted on.

If the proposal of the Senator from Delaware is agreed to, Senators can still propose to recommit and report back. They can agree to offer amendments at the end of the bill and offer substitutes for the entire bill. Senators are not precluded from offering a substitute.

But some of us think the Senator from Delaware is entitled to have a vote on his amendment.

That being the case, I move that the motion to recommit and report back be laid on the table.

The PRESIDING OFFICER. The question is on the——

Several Senators addressed the Chair.

Mr. LONG. Mr. President, I ask for the yeas and nays.

Mr. STEVENSON. Mr. President——

The PRESIDING OFFICER. There is not a sufficient second.

Mr. STEVENSON. Mr. President——

Mr. LONG. Mr. President, I suggest the absence of a quorum.

Several Senators addressed the Chair.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the motion to table the motion of the Senator from Connecticut.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. INOUYE (after having voted in the negative). Mr. President, on this vote I have a pair with the Senator from Mississippi (Mr. EASTLAND). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore, I withdraw my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. EASTLAND), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PELL), and the Senator from Mississippi (Mr. STENNIS) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE) is absent on official business.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PELL) would vote "nay."

Mr. SCOTT. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BROCK), the Senator from South Carolina (Mr. THURMOND), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Michigan (Mr. GRIFFIN) is detained on official business.

If present and voting, the Senator from South Carolina (Mr. THURMOND) and the Senator from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 44, nays 41, as follows:

[No. 514 Leg.]

YEAS—44

Allen	Cotton	Jackson
Anderson	Curtis	Jordan, N.C.
Baker	Dole	Jordan, Idaho
Beall	Dominick	Long
Bellmon	Edwards	McClellan
Bennett	Ervin	Miller
Bentsen	Fannin	Montoya
Bible	Fong	Pearson
Boggs	Fulbright	Randolph
Buckley	Gambrell	Roth
Byrd, Harry F., Jr.	Goldwater	Sparkman
Byrd, Robert C.	Gravel	Spong
Cannon	Hansen	Stevens
Chiles	Hollings	Talmadge
	Hruska	Young

NAYS—41

Aiken	Hatfield	Proxmire
Bayh	Hughes	Ribicoff
Brooke	Humphrey	Saxbe
Burdick	Javits	Schweiker
Case	Kennedy	Scott
Church	Magnuson	Smith
Cook	Mansfield	Stafford
Cooper	Mathias	Stevenson
Cranston	Mondale	Symington
Eagleton	Moss	Taft
Gurney	Nelson	Tunney
Harris	Packwood	Weicker
Hart	Pastore	Williams
Hartke	Percy	

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Inouye, against

NOT VOTING—14

Allott	McGovern	Pell
Brock	McIntyre	Stennis
Eastland	Metcalf	Thurmond
Griffin	Mundt	Tower
McGee	Muskie	

So the motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Delaware.

Mr. LONG. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. GOLDWATER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GOLDWATER. What is the vote on?

The PRESIDING OFFICER. The question is on agreeing to the Roth amendment to the Long amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Florida (Mr. CHILES), the Senator from Mississippi (Mr. EASTLAND), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PELL), and the Senator from Minnesota (Mr. HUMPHREY), are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE), is absent on official business.

I further announce that, if present and voting, the Senator from Florida (Mr. CHILES) and the Senator from Rhode Island (Mr. PELL), would each vote "nay."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BROCK), the Senator from South Carolina (Mr. THURMOND) and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Colorado (Mr. ALLOTT), the Senator from South Carolina (Mr. THURMOND), and the Senator from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 46, nays 40, as follows:

[No. 515 Leg.]

YEAS—46

Aiken	Dominick	Long
Allen	Edwards	McClellan
Anderson	Ervin	Moss
Baker	Fannin	Packwood
Bellmon	Fong	Proxmire
Bennett	Fulbright	Randolph
Bentsen	Gambrell	Roth
Bible	Goldwater	Sparkman
Boggs	Griffin	Spong
Buckley	Hansen	Stennis
Byrd, Harry F., Jr.	Hartke	Symington
	Hatfield	Talmadge
Byrd, Robert C.	Hollings	Tunney
Cotton	Hruska	Weicker
Curtis	Jordan, N.C.	Young
Dole	Jordan, Idaho	

NAYS—40

Bayh	Hart	Pearson
Beall	Hughes	Percy
Brooke	Inouye	Ribicoff
Burdick	Jackson	Saxbe
Cannon	Javits	Schweiker
Case	Kennedy	Scott
Church	Magnuson	Smith
Cook	Mansfield	Stafford
Cooper	Mathias	Stevens
Cranston	Miller	Stevenson
Eagleton	Mondale	Taft
Gravel	Montoya	Williams
Gurney	Nelson	
Harris	Pastore	

NOT VOTING—14

Allott	McGee	Muskie
Brock	McGovern	Pell
Chiles	McIntyre	Thurmond
Eastland	Metcalf	Tower
Humphrey	Mundt	

So Mr. ROTH's amendment was agreed to.

Mr. ROTH. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LONG. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SOCIAL SECURITY AMENDMENTS OF 1972

The Senate continued with the consideration of the bill (H.R. 1) to amend the Social Security Act, to make improvements in the medicare and medicaid programs, to replace the existing Federal-State public assistance programs, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana, as amended.

Mr. LONG. Mr. President, the principal difference between the amendment as amended and the amendment offered by the Senator from Delaware (Mr. ROTH) is that the amendment contains a 20-percent increase in the amount of funds available to State welfare departments for fiscal years 1973 and 1974. The reason that is necessary is because there have been cost-of-living increases and there have also been some increases in the caseload to the point that the welfare administrators of this country say that if the Roth amendment were to prevail, and if there were not other help available to them, they would be in a fiscal squeeze and would not be able amply to take care of their increased costs.

This provides a temporary addition of 20 percent of the Federal share up to January 1974 for the aged, blind, and disabled, and to July 1974 for AFDC. This has been asked for by the welfare administrators of the Nation generally. They say that it is necessary to see that they have adequate funds.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. STEVENSON. Mr. President, I send to the desk a motion to recommit H.R. 1 with instructions.

The PRESIDING OFFICER. Is it a motion to recommit and report forthwith with instructions?

Mr. STEVENSON. The Chair is correct.

The PRESIDING OFFICER. The clerk will report the motion.

The assistant legislative clerk read as follows:

Mr. STEVENSON moves to recommit H.R. 1 to the Finance Committee with instructions to report back forthwith, striking the language from page 689, line 11 through page 769, line 11 and inserting in lieu thereof the Ribicoff amendment as modified.

Mr. STEVENSON. Mr. President, the effect of the amendment would be to recommit the bill to the Finance Committee with instructions to accept, with two modifications, the Ribicoff-administration compromise which was introduced as amendment No. 1669 and was tabled yesterday.

These instructions would make only two changes in the Ribicoff-administration compromise.

First, under the instructions, the benefit level of $2,600 for a family of four with no other income would be reduced to $2,400, the same level contained in the House-passed bill, H.R. 1.

Second, under these instructions the authorization for child care contained in the earlier Ribicoff amendment, which provided $1.5 billion, would be reduced to $800 million, the same level contained in the House-passed bill, H.R. 1.

As a result of these two changes the budgetary impact of this amendment would be virtually the same as in President Nixon's version, and the cost would

be substantially less—nearly $4 billion less—than the cost of the Finance Committee proposal as amended by the Roth proposal.

These two changes are the only two changes that would be made under the instructions. The amendment would preserve the structural provisions present in the Ribicoff-administration compromise and necessary to bring about true welfare reform and the two changes I have mentioned would bring the cost down to that suggested by the administration.

If the amendment is agreed to, welfare recipients in States which now pay less than $2,400 would immediately receive $2,400, and welfare recipients in States which now pay more than $2,400 would continue to receive payments at their present level, or at the level provided on January 1, 1971, if that were higher.

Every State would be guaranteed that its costs for welfare would be no greater than its cost in calendar year 1971.

The amendment contains all the protection and reforms that were agreed to by the Senator from Connecticut (Mr. RIBICOFF) and Secretary Richardson. These include:

(1) *Maintenance of benefits:* In those states where payment levels exceed $2400, states would be required to make supplemental payments to assume that no recipient receives a smaller payment than he or she receives under present law.

(2) *State fiscal relief:* The federal government would pay 100% of the first $2400 of a recipient's welfare payment. A state would pay the remainder except that the federal government would pay any amount in excess of a state's total cost during calendar year 1971.

(3) *Work requirements:* A recipient would not be required to accept employment if she is the mother of a child under the age of 6.

(4) *Annual increase in benefits:* Benefits would increase annually by a percent equal to the annual increase in the consumer price index.

(5) *Pilot program for working poor:* The Ribicoff-Administration compromise and our amendment provide for a pilot program for that portion of the legislation which provides benefits to the working poor, and specifies that upon completion of the pilot program and evaluation of its results, the full program of aid to the working poor will be implemented unless either House of Congress objects within 60 days.

As I say, the only difference would be to reduce the welfare level from $2,600 to $2,400 and to reduce the authorization for child care for welfare recipients.

That, in effect, would give us a bill, the cost of which would be virtually the same as the cost of the original H.R. 1 proposal of the administration.

Mr. President, if there is one thing that every Member of the Senate agrees upon it is that the present welfare system is intolerable. This may be our last chance to change this system. All of the other proposals pending before the Senate would either sink us deeper into the present welfare system or cause delay or add on to that system new, unworkable, and even more costly provisions.

This motion, if adopted by the Senate, would give the administration virtually what it asked for. It would give us—the administration and the Senate—our last chance in this session of the Congress to support welfare reform and perhaps the last chance for a long time to come.

Representative MILLS. the chairman of the House Ways and Means Committee, has indicated that welfare reform will not be a high priority in the next session of the Congress.

Mr. President, I offer this motion not only on behalf of myself, but also on behalf of the distinguished Senator from Kentucky (Mr. COOPER), my distinguished colleague, the senior Senator from Illinois (Mr. PERCY), and the distinguished Senator from California (Mr. TUNNEY).

Mr. HUMPHREY. Mr. President, would the Senator yield for a further explanation?

Mr. STEVENSON. I gladly yield to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, do I correctly understand the Senator's motion to mean that it would, if voted upon favorably, send the entire bill back to the committee with instructions?

Mr. STEVENSON. The Senator is correct.

Mr. HUMPHREY. Would that in any way impair titles I, II, and III?

Mr. STEVENSON. Titles I, II, and III would not be impaired. The instructions are to report back forthwith. It would not impair those titles.

Mr. HUMPHREY. When the Senator says "to report back forthwith," would that proposal permit the committee to revise titles I, II, and III and subsequent sections?

Mr. STEVENSON. The instructions are confined to other titles. It is my understanding, and certainly my intention, that the committee would have no opportunity to make any other changes in H.R. 1.

Mr. HUMPHREY. It is title IV essentially that the Senator directs his amendment to?

Mr. STEVENSON. The Senator is correct.

Mr. HUMPHREY. And how would this affect the recent action of the Senate on the vote just taken on the Roth amendment?

Mr. STEVENSON. The Roth amendment would be replaced by the provisions which I have described, which are incorporated in the instructions.

Mr. HUMPHREY. This gives us another opportunity to take a look at the so-called family assistance part of the program and to incorporate, if the Stevenson amendment passes, the basic provisions of the administration proposal plus the child care protections.

Mr. STEVENSON. The Senator is correct.

Mr. HUMPHREY. Plus the provisions that were thwarted in the Ribicoff proposal, by the reduced levels.

Mr. STEVENSON. The Senator is correct. I do not believe the contents of the Roth amendment has been made clear for the RECORD. The administration has opposed the Roth amendment. HEW has sent me and other Senators a copy of a letter from the Secretary of Health, Education, and Welfare to the Senator from Delaware (Mr. ROTH). The letter of the Secretary of Health, Education, and Welfare dated April 27, 1972, states:

I would like to explain why the administration must strongly oppose your amendment No. 1077 to H.R. 1.

A test of the kind your Amendment would require would delay reform for about five years, since it would necessitate:

One year to plan and implement the test;

Two years to run the test, with preliminary data becoming available in the middle of the second year;

An additional year to compile, evaluate, and use the data to formulate a legislative proposal;

At least one or two years to obtain Congressional approval of a new bill.

He goes on to say:

Further delay in enacting reform would have the following tragic results:

Exploding costs and caseloads would continue to drain Federal money into a system with little control over who receives benefits;

The inadequate work provisions in current law would be perpetuated;

Widely varying standards and administrative practices among States and counties would continue to provide inequitable treatment and counterproductive incentives for migration and family break-up; and

The inevitable waning of public confidence would encourage a trend, already evident in the past year, to make the truly needy the scapegoats of a failing system.

Mr. ROBERT C. BYRD. Mr. President, may we have order?

The PRESIDING OFFICER. The Senator is correct. Senators will cease their conversations. The Senate will be in order. The Senate is not in order.

The Senator from Illinois may proceed.

Mr. STEVENSON. Mr. President, I ask unanimous consent to have printed in the RECORD at this point the letter from Secretary Richardson to the Senator from Delaware dated April 27, 1972.

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

THE SECRETARY OF HEALTH,
EDUCATION, AND WELFARE,
Washington, D.C., April 27, 1972.

Hon. WILLIAM V. ROTH, JR.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ROTH: I would like to explain why the Administration must strongly oppose your Amendment Number 1077 to H.R. 1.

As your November 12, 1971, letter to the President suggested, there is a danger that the rhetoric about welfare reform may tend to overstate both the advantages and the disadvantages of the H.R. 1 reform. Yet there is no doubt in my mind, in view of the tests which have already been conducted of key elements of H.R. 1 and in view of the deterioration of the current welfare system, that the evidence at hand firmly supports enactment of H.R. 1 without further delay.

A test of the kind your Amendment would require would delay reform for about five years, since it would necessitate:

One year to plan and implement the test;

Two years to run the test, with preliminary data becoming available in the middle of the second year;

An additional year to compile, evaluate, and use the data to formulate a legislative proposal;

At least one or two years to obtain Congressional approval of a new bill.

These time estimates are by no means exaggerated. The recently completed test of wage supplementation in New Jersey lasted

over three years, and the final data are not yet fully compiled and analyzed. My staff and I would be happy to discuss with you the evidence so far obtained from tests in Iowa, North Carolina, Gary, Seattle, Denver, and Vermont, as well as New Jersey. These tests have yielded substantial proof that families do not reduce their earnings when they receive wage supplementation.

Further delay in enacting reform would have the following tragic results:

Exploding costs and caseloads would continue to drain Federal money into a system with little control over who receives benefits;

The inadequate work provisions in current law would be perpetuated;

Widely varying standards and administrative practices among States and counties would continue to provide inequitable treatment and counterproductive incentives for migration and family break-up; and

The inevitable waning of public confidence would encourage a trend, already evident in the past year, to make the truly needy the scapegoats of a failing system.

I sincerely believe that a vote for your Amendment, in lieu of the H.R. 1 provisions, is a vote to perpetuate the current welfare mess for years. I do not accept the proposition that providing incentives to work, creating penalties for refusal to work, removing obstacles to work by emphasizing child care and supportive services, increasing the training effort, or finding jobs and creating public service jobs, are ideas in need of further testing.

We have announced, in conjunction with Senator Ribicoff, our support for a limited test provision which would not delay the H.R. 1, reforms. Such a test would occur between enactment of H.R. 1 and the effective date of the family program and should provide useful administrative data on the new H.R. 1 caseload. The Congress would be given the opportunity, under a disapproval provision, to reject coverage of new eligibles as a result of evidence from the testing.

As the President said in his March 27 message to the Congress on the subject of welfare reform. "We need reform this year so that, instead of pouring billions more into a system universally recognized as a failure, we can make a new start . . . It (H.R. 1) is the most important single piece of social legislation to come before the Congress in several decades . . . No legislation should have a higher priority."

I urge you to consider a test amendment within the context of H.R. 1 as the Administration has agreed with Senator Ribicoff. I would be happy to meet with you to delve into this subject, which is of great importance to this Administration and to the Nation.

With kindest regards,

Sincerely,

ELLIOT L. RICHARDSON, *Secretary.*

Mr. STEVENSON. Mr. President, I might say to the Senator from Minnesota that this is the last chance for welfare reform. The alternative at this point is 5 years more of delay, 5 years more of crises in welfare, 5 years more of dehumanization for people, and 5 years more of ever-expanding case loads and welfare rolls.

Mr. HUMPHREY. Mr. President, I believe the amendment of the Senator from Illinois is so important that I ask him again to go into what the amendment would do. I believe so often in these debates we lose many of the pertinent points and the facts that we need to understand. Will the Senator do that for at least the benefit of the Senator from Minnesota?

Mr. STEVENSON. The amendment incorporates all the provisions of Senator RIBICOFF's earlier amendment, thereby incorporating many changes agreed to by the administration, agreed to by Secretary Richardson.

The amendment then makes two changes in Senator RIBICOFF's earlier amendment. First, it goes back to the welfare levels provided in H.R. 1 of $2,400 for a family of four instead of $2,600 in Senator RIBICOFF's amendment; second, it cuts back the authorization for child care for a welfare recipient from $1.5 billion in Senator RIBICOFF's amendment to $800 million as in H.R. 1. That means the total cost to the Federal Government would be virtually the same as the original proposal of the President.

The changes from the President's favored version of H.R. 1, all agreed to by Secretary Richardson, would, first, provide that in States where payment levels exceed $2,400, State would be required to make supplemental payments to assure that no recipient is issued a smaller payment. Welfare levels could not be reduced. That was contemplated by the administration.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield for a unanimous-consent request with the understanding that he does not lose his right to the floor?

Mr. STEVENSON. I yield.

Mr. ROBERT C. BYRD. I would not interrupt the Senator but I wanted to propound a request with as many Senators as possible in the Chamber.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

ORDER FOR DEBATE ON CLOTURE MOTION TO BEGIN AT 9:15 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the 1 hour for the debate on the motion to invoke cloture tomorrow begin running at 9:15 a.m. I am authorized to make this request by the distinguished majority leader.

The PRESIDING OFFICER. Is there objection?

Mr. JORDAN of North Carolina. Mr. President, will the Senator state the request again?

Mr. ROBERT C. BYRD. That the 1 hour for debate under rule XXII on the motion to invoke cloture begin running at 9:15 a.m. tomorrow.

Mr. JORDAN of North Carolina. I thank the Senator.

Mr. GURNEY. Mr. President, reserving the right to object——

Mr. STEVENSON. I do not believe I gave up the floor.

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Florida with respect to the unanimous-consent request?

Mr. STEVENSON. Mr. President, without losing my right to the floor; yes.

The PRESIDING OFFICER. The Senator yields.

Mr. GURNEY. I thank the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. GURNEY. This means the debate would end at 10:15 a.m. tomorrow and that the quorum call would begin at 10:15, to be followed by the vote?

Mr. ROBERT C. BYRD. The Senator is correct.

The PRESIDING OFFICER. Without objection, it is so ordered.

SOCIAL SECURITY AMENDMENTS OF 1972

The Senate continued with the consideration of the bill (H.R. 1) to amend the Social Security Act, to make improvements in the medicare and medicaid programs, to replace the existing Federal-State public assistance programs, and for other purposes.

Mr. STEVENSON. If I could continue briefly to answer the question of the Senator from Minnesota——

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. STEVENSON. Mr. President, the second difference pertains to State fiscal relief. The Federal Government would pay 100 percent of the first $2,400 of the recipient's welfare payment. The State would pay the remainder, except the Federal Government would pay any amount in excess of the State's total cost in calendar year 1971. In other words, there are more generous provisions for relief to the States. Third, in connection with work requirements, the recipient will not be required to accept employment if the recipient is the mother of a child under the age of 6. Originally the administration had made the cutoff at age 3 for all working mothers with children. We would make the age 6. That was agreed to by Secretary Richardson.

Four, benefits would increase annually by a percent equal to the annual increase in the consumer price index.

Finally, under this proposal the provision for relief of the working poor, instead of being conducted on a national basis would be conducted on an experimental or pilot basis. It could be stopped in 2 years if it did not work by a vote of either House of Congress.

These are the basic differences; and they were agreed to by Secretary Richardson. This really gives the administration what it asks for. There would be certain differences between this if passed by the Senate and the House passed bill, which would provide another opportunity for further negotiation in conference.

Mr. HUMPHREY. Mr. President, I compliment the Senator from Illinois. This is a very constructive proposal. Obviously there will be differences of view as to whether or not $2,400 is an adequate figure, but with the cost of living escalated clause which the Senator included, plus the experimental workfare program which the Senator included, plus the fact that the Federal Government will take up the total of the $2,400, thereby relieving the States of a tremendous amount of welfare, I think the Senator has a very reasonable and con-

structive proposal; and also it will provide property tax relief back at the State level and at the same time give better benefits to the welfare recipients who really need it.

I wish we did not call them "welfare recipients," because what we are discussing is a way to have income maintenance so people can make the best of their lives. We have put this name "welfare," this tag "welfare," on everybody until the word has become one of derision and really of defamation. I think it is most unfortunate.

What the Senator from Illinois is trying to do, and I believe what all of us are trying to do here, is get away from tagging people as welfare clients. Those that can work should have work; those that are in need should have assistance. That is what the central point of this debate and of our action must be.

I want to say once again it does little good to tell people to go to work unless we provide them with work.

May I ask the Senator from Illinois whether public service jobs are involved here?

Mr. STEVENSON. The Senator is absolutely right. The whole thrust of this proposal is to provide work for those who can work. It provides work incentives, and in order to create jobs which otherwise do not exist for persons who but for the jobs would go on welfare, it sets up a program of public service employment. It creates 300,000 jobs, for which $800 million is provided in the bill for the creation of those public service jobs so people who otherwise would go on welfare would get employment.

Mr. RIBICOFF. Mr. President, will the Senator yield?

Mr. STEVENSON. I yield.

Mr. RIBICOFF. I commend the distinguished junior Senator from Illinois, the distinguished Senator from Kentucky, and the distinguished senior Senator from Illinois for offering this proposal. I commend them, and I will support and vote for the proposal.

True, the minimum support level for a family of four is only $2,400. I originally started with $3,000. Then my second proposal, which I thought I had worked out with the administration ,was $2,600. Now the proposal is $2,400.

At this stage I am not interested in pride of authorship. I am not interested in having credit for passing welfare reform. I am only interested in eliminating the present welfare mess.

What has been shocking to me is the failure of the administration and the Republican Party and Republican Senators to back the President of the United States in the series of votes that has taken place. The Secretary of Health, Education, and Welfare has labeled the Roth proposal a monstrosity that would not work. The Roth amendment contains many of the regressive provisions of the committee proposal.

Now we have the Senator from Illinois (Mr. STEVENSON) introducing the basic proposal of the President, improved by my various negotiations and agreement with the Secretary of Health, Education, and Welfare and the Secretary of Labor. I cannot understand why the administration now will not support it.

Is it not true that the overall cost of the Senator's proposal is exactly the same as the cost of H.R. 1, which the administration says it is for?

Mr. STEVENSON. The cost is virtually the same as the original proposal submitted to the Congress and passed in the House as H.R. 1. The Senator is absolutely correct.

Mr. RIBICOFF. When the President explained last summer during his press conference why he could not reach agreement with me, he stated as one of his reasons that my proposal would substantially increase the cost of welfare. At that time the level we were talking about was $2,600, but the Senator's proposal of $2,400 cuts down that cost by some one-half billion dollars. Then when he cuts child care support from $1.2 billion to $800 million, he saves another $400 million, which cuts the cost some $900 million. This brings his proposal in line with H.R. 1. Is that not correct?

Mr. STEVENSON. The Senator is absolutely right.

As the Senator from Minnesota mentioned a moment ago, the effect of this proposal, if adopted into law, would be to afford very substantial fiscal relief to States and to local units of government all across the country. The costs that have been referred to here are gross costs. There would be savings all along the line to many States and local governments, but to States in particular, which would be of great benefit to them and enable them to offer other appropriate services.

Mr. RIBICOFF. Is it not true that the Senator's proposal requires everyone on welfare, unless children under the age of 6 are involved or someone is incapacitated, to register for work?

Mr. STEVENSON. The work registration provision applies to everyone except the persons mentioned by the Senator. They would have to register for work and would have to accept work if it is available and, beyond that, if it is unavailable, we also provide for public service employment.

Mr. RIBICOFF. The rate required to be paid to a person taking a job would be at the Federal minimum wage?

Mr. STEVENSON. That is correct.

Mr. RIBICOFF. Is it not true that the Senator's motion to recommit is a parliamentary device? It does not really go back to committee. If the motion to recommit is adopted, the President of the Senate refers the bill back to the chairman who immediately reports the bill back as ordered by the Senate. The bill automatically becomes the pending order of business with no loss of time. So if the motion to commit and the Senator's proposed amendment were adopted, then it would be open to amendment, so Senators could work their will on various sections of his proposal. Is that not correct?

Mr. STEVENSON. The Senator is correct. Again, the form of my motion was dictated purely and simply by the parliamentary situation at the time. This really is an up or down proposal, and the proposal is whether or not we shall support H.R. 1, with those modifications which were very carefully and conscientiously added to it.

Mr. RIBICOFF. Therefore, when our distinguished colleague from Minnesota asks, "Do you still preserve ttiles I, II, and III?" the answer is definitely "yes"?

Mr. STEVENSON. The answer is "yes."

Mr. RIBICOFF. I think the time has come to ask the President of the United States and the Secretary of Health, Education, and Welfare, Mr. Richardson, to come out of hiding.

I suppose representatives of HEW are in the galleries. Do you not think the time has come to call up your Secretary of Health, Education, and Welfare and find out whether he really supports welfare reform? Here is a proposal introduced by two Republicans and one Democrat which calls for $2,400, which is the figure originally proposed by the President and passed by the House. I ask you, President Nixon, wherever you may be, in Camp David, at the White House, or wherever, will you tell the American people, do you support welfare reform? Did you mean it in the first place? What is your proposal now for $2,400? Come to the Congress of the United States, call the Republican Members of the U.S. Senate and tell them you still support a payment level of $2,400. This is the chance for the President of the United States and the Secretary of Health, Education, and Welfare to tell the American people whether they are for welfare reform. This is the moment of truth for the President of the United States.

Mr. STEVENSON. I thank the Senator from Connecticut. No one has labored more heroically to bring about this major social reform than the Senator from Connecticut. As he points out, this is not a partisan effort. On the contrary, it is a bipartisan effort on the Senate floor today, recognizing that it is the last chance to give the President what he called for from the Congress—in fact, made his No. 1 legislative priority—welfare reform.

Mr. President, I ask unanimous consent that the Senator from Ohio (Mr. TAFT) be added as a cosponsor.

The PRESIDING OFFICER (Mr. PROXMIRE). Is there objection? Without objection, it is so ordered.

Mr. STEVENSON. Mr. President, I yield to the Senator from Kentucky (Mr. COOPER).

Mr. COOPER. Mr. President, I call to the attention of the Senate that while this motion is made by the Senator from Illinois as the leading sponsor, the proposal is also supported by the Senator from Illinois (Mr. PERCY), the Senator from Ohio (Mr. TAFT), and myself, as cosponsors.

I can understand the plea that has just been made by the distinguished Senator from Connecticut (Mr. RIBICOFF), but I hope in the few minutes we have that we will appeal as best we can to the sense and judgment of our fellow Senators, rather than upon a political basis—as, I believe, the Senator from Illinois said, it may be the last chance to vote on a welfare reform bill. I would like to say also that the distinguished Senator from Connecticut, Senator RIBICOFF, has contributed so much to the issue, and in an informed and humane spirit.

I am not a member of the Senate Fi-

nance Committee which has jurisdiction over the subject, but I know what Senator STEVENSON and his three cosponsors are attempting to do. We are asking that the bill before us, as reported by the Finance Committee, be recommitted, that there be stricken from the bill, as it stands now, the workfare provisions and also the provision which was just adopted by the Senate, offered by the Senator from Delaware (Mr. ROTH), and that there be reported from the committee the proposal which the Senator from Illinois has described. It is conceptually and structurally the Ribicoff proposal, but with a reduction in the benefit level from $2,600 to $2,400, and a reduction in the authorization for day care from $1.5 billion to $800 million. The initial total cost of our proposal would be essentially the same as the cost of H.R. 1 as passed by the House of Representatives.

There are some differences between H.R. 1 as passed by the House of Representatives and the Stevenson proposal. One is the provision for a cost-of-living increase in benefit levels which was not included in the House bill. A second major difference between the two bills is the mandated State supplementation provision, which is in the Stevenson-Cooper bill, just as it was in the Ribicoff proposal. Basically it follows the structure of the Ribicoff amendment, but the cost, at least, is about the same as that of the House bill.

I appreciate the position of the Senator from Delaware, but we know that his amendment would do more than provide a pretest of the Ribicoff proposal, workfare, and H.R. 1. Actually there have been incorporated in it several provisions of the workfare program in the Long bill such as the Child Care Bureau and wage supplement. And so I think it should be stricken.

Mr. President, I appreciate, too, the work that the Committee on Finance and its chairman, the distinguished Senator from Louisiana (Mr. LONG) have done, but I believe this is an opportunity, and perhaps the last opportunity for several years, unless action is taken on the Stevenson, Cooper, Percy, Taft amendment to provide a measure of reform in the welfare system.

I think all of us who have observed the present welfare system in our States know that while it has provided more food and clothing and some housing and medical care, the present system is an unsatisfactory program. I do not want to go back too far, but I first became interested in this subject when I was a county judge, 40 years ago, during the depression, and saw first hand, the awful poverty of some of the people of my county.

Since that time my interest in the subject has continued. Kentucky is always in the eye of the public—representatives of the nwes media can always be found in eastern Kentucky looking for poverty; and there is poverty, but in my view it is not as bad as it is in the inner cities of New York City and other major cities.

The thing I dislike most about the present welfare program is that it provides no incentive for people on welfare to work. There is every incentive to keep them out of work. We know what they are: If recipients go to work they lose their benefits, they also stand to lose a part of their food stamps, and medicaid benefits in some instances. If they take a job and are not properly trained for it, they are likely to lose it very soon, and then they will have to go again through the whole business of getting on welfare.

The worst objection to our current welfare system is that there is no incentive for recipients to go to work. The objection I have to the bill presented by the distinguished Senator from Louisiana is that for those who are not able to work and otherwise eligible for assistance, it maintains essentially the same welfare system that now prevails.

I am sorry the Stevenson proposal in which I join may not be studied as carefully as it ought to be, but I hope very much that the explanation that has been sent to every Senator will be read, and that the amendment will be adopted and we will not wait 3 or 4 years more to achieve welfare reform, and continue the unfair system that we have today, which offers so little hope to people. I must say that all I have seen in my own State is a lessening of hope and the beginning of an absolute class system—something we thought we would never have in this country—and an institutionalization of the poor.

If this continues, we are not only going to deprive our people of the realization of their best possibilities today, but we are going to deprive them of realizing their best possibilities in the future. I hope and pray that Senators will read this simple proposal and vote for it and give some hope, for today and for the future, to the poor of our country, and our country itself.

Mr. SCOTT. Mr. President, will the Senator yield briefly to me?

Mr. COOPER. I yield.

Mr. SCOTT. I just want to say I agree entirely, speaking personally, with what the Senator from Kentucky has said.

The PRESIDING OFFICER. The Senator from Illinois has the floor. Does the Senator from Illinois yield to the Senator from Pennsylvania?

Mr. SCOTT. Will the Senator from Illinois yield to me briefly, say 2 minutes?

Mr. STEVENSON. I yield 2 minutes to the Senator from Pennsylvania.

Mr. SCOTT. I agree entirely with the points that have been made by the Senator from Kentucky and the Senator from Illinois. Congress appears to be heading for a postponement of efforts to remedy an absolute mess in the welfare system, which is regrettable. We will not postpone it for 2 years or 4 years; we will be back next year confronted with a mounting and increased series of problems, beyond doubt.

I have an amendment which substantially and actually is title IV of H.R. 1 as passed by the House of Representatives. I had thought of offering it. But it seems to me that this amendment is quite close to the House-passed bill. I am able to support it, myself, and would like to see it passed.

I am obliged, in all conscience, to make this declaration. I think we need this kind of legislation. I believe that it is a reasonable and judgmental approach to a terribly difficult problem. I have to say that my personal position will be not to offer my own amendment, which is the House-passed bill, but on the other hand, to support this proposal.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. SCOTT. If the Senator from Illinois has no objection.

Tre PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Louisiana?

Mr. STEVENSON. I yield.

Mr. LONG. Can the Senator tell us the position of the President of the United States with regard to this proposal?

Mr. SCOTT. I am not able to say that the President of the United States supports the proposal. The President has not said to me that he wishes me to make any statement against the proposal. If he wished to support the proposal, I assume he would send information to one or another Senator on that. I am speaking personally, because it is on my conscience. I believe it to be a good thing. I have wrestled with this, and I am satisfied that I must support it.

Mr. LONG. I asked the question because I was called from the floor yesterday evening and told that this amendment would be offered and that the President is not for the amendment; he does not favor it and is not for it. If the President is not for it, I do not think people ought to be representing this as being something that the administration is for; because, in the last analysis, it is not some functionary in HEW but it is the President who is entitled to speak for this administration. I am sure the Senator would agree that the President speaks for the administration, not some Under Secretary of the Department of Health, Education, and Welfare, or some person in that agency who might even have been held over from the Roosevelt administration.

Mr. SCOTT. The Senator from Louisiana knows that I have said nothing which would mislead anyone. I have clearly said several times that this is a matter of conscience with me. It is a matter of my personal judgment. I believe it. I would advocate its adoption to anyone who asked me. But I have represented it only as a view of my own. I have expressed my judgment and my belief that it ought to be adopted. I am not trying to mislead anyone.

Mr. LONG. I want to make it clear that I was called from the floor by two of the President's most well-regarded liaison people who work with us on the Hill in matters of this sort, and they both told me, without any peradventure of doubt, that the President is not for this proposal. I think we ought to understand that this is not something that the President is for.

Mr. SCOTT. The President's personal statements, as I recall, have indicated consistently and throughout that he favors H.R. 1 as it passed the House, which is the amendment I offered here.

I make the point personally, as the senior Senator from Pennsylvania, that it seems to me that this amendment is sufficiently close to the amendment I

offered so that it justifies me in not pressing my amendment but in supporting this one. This is a position which I feel I must take and I would take if anybody short of the 12 Apostles were to try to persuade me otherwise. I just want to make that clear.

I am not misleading anyone. The Senator is entitled to make any statements he wishes regarding his opinion as to how various people feel about it.

Mr. TUNNEY. Mr. President, will the Senator yield?

Mr. STEVENSON. I thank the distinguished Senators from Kentucky and Pennsylvania for their comments and wisdom. I yield to the Senator from California.

Mr. TUNNEY. I thank the distinguished Senator for yielding.

Mr. President, I think everyone in this Chamber has deplored the present welfare system; but I must confess that I see faults with each of the three major proposals we have had before the Senate.

I think the major fault of the Ribicoff proposal was that it did not have enough public service jobs to guarantee that every able-bodied person who was on welfare, who did not have a child 6 years of age or under, would have a job at which to work if they were going to receive a Government check.

I was very pleased with the colloquy I had with the distinguished Senator from Connecticut—who I think knows the problems of our welfare laws and their inadequacies as well as any other person in this country—when yesterday he said that if his amendment were accepted, he would support an amendment I was prepared to offer to assure that there were enough public service jobs available for every able-bodied person who could not find a job in the private sector.

My objective would be to create a 3-year phased program in which public jobs would be created for at least one-third of those who are required to register for work in the first year. Additional jobs would be created in the second year for an additional one-third of all registrants. And finally in the third year the phasein would be completed so that every able-bodied welfare recipient would be able to find a job. This program would go into effect after the initial program of 300,000 jobs contained in the Ribicoff amendment.

In other words, it would be a total of 4 years at the end of which there would be a public job for all those people who are able-bodied, on welfare, who are not working at any other job. I think this is most important.

I find a problem with the proposal of the distinguished chairman of the Finance Committee, because, quite frankly, I think the payments are much too low. Although I think people should work, they ought to be able to work in California, in Connecticut, and in New York for the kind of money that is going to enable them to support their families. I do not feel that the Finance Committee proposal, would allow people in those big States to be able to work for enough money to be able to provide for their families.

The administration proposal, as I analyzed it, was deficient; it did not provide jobs. As has been said often by the distinguished Senator from Connecticut, the administration has talked in terms of having a proposal which would require people to work, and this was the great welfare reform. It was in the Republican platform in Miami. But, in fact, if you take a look at that program, it did not require work for the able-bodied. It made a travesty of the President's statement that people ought to work if they are able-bodied.

So we come to the present proposal by my distinguished colleague and seatmate, the Senator from Illinois. I am supportive of the basic proposal, but I say to my distinguished friend that if his proposal is accepted, I would have to offer an amendment which would provide that over a period of 4 years, with jobs being phased in over a 3-year period after the limited public job program he is proposing with one-third in the first year, a second third in the next year, and the balance in the third year so that all those people who are on welfare and are unemployed would be put on public service jobs.

I believe that this is the only way we can develop a welfare system that is not going to continue to eat up taxpayers' dollars the way the present system does. The present system is essentially faulty because it pays people who are able bodied not to work. I think that every person who is able bodied and of sound mind should have to work for the money he receives from the Government, and then it is no longer welfare. Then he is working for the Government. I do not consider myself to be on welfare because I receive a Government check, and I do not consider anybody else who is working for the Government to be on welfare. These people would not be on welfare either, because they would be working for the money they receive, irrespective of where that money came from. If it comes from HEW, so what? There are many employees in HEW.

This is the kind of proposal I will make if the Senator's amendment is adopted, and I plan to vote for the Senator's amendment.

Mr. STEVENSON. I thank the Senator.

Let me say, in response to the Senator from California, that I agree wholeheartedly. As he recognizes, the thrust of this proposal is to provide work incentives to get people in jobs and off the welfare rolls. But he very rightly recognizes that work incentives are not enough if no jobs are available, if no work is available. He proposes to solve that problem through public service employment.

The bill does provide $800 million for 300,000 public service jobs. If we could go further than that in this legislation, I would wholeheartedly support the Senator from California. However, this is a welfare bill. We will have other opportunities with respect to public service employment. The only concern I have is that if we go much further than we already have gone in this bill, we may encounter opposition from the administration and end up with no public service employment or welfare reform.

Mr. TUNNEY. I find the Senator's arguments persuasive so far as the adoption of his amendment is concerned. Perhaps some people who support the administration's position would want to vote for the proposal of the Senator from Illinois without the guaranteed jobs. So it is quite clear that we ought to vote on his amendment first, and the parliamentary situation is that we have to do that.

If the amendment of the Senator from Illinois is adopted and I offer my amendment, those people who go home and make speeches about how they feel that we should not be talking about people on welfare, but about putting people to work, are going to have an opportunity to tell their people back home whether in fact they favor putting people to work or just keeping people on a handout.

I believe that the proposal made by the Senator is very good. There are many very important components in the amendment, which is, of course, an adaptation of the amendment of the Senator from Connecticut. But I think the failure of this proposal is that it does not have a requirement that there be enough public service jobs to provide jobs over a phased-in period of 4 years for every able-bodied person on welfare.

Mr. STEVENSON. I hope that we can go beyond the amendment and provide for public service employment.

Mr. PERCY. Mr. President, will my colleague yield to me?

Mr. STEVENSON. I am happy to yield to my colleague from Illinois.

Mr. PERCY. I want to ask my colleague some questions. I also have some commentary and a statement to make on this motion. I am very much pleased to support the motion and I am delighted to have the personal support of the distinguished majority leader for it, as well as that of Senators COOPER and TAFT. I think that this represents a broad spectrum of support that has been gained on both sides.

I would like to review briefly my understanding of this motion for purposes of clarification of the record. The benefit level of $2,400 is identical, then, with the benefit level in administration-supported amendments and the administration-supported H.R. 1; is that not correct?

Mr. STEVENSON. That is correct.

Mr. PERCY. The work requirements are identical, as I read it, with the administration position on H.R. 1; is that not correct?

Mr. STEVENSON. There is a slight difference. The administration's position originally would have required that mothers with children over 3 years of age would work. In this amendment, with the approval of the Senator from Connecticut (Mr. RIBICOFF) and the approval of the Secretary of Health, Education, and Welfare, only women with children 6 or older would be required to work. The reasons are obvious. We do not want to take mothers away from their children who are that young.

Mr. PERCY. The administration has

agreed to the provision regarding 6-year-olds.

I notice a slight difference in the penalties for refusal to register for work or for training, but the difference seems to be insignificant. In principle, the Stevenson motion once again corresponds with the administration's stated position.

I do notice a great difference with regard to State supplementation of benefit levels. The Stevenson motion contains a requirement for State supplementation, however, there is no such provision in the administration's supported H.R. 1. As I understand it, the administration's cost estimates assumed State supplementation of benefit levels; therefore, there is no real difference in costs between the two provisions.

Mr. STEVENSON. No difference in cost. The Senator is right. It requires maintenance of effort. Secretary Richardson in his discussion with Senator Ribicoff had no objection to this requirement. In fact, the administration in its earlier cost projections had assumed, and rightfully I think, that all States would accept the option to supplement benefit payments to their present level if that level is now above $2,400. So this would involve no change in cost over the administration's estimate.

Mr. PERCY. From the standpoint of fiscal relief to the States, the difference is that the Stevenson motion incorporates the so-called Percy amendment for interim fiscal relief, which the administration unequivocally supports. The Senator from Louisiana (Mr. LONG) has also indicated his support in principle. Given such support, most of the States have incorporated their potential fiscal relief allotments in their State budgets. The Stevenson motion simply reiterates and incorporates a provision that the administration is clearly on record as supporting.

Mr. STEVENSON. The Senator is right again. In this case, he can speak from his own experience because no one did more than he to win administration support for the emergency relief and the fiscal relief position which he has introduced earlier and is now incorporated in this amendment.

Mr. PERCY. I notice one additional area of difference. The administration supported H.R. 1 provides that welfare recipients required to work are paid three-quarters of the minimum wage. The provision that has been offered by my colleague, (Mr. STEVENSON) on the other hand requires a Federal minimum wage to be paid to those recipients. Again, from the standpoint of fiscal responsibility, this involves no additional cost to the Federal Government. In fact, if the minimum wage is paid to low-income earners, this would then mean that the supplement for the working poor would not be as great.

Although there is this difference, I would hope that support of the administration could be gained for what I consider to be a very humane, sensible, practical, and down-to-earth amendment offered by my colleague from Illinois.

Mr. STEVENSON. I am very grateful to my colleague (Mr. PERCY). Every point he makes is correct. Once more I cite the bipartisan nature of this effort, which is long overdue, for social reform in the country. I am very grateful to him for his support and for all the help he has given on this.

Mr. PERCY. Mr. President, I should like briefly to conclude by congratulating my colleague, who deserves to be congratulated. He has made it possible for us to vote on something that can bring us to the moment of truth for meaningful welfare reform. If we do not adopt such a motion, I believe that we will have brought about what the New York Times has called another long night of despair for millions of people on welfare. We are all victims of this failure. Those in America unable to work, mothers with preschool children, the infirm, and those who care for them, will continue to suffer from the intolerable inadequacies of the present system if we do not adopt this motion.

Certainly my distinguished colleague is aware of the fact that I sent out 400,000 questionnaires throughout the length and breadth of the State of Illinois, to inquire what the people's attitude was toward the welfare program—both the taxpayers as well as the recipients of welfare.

I know that my colleague is familiar with the fact that 220,000 put their own postage on that survey to write back and forcefully say, "Junk the present system." Ninety-eight percent of the responses were for doing away with the present system. This is what the Finance Committee has addressed itself to. But we disagree with the Finance Committee version because we do not feel that the bill as it now stands will adequately provide for the welfare needs we see in our State.

Let us salvage something from 3 years of work on welfare reform and save the taxpayer who must pay the bills for an inadequate, inefficient, and inhumane system, a jumble of 1,522 different welfare systems

The motion the Senator from Illinois (Mr. STEVENSON) is offering today will, I think, do that.

Mr. STEVENSON. Mr. President, I thank the Senator. The Senator recognizes that the welfare system is an abomination in our own State. In fiscal 1971 alone, the number of AFDC recipients went up 48.2 percent. The costs increased 52 percent. That is in just 1 year in the State of Illinois. The people of our State and the people of the Nation recognize, as the Senator has already indicated, that the system is an abomination. We cannot tolerate it any longer.

The President recognized this in his March 27 message to Congress when he said:

> We need reform this year so that, instead of pouring billions more into a system universally recognized as a failure, we can make a new start. This——

"This" means H.R. 1. I continue to quote:

> is the most important single piece of social legislation to come before the Congress in several decades. No legislation should have a higher priority.

Mr. President, as the Senator from Illinois, the Senator from Kentucky, and the Senator from Pennsylvania, the distinguished minority leader have recognized, this proposal is substantially the same as H.R. 1. The few differences that exist are reforms. And they are reforms that are agreed to by the administration through the Secretary of Health, Education, and Welfare.

Mr. President, I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. COOPER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENSON. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion offered by the Senator from Illinois to recommit the bill with instructions to report forthwith the amendment made a part of the motion.

Mr. BENNETT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, I rise to discuss the motion offered by the distinguished Senator from Illinois (Mr. STEVENSON).

What the Senator from Illinois proposes to do is to substitute for the committee proposal the basic concepts of H.R. 1 insofar as it deals with welfare. In other words, the Stevenson proposal is basically the proposal which twice passed the House. It is the same proposal basically that was disapproved and voted down by the Committee on Finance.

Mr. President, I want to state my reasons for opposing H.R. 1.

First, the testimony before the committee in regard to H.R. 1 shows clearly that it is lacking in work incentives.

Second, the cost of the proposal will be at least $5.5 billion more than the cost of the present welfare program.

Third, it will require 80,000 new Federal employees to administer it. It is true, as was pointed out yesterday by the distinguished Senator from Connecticut, that some of these 80,000 will be persons presumably who are now on State or city rolls. But my opposition is to increasing the number of new Federal employees by 80,000.

The Department of Health, Education, and Welfare now has approximately

110,000 employees. It is already too big; it is not being efficiently or effectively administered, and when you add 80,000 more I submit that is going to be that much worse.

The fourth reason I oppose H.R. 1 is that it writes into law the principle of a guaranteed annual income. I think that is a mistake. I think that is a wrong direction for this country to go.

What we want to do is to get people off of welfare and into jobs. H.R. 1 does not do that.

The testimony before the committee and the figures submitted before the committee show that H.R. 1 would virtually double the number of persons drawing public assistance. Mr. President, this is not welfare reform; this is welfare expansion. I invite attention to the table on page 421 of the committee hearings.

Now, many persons want welfare expansion and certainly they are entitled to their views. The senior Senator from Virginia wants welfare reform; he opposes welfare expansion.

This matter of Congress passing legislation which will virtually double the number of individuals drawing public assistance certainly does not appear to me to be very logical. The proposal offered by the Senator from Illinois (Mr. STEVENSON) provides for a minimum figure of $2,400. That is just one of the proposals floating around, and if that proposal were adopted it would just be the ante in a never-ending poker game.

Mr. President, if you are going to adopt the principle of a guaranteed annual income——

(There was a demonstration in the Gallery.)

Mr. HARRY F. BYRD, JR. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order. The Sergeant at Arms will clear the galleries to preserve order in the galleries.

The PRESIDING OFFICER. Those in the galleries must realize that they are guests of the Senate and they must conduct themselves as such or the galleries will be cleared.

Mr. COOPER. Mr. President, I suggest that those people standing up in the galleries be cleared from the galleries.

The PRESIDING OFFICER. The Senator will kindly proceed.

Mr. HARRY F. BYRD, JR. If we write into the law the principle of a guaranteed annual income, how can anyone justify making that figure less than the poverty level? If the Congress of the United States is to say that the American Government is obligated to provide a minimum annual income to all citizens, then how can one justify, as a matter of principle, as a matter of conscience, making this figure less than the poverty level?

I put that question to Governor Rockefeller of New York when he testified before the Senate Committee on Finance and his reply, in essence, was—

It is difficult to justify making the figure less than that of the poverty level, but we must start somewhere, and we can start at $2,400, although I prefer $3,000, and then quickly get it up to the higher figures.

Of course, that is exactly what will happen.

There were charts in the Senate Chamber yesterday showing how many individuals would be placed on welfare and would be drawing public assistance if and when a guaranteed annual income is written into law and the figures are upgraded, as they certainly will be.

The proposal of the Senator from Illinois would mean that, instead of the present 12 to 13 million persons on welfare, that figure would go up to somewhere around 22 to 24 million.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield.

Mr. COOPER. I know there have been differences in the figures which have been provided by HEW and the figures that the Finance Committee has developed on costs and the numbers of eligible persons. Is that not correct?

Mr. HARRY F. BYRD, JR. That is correct.

Mr. COOPER. I would like to say that according to the figures furnished my office by HEW today, the cost of the current welfare program, with no changes is about $12 billion. The cost of H.R. 1, as passed by the House, would be $15.4 billion. The amendment offered by the distinguished Senator from Illinois costs virtually the same as the House bill—$15.4 billion.

I think when the Senator said that 24 million persons would come under this program he was thinking about the Ribicoff proposal of yesterday, which provided benefit levels of $2,600. The estimate given me on H.R.1, as it would be modified by the Stevenson motion, is that there would be 19 million persons as against 12 million now receiving welfare.

I want to put these estimated figures into the RECORD, because these are the figures given to us by the Department of Health, Education, and Welfare.

I wanted to ask the Senator——

Mr. HARRY F. BYRD, JR. Before the Senator leaves that point, the figures to which I have referred are in the voluminous committee hearings, and I do not want to take the time of the Senate at this time to find them, but I will put them in the RECORD. They were given to the committee by the Department of Health, Education, and Welfare, and they differ substantially from the figures given by the Senator from Kentucky.

Mr. COOPER. I understand that there are differences in the estimates arrived at between the Finance Committee and HEW itself.

If the Senator will permit me, I would like to question him on an argument he has just made. I have followed the Senator's position for several years. I know his position on H.R. 1. Also, I read today in the RECORD the speech he made yesterday. I did not hear him make it, but I read it this morning. I understand perfectly his position—it is a consistent position—he fears that a guaranteed income will work to continue people on welfare and, as the Senator says, the guaranteed income will in all probability be raised to whatever the poverty level is.

But, we are talking about two groups of people. The first group consists of people who are physically able to work, and the second group consists of those people who, for what ever reason, are incapable of working.

Is is not true that the committee bill guarantees an income to all those individuals capable of working?

Mr. HARRY F. BYRD, JR. I am not going to argue for the committee bill, because I am not sold on it, but the committee proposal guarantees jobs, which is different from guaranteeing income.

Mr. COOPER. The committee proposal would establish a work administration. Is that not correct?

Mr. HARRY F. BYRD, JR. That is correct.

Mr. COOPER. I do not know how many employees that would require. Can the Senator state how many employees that would require?

Mr. HARRY F. BYRD, JR. No, and that is one of the reasons I gave yesterday for voting for the Roth-Byrd proposal, to test out the committee proposal, to test out the House proposal, to test out the Ribicoff proposal, because I am no satisfied with any of those proposals.

Before we get into vast new programs, we should test them out. That is exactly why I voted as I did, because I think what we ought to do, and I think what the Senate ought to do, is test all these out, and then come back, after the result of those tests is obtained, and have the Senate make a judgment.

Mr. COOPER. First I speak of those who have the ability to work, who are physically able to work. The Finance Committee bill, in effect, says that we will put everyone to work doing something. Is that not correct?

Mr. HARRY F. BYRD, JR. Give them an opportunity for a job.

Mr. COOPER. But they must work at something to be eligible and they must be paid for it, so it does guarantee them some kind of income.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I prefer not to get off the point. I am not one to argue for the committee bill, because personally I am not completely sold on it. I am speaking in opposition to H.R. 1, which is the Stevenson proposal.

Mr. COOPER. Is it correct that those who are not able to work would just remain on welfare in the same condition in which they are on welfare now?

Mr. HARRY F. BYRD, JR. I think that the American Government, we in the Congress, and the American people have a deep obligation to help those citizens who are physically and mentally unable to work, and I am willing to do whatever is necessary to help those people and see that they are taken care of; and they are taken care of in the bill before the Senate.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield.

Mr. COOPER. May I respond that the purpose of the amendment offered by the Senator——

Mr. LONG. What have we found in our efforts to put these people to work? Welfare is so much more attractive than work that once you put them on welfare, and they find out that when they work they lose their welfare money, and it is so much more comfortable to have the

money flow in without working, there are very few of them you can manage to move off into jobs.

Therefore, the majority of us in the committee felt that, rather than build up the number of people on welfare and then try to get them off, which tends to be a very, very difficult task—and have all the problems that you have where, when the people do go to work and make something, they do not want to report it, but keep it a secret, so that the few that will do some work will do it only on the condition that they are paid in cash with no records kept—we would not put them on welfare to begin with.

The problem of the committee was to try to see that we help the people on welfare by putting them on jobs, so that they will not be on welfare. The committee approach was not to put people on welfare and then try to get them to go to work, as the family assistance plan would do, because even the people on the family assistance plan only estimate that there will be about 2 percent of those people who go to work. Rather than put them on welfare and try to get them to go to work when they find welfare so much more comfortable and more satisfactory, the approach of the committee was to say, "Don't put them on welfare, offer them a job"; so they are not offered a welfare check, they are offered a job.

When people compare the cost of the two proposals, and say it will cost more, they ignore the fact that when you offer them a job you are doing something that will benefit society.

Mr. HANSEN. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. HANSEN. I think it is important that the distinguished Senator from Kentucky understand this one big difference. As I recall, his question to the distinguished Senator from Virginia was, does the committee proposal amount to a guaranteed income?

I say it does not, because as I understand the proposal—and I share the same doubts and misgivings that are held by the Senator from Virginia—the difference is that we want to try out these plans. The comittee's plan does not guarantee that everyone now on welfare will receive a certain level of income. All of those able-bodied persons who have school age children will be given no more than the chance to work. The Government, under this proposal, will guarantee that they will be offered a job, but it does not guarantee that they are going to have a certain amount of income. If a person is able-bodied—and I would like the Senator from Virginia to tell me if I correctly understand the committee's proposal—if an able-bodied person is offered a job, and then choose, on his own volition, not to take that job, he is not going to receive any income. If he wants to sit there and starve to death, that is up to him. But if he is able-bodied and can work, the committee proposal simply says, "We will guarantee you that you will have a job. Either you will find it in the open, free job market, or the Government will offer you a job." Am I right about that?

Mr. HARRY F. BYRD, JR. The Senator from Wyoming is correct; and basically, just as the Senator from Wyoming says, the committee proposal in essence guarantees a job, while H.R. 1 guarantees an annual income. They are, of course, two different approaches.

Mr. COOPER. Mr. President, will the distinguished Senator yield?

Mr. HARRY F. BYRD, JR. I yield.

Mr. COOPER. I think I understand the work plan, but may I say this: There are just so many people who can work, and there are just so many jobs available, for the purposes of the committee bill and the Stevenson proposal.

What the committee bill does, in effect, is to set up a work administration comparable to the old WPA, where they will all have to do some work.

Mr. HARRY F. BYRD, JR. That is right.

Mr. COOPER. They must work and you pay them for it, and to that extent it is a guaranteed income. But I would like to make another statement.

What concerns me about the Finance Committee bill is that there will still be hundreds of thousands of people on welfare who cannot work. We know that. And for them, it would continue the same old welfare system, with all the disparities in the amounts that they receive from different States, with the differing eligibility criteria, living under awful conditions.

Moreover, there is no difference between the proposals in that if able-bodied applicants are offered work or training they have got to take it, or they will lose their welfare. The Stevenson bill does provide job safeguards and only under these situations may an applicant not be required to work as a condition of receiving aid.

Mr. HARRY F. BYRD, JR. What they must do under H.R. 1 is register to work. They do not have to take the job.

Mr. COOPER. They have to do the same thing, register for work or training, under this proposal.

Mr. HARRY F. BYRD, JR. I am speaking of H.R. 1, the proposal by the Senator from Illinois and the proposal which passed the House.

Mr. COOPER. They have to register for work. As I see it, the chief distinction between the two bills is that in the committee bill we just maintain the old welfare system. It would keep millions of people in the same position they are in today, if they cannot work.

As to those who can work, it would set up a vast WPA, and they would be required to work at substandard wages. There are just not enough jobs for those who are able to work.

Our proposal can be called reform. We are not keeping the same system which has continuously brought more and more people into its web and left them without any incentive for work, for education, left them without any incentive to try to move up, and which mortgages the future of America.

I know in my own State—and I am sure the Senator from Virginia knows this, as he knows my great respect for him. Virginia and my State border, and we have the same kind of hill country just across the line from each other—that some of the families there have been on welfare now since the days of the WPA.

Because of the way that America has been pointing to eastern Kentucky so many times as a poverty area, I have traveled it year after year. I know it well, and I know the people there, and I have seen what has happened to them.

Forty years ago they were practically all the same, whatever their station in life was, whether they were rich or poor. There were not many rich people, but they all had a feeling of independence and equality. None felt inferior to the others.

But this system has grown, and they have become a class apart. We have a two-class system in America today, and, they mingle only with each other, an d have lost a great deal of their opportunity.

Some can only talk in a vocabulary of a few words. I am sure it is true also in the inner city.

This is what is happening to this country. It is happening, in my opinion, not because it is not a humanitarian thing to help people who need food, who need clothing, who need medical care, but because we have kept a system which is institutionalized, which has no incentives at all. I do not know of an incentive in the welfare program to cause a person to want to go to work, unless it is in his heart to go to work, and he will never learn to work unless he has the experience of working. It is my opinion, with whatever wisdom I have—and I know the work the committee has done on this matter—that all this has left us with is the old welfare system for millions of people and a sort of WPA for the rest.

Mr. HARRY F. BYRD, JR. I agree with the appraisal of the Senator from Kentucky as to the present welfare program. I think it must be revised. It is outmoded. It must be changed.

The point at which we appear to differ is that H.R. 1 is a welfare reform. I do not see it as a welfare reform. I see it as welfare expansion. There is no work incentive in H.R. 1.

The Senator from Kentucky mentioned the lack of incentive under the present program, and I agree; but there is no incentive in H.R. 1, either, and that is one reason why I am opposed to it. It is lacking in work incentives.

Mr. HANSEN. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield.

Mr. HANSEN. I agree with the distinguished Senator from Virginia.

Is it not true that what H.R. 1 seeks to do is to reunite the classes? The distinguished Senator from Kentucky spoke about welfare being institutionalized, that it made separate and apart two classes of Americans—those who work and are self-supporting and those who are on welfare. Yet, all I can see that H.R. 1 intends to do is to try to blur and obliterate this very clear line of demarcation, simply by saying that those who do not work, whether they are unable to or not, should enjoy a certain level of

income, anyway. I do not think we ought to argue about that. I think we all agree that the old, the blind, and the disabled ought to be taken care of even better than they are now. H.R. 1 proposes to meld these divergent groups into one, simply by saying that those who do not earn anything for themselves should enjoy a certain level of income anyway. On the other hand, I think that realistically the Finance Committee—and I would invite the Senator from Virginia's comment on this point—takes the position that the way to reinstill self-respect is to give all able-bodied citizens an opportunity to earn what they receive.

It makes little difference, in our judgment, whether they may begin their life of work in America as employees for a private corporation or a company or an individual, or whether they begin it in a public work job. There certainly are plenty of things to do in America. It is not true that there are not enough things to do to employ everybody. It is true that with the present welfare system there is little incentive for a great many Americans who are able to do work, who are physically qualified in every respect, who do not have obligations at home which would preclude them from entering the work force, but who simply choose not to work because it is easier to get by on welfare.

Would the Senator comment on that point?

Mr. HARRY F. BYRD, JR. I think the Senator from Wyoming has summed it up aptly and accurately.

What the committee sought to do—I say frankly that I am not 100 percent sold on the committee proposal, particularly because of the cost—what the committee sought to do, and I approve the concept, is to create job opportunities, to encourage people to work, to try to get people off the welfare rolls, to get them into jobs, where they can be self-respecting, where they do not need to rely on the Government. That is the basic approach of the committee proposal. It is exactly the opposite approach from H.R. 1 and the many other proposals that have been advocated. What the other proposals would do would be to put more people on public assistance.

I am taking these figures from memory, and if I am in error, I hope I will be corrected. As I recall, if we go to a $3,000 guaranteed annual income, we will have 40 million people——

Mr. LONG. Thirty-five million people.

Mr. HARRY F. BYRD, JR. Thirty-five million people on welfare. Then, if we go to $4,000——

Mr. HANSEN. Sixty-seven million.

Mr. HARRY F. BYRD, JR. If we go to a $4,000 guaranteed annual income, it will go to 67 million people. If we then go to $6,500, which has been advocated by one Member of this body and by the National Welfare Rights Organization, we will be approaching the figure of 100 million people on public assistance.

I do not see how the Government of this country can support such vast numbers of people drawing public assistance from the Government, whether it be 35 million, 40 million, on up to nearly 100 million people.

There is not enough money in the Treasury to do it. In my judgment, there is not enough money in the pockets of the wage earners to do it.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield.

Mr. LONG. If this amendment is adopted, in the little State of Louisiana, with about 2 percent of the population, the number of people on welfare would be increased from an estimated 473,000 to 823,000 people. That includes the aged, when you include the family assistance plan, and these are persons eligible under H.R. 1. That is just in Louisiana, one little State.

I say to the Senator from Virginia that I do not know one person in Louisiana who thinks we ought to add another 400,000 people to the welfare rolls. We do not want it—if for no better reason than you cannot get anybody to go to work down there, the way it is now.

I was talking to a State senator who was an old grassroots populist until the welfare got out of hand. He told me that he went out to try to get some hay in, and he got his old father, who was an old share-the-wealth man himself, to help him bring in the hay. The father said, "Son, we can't do this by ourselves. Go downtown and get some young fellows to help us."

The son went to the heart of the town, the main crossroads. He begged and pleaded and could not get a soul to come out to help them bring in the hay. He offered any amount of wage that seemed reasonable.

The father said to the son, "Son, if you go back and vote for any more of this welfare stuff, I'm going to whip you personally, as your daddy, just like I did when you were a little boy, for ruining people. You are having your old, broken-down father help you get the hay in, and you can't get any of those young fellows to help you do anything, because you've made welfare so attractive that nobody will do anything but hang around the beer parlor or sit on the porch relaxing, passing the time of day, while there's work to be done."

Perhaps the Senator has not had that experience in Virginia, but I can repeat it 50 times over in Louisiana, what people say about the frustration of trying to get someone to help with work on the farm or to do ordinary, every day work, when they are willing to pay the minimum wage or the going rate. You cannot get people to work. If that is not bad enough, now they want to add 400,000 to the rolls. Then who is going to do some work?

One would think that Mississippi would be supporting this proposal. In the State of Mississippi, there are an estimated 269,000 people on the rolls. They would increase that to 626,000. One would think they would be tickled pink, getting all that money out of Illinois and Connecticut to put those people on the rolls. But they do not want to do it. They do not want to have anything to do with it. Why would they not want to tax people from all over the country? Goodness knows, Mississippi is a low-income State, so why would they not want to tax all the people and put one-third of the population of Mississippi on welfare? Because Mississippi is trying to move the State ahead, and they could not get anyone to work in the shipyards there, or to work in the factories which they are trying to bring into Mississippi, or to have people move their communities along, or to find people to do the ordinary everyday work that needs to be done to keep the State safe, to keep the State clean, and to improve its economy, as well as to build the public buildings which are needed, the roads and the highways.

We cannot get anything like that done if we are going to load down the welfare rolls with everyone.

Under this proposal, as the Senator knows, when someone does not go to work we put him on welfare, make him comfortable, with a comfortable level of income to do nothing, and then if he goes to work, as the Senator knows, they would then propose to reduce his income by 60 cents for every dollar he makes.

A 60-percent tax rate is a frustrating thing, even for the highly motivated individual who never did anything but work from the day he was big enough to lift a heavy object. As a matter of fact, we recognize that we have fixed it so that on earned income, not even a millionaire pays above 50-percent tax.

Mr. HARRY F. BYRD JR. Under this, it would go up to 67 percent.

Mr. LONG. They would start out by putting him on the welfare rolls, and then he would have a 60-percent tax rate or a 60-percent reduction in income when he goes to work by his own efforts, which would amount to a welfare tax that would exceed the income tax on earned income for a millionaire.

It is so frustrating that no one in his right mind wants to have anything to do with it. It could only mean that people would not report the earnings they were making on the side. They would work only on condition that they would get paid in cash with no record made of the transaction.

How would we ever find a jury that would find against one of these people, when one-third of the entire population of the State would be on the welfare rolls along with him? They would complain about harassment if we asked questions about their outside earnings. They would complain about the investigators coming around to find out where the income was coming from, all of which would be necessary, because we put them on welfare to begin with.

It would make a lot better sense to provide someone with a job opportunity. I am in favor of offering someone a job. Call it slavefare if we wish to call it that, but it does not make any sense to me to say that we would pay a person for doing work if he can get by without it.

Mr. HARRY F. BYRD, JR. This is a free country.

Mr. LONG. Is that not how this Republic began and how it built up its strength, by working to build a strong Nation?

Mr. HARRY F. BYRD, JR. That is right.

Mr. LONG. Can the Senator tell me any country on earth that has prospered

under a scheme where we load down the welfare rolls with people and then drastically reduce their income by a depressing 60-percent rate?

Mr. HARRY F. BYRD, JR. The Secretary of HEW in his formal statement to the committee stated, he put the whole bill, the whole principle, the whole philosophy in capsule form, when he said that this is revolutionary and expensive. They are not the words of the senior Senator from Virginia. They are not the words of those opposed to the bill. Those are the words of the Secretary of HEW who has been advocating this bill for 3 years now.

No other country has been so foolish as to do what is contemplated in this proposal.

Mr. President, Daniel Moynihan is a brilliant man. He is one of the chief architects of H.R. 1. I do not agree with him, but he is brilliant. He is so brilliant that he is able to put into one sentence the whole scope of the bill, H.R. 1, which the Senator from Illinois seeks to have substituted for the proposal just adopted by the Senate as offered by the Senator from Delaware (Mr. ROTH) and myself.

Here is what Mr. Moynihan said about this proposal:

This bill provides a minimum income to every family, united or not, working or not, deserving or not.

What the Senate is being asked to do today is to pass legislation which its chief architect says will guarantee a minimum income to the people, deserving or not. I repeat, deserving or not.

I just wonder whether that is the way the tax funds of the American people should be treated?

I have not heard the proponents of this $2,400 guaranteed annual income address themselves to the principle of whether, if we are going to guarantee an income, we can justify making it less than the poverty level. If we put it at the poverty level, we will put 81 million people on welfare.

Mr. JORDAN of North Carolina. Mr. President, will the Senator from Virginia yield?

Mr. HARRY F. BYRD, JR. I am happy to yield to the Senator from North Carolina.

Mr. JORDAN of North Carolina. Would the distinguished Senator from Louisiana (Mr. LONG) tell me how many people are on the welfare rolls in North Carolina? He has the table before him now.

Mr. LONG. The estimate is that—if I may be permitted to tell the Senator—248,000 are on the welfare rolls now in North Carolina. Under the pending proposal, there would be 821,000 people.

Does the Senator think he needs that many people on the rolls in North Carolina?

Mr. JORDAN of North Carolina. The reason I asked that question—and the Senator's figure is about right—here is an item from a newspaper in Burlington, N.C., last week, from one of the textile plants. I want to read it.

It says:

WE HAVE JOBS

We offer: Vacation bonus, retirement program, free hospital and life insurance, and good working conditions.

Openings on second and third shifts in: Dye House, Finishing Dept., Inspecting Dept., Maintenance.

Apply at: Personnel Office, Glen Raven Mills, Finishing Division.

Mr. President, these plants are begging for help. That is an advertisement from just one. Many others have plenty of room for other workers. It is true all over my State. It is certainly true in Washington, D.C. I know that. Just go out and try to hire anyone to do some work around your house.

Mr. LONG. Mr. President, furthermore, if we are going to buy the principle of a guranteed annual income to these people, we cannot, over a period of time, guarantee them an income less than the poverty level. I do not have the poverty level figures for North Carolina. I believe the poverty level is four, but if the level would be three in North Carolina, it would put them up to 1,318,000 people on welfare. Does the Senator from North Carolina believe that his State is in need of another 1 million people on the welfare rolls?

Mr. JORDAN of North Carolina. We do not need as many as we have right now. What we need is about half of these people who are able bodied to go to work.

There are many businesses in North Carolina that are willing to train people at their own expense and they do not have to have any experience, if they will only take a job and stay there and work.

Mr. HARRY F. BYRD, JR. What the Senator from North Carolina is saying is that what we need to do, instead of doubling the welfare rolls or to expand the welfare rolls, is to reduce those rolls and get people into jobs.

Mr. JORDAN of North Carolina. Mr. President, there are jobs available. And if we increase the incentives to go on welfare, or whatever we choose to call it, we will have less people taking jobs than we have now.

Mr. HARRY F. BYRD JR. I think the Senator from North Carolina is quite right. If the people of the United States can understand this proposal and can understand what it would lead to, they would be against it. Suppose that we do start at $2,400, as the Senator from Illinois proposes and as the administration proposes. It is not going to remain there. I think we are all realistic enough to know that it will be a political football in every campaign in every election year. One candidate or another will say, "I am going to raise that level."

As I say, we have already had legislation proposed in this body in far greater amounts than $2,400. Yesterday we had a $2,600 proposal. The Senator from Oklahoma had a $4,000 proposal. The Senator from South Dakota had introduced a $6,500 proposal.

Once we start that principle—that is the point I am trying to suggest; it is not so much the money—once we adopt the principle of a minimum Government-guaranteed income there is no turning back.

As was so aptly said by the distinguished Senator from Idaho at one of the meetings of the Finance Committee—

That is merely an ante in a never-ending poker game.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. Mr. President, I yield to the Senator from Nebraska.

Mr. CURTIS. Mr. President, is it not true that the proposals now pending would double the number of people that are eligible for welfare over the amount that we now have?

Mr. HARRY F. BYRD, JR. Mr. President, let me state it a little more precisely than that. When the officials of HEW testified before the committee a year or so ago, they said that as a practical matter it would double the number of people on welfare. I refer to page 421 of the committee hearings.

Mr. CURTIS. Mr. President, in addition to all the billions of dollars it would cost, I think it would be very bad for public policy, because it means that millions of people who at the present time are self-sustaining and are getting along somehow would become welfare clients.

Mr. HARRY F. BYRD, JR. The Senator is correct.

Mr. CURTIS. Regardless of the cost involved, I do not believe that is a good thing for them. I do not think it is a wholesome situation. I believe that the individual and the family that gets along on their own have much more to gain and their children have much more to gain over the family that must be on welfare. And their people are not asking for this. It is a proposal to expand welfare to millions of people that are not asking for it.

Mr. HARRY F. BYRD, JR. The Senator is so right. It is a welfare expansion program. There is no reform in this.

Mr. CURTIS. There is no reform, and there is no possibility of reform, because I think if the proposal is examined, we will find that it has built in it provisions that will prevent the removal of anyone from welfare.

Mr. HARRY F. BYRD, JR. Mr. President, as the Senator from Louisiana brought out, it is lacking in work incentives because, when a person goes on welfare and then gets a job, he is penalized up to 60 percent or more of what he makes. So, there is no incentive for him to get off welfare.

Mr. HANSEN. Mr. President, would the Senator yield?

Mr. HARRY F. BYRD, JR. Mr. President, I yield to the Senator from Wyoming.

Mr. HANSEN. Mr. President, I call to the attention of the distinguished Senator from Virginia the hearings that were held before the Finance Committee on the days of February 4, 7, 8, and 9, 1972. The Senator will recall that among those testifying was William H. Shaker, of the Delta Associates International. I think that some of the points he made need to be called to the attention of Members of the Senate.

Mr. Shaker addressed himself to another situation. This man has done a rather considerable amount of research to find out and to extrapolate from the experience of other countries what might happen in America if we were to adopt some of these proposals—I was about to say idiotic proposals—that are made by various people.

I do not say that with reference to anyone in the Chamber. However, some ideas have been advanced that are beyond the realm of reason.

Mr. Shaker points out that if we were to adopt the Javits amendment, which would increase the guaranteed income for a family of four to $4,800, we would find that it proves the very points made by the Senator from Virginia, that once we start on this escalating treadmill, in every successive Congress we will find Members wanting to raise the ante a little higher.

Mr. Shaker points out what would happen under that situation. He said that in the State of New York if we were to guarantee each family of four an income of $4,800 a year, we ought to keep in mind that over three-fourths of a million jobs in New York today pay less than that amount. Eighty-five percent of the manufacturing sectors of North Carolina pays less than this amount of money.

The point Mr. Shaker develops is precisely this. A lot of people in this country who are working today are not making as much money as they would like to earn. However, they are self-respecting citizens, and they are taking care of their families. They are raising their families in the work ethic concept that I think is the very essence of America. And as we know from observation, they move up the ladder.

There is no place in the world today where there is as much social mobility as there is in America. And by that I mean the ability that a person has to begin at a low-wage level or low income and climb that ladder. However, the first thing we have to do to climb the ladder is to put a foot on the first rung of the ladder. One cannot start out with someone guaranteeing an income. That would mean that he would not have one leg on a rung of the ladder. He would have them both on the ground. That would apply to this proposal where we have the Government guaranteeing an income without lifting a finger or doing anything, except to register for work. And we have seen what a futile gesture that is.

All we have to do is to look at the record and we will see that for the past 20 years that idea has proven to be false. This idea has no reference to the fact that there will be a different peer attitude toward those people because they are on welfare, although they are able to work and have a chance to go to work but because of their own choice they have refused to go to work.

Mr. Shaker carries the comparison a little further. He points out that it is worth looking at the experience in South America between the years 1963 and 1968 to learn what happens when we guarantee people money for doing nothing.

I am not speaking about those who are unable to care for themselves—the old, the blind, and the disabled. We all agree that we want to take care of them and do a better job than we are doing now. And I suggest that we can do a better job.

Mr. HARRY F. BYRD, JR. We are unanimous in that view.

Mr. HANSEN. I suggest that we can do a better job if we can cut out some of the unnecessary expenditures that occur because of the mess our welfare system is in.

But anyway, with respect to those who can work and who have an opportunity so many times to work but who refuse to work, let us look at what happened in South and Central America. Between the years 1963 and 1968 Latin America had inflation, as did many other countries throughout the world. In Latin America the inflation that occurred in that 5-year period of time between 1963 and 1968 was 100 percent. We would all agree that is awfully high. But look further south at the country of Uruguay, one of the most advanced little republics in South America. Uruguay is a country with a very high percentage of literate people, way up in the nineties. People there had talents and skills that not everyone in America has. These were people who could read instrutcions, who could read and write, and who could do things. Yet, the country down there had a high level of income. About 15 years ago it chose to see what could be done about obliterating poverty, about the same as we would do in the proposal now before us for consideration. They passed many, many bills that are similar to the one before us now. What happened? Inflation in Uruguay between 1963 and 1968 increased not only 100 percent, as happened in Latin America, but rather it increased 1,600 percent. The gross national product plummeted; people were out of work because no longer was there any need to work; they were paid a very high level to be certain everyone was taken out of the poverty level.

Mr. Shaker concludes from this that when Government attempts to wipe out poverty through this sort of approach by paying people for doing nothing—recognizing that you do not raise the total productivity of the country by adding to either production or services, but simply by trying to put more money in the taxpayers' hands—you hurt a lot of people you do not intend to hurt. People on fixed incomes and social security are surely going to be hurt by the inflation which inevitably will result.

I think we should heed what Dr. Shaker said as we contemplate the very dubious merits of adopting the proposal before us.

Mr. HARRY F. BYRD, JR. I thank the distinguished Senator from Wyoming. I think those are very significant figures which he developed and placed in the RECORD. I think inflation is one of the great hazards that faces the American people today. And who is hurt most by inflation? It is the elderly people on fixed incomes, for the most part; it is people in the lower and middle economic brackets. They are the ones who are hurt the most.

This very expensive proposal, H.R. 1, which the Senator from Illinois seeks to have the Senate adopt today, would call for at least $5.5 billion more, according to testimony before the committee, than the cost of the present welfare program.

But as bad as that is, as bad as that cost is, that does not cause me as much concern as does virtually doubling the number of people on welfare; and it does not cause me as much concern as writing into law the principle that every family will be given by the Government a minimum income, a minimum income to every family, united or not, working or not, deserving or not.

That is what this proposal would do. They are not my words; they are not the words of the senior Senator from Virginia. They are the words of one of the chief architects of this legislation, Dr. Daniel Moynihan, who served in the White House for so long.

The proposal offered by the Senator from Illinois (Mr. STEVENSON) is a well-intentioned proposal. He wants to help people just as the Senator from Wyoming and the Senator from Virginia want to help people. We want to help people, but it is a difference in philosophy and viewpoint.

Mr. President, do you help people by guaranteeing an income to all these people whether they work or do not work? Do you help people by making them more dependent on government?

I say you do not in the long run. I say what you need to do is create job opportunities. We want to put people to work. I think we have too many people on welfare now.

This welfare system, as the conscientious and dedicated senior Senator from Kentucky brought out awhile ago, is in a mess. We need to change it, and I want to be sure that in changing it we go to something better and not something worse.

I submit that this program the Senate is being urged to support today, H.R. 1, the proposal by the Senator from Illinois (Mr. STEVENSON), will be far worse in the long run for the American people than the system we have now.

It virtually doubles the number of people on welfare. It is lacking in work incentives. It would require 80,000 new Federal employees, though many of those will be taken off of local and State rolls and put on Federal rolls. It would require 80,000 new Federal employees; it would write into law the principle of a guaranteed annual income.

I submit that all of those points go in the wrong direction. We need to head in the direction of creating job opportunities, and as much as I am opposed to spending public funds, I am willing to spend to guarantee job opportunities to our fellow citizens who do not have jobs. The Committee on Finance proposal seeks to do that.

I am concerned about aspects of that program, just as I am concerned about aspects of these other two programs. For that reason I feel the Senate acted very wisely earlier today in adopting the Roth-Byrd proposal to have a pilot test of the committee proposal, of H.R. 1 and of the Ribicoff proposal.

Mr. HANSEN. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield to the Senator from Wyoming.

Mr. HANSEN. I thank my distinguished colleague.

Mr. President, let me say that I guess the experience I have had in the Com-

mittee on Finance reminds me of the story that was attributed to young Mark Twain, who at the age of 14 felt his father knew practically nothing, and he was amazed how much the old man learned in 7 years.

I must say that the more testimony I have heard and the more witnesses we listened to, the less certain I am in being right about anything.

I think I share the same misgivings held by the distinguished Senator from Virginia in not being certain we know precisely what we want to do, which underscores the good wisdom, in my judgment, in testing out these programs.

I am certain every plan we have had before us has been submitted by conscientious people who desire nothing but the best for this country. They want to encourage people to become self-supporting and to obliterate any stigma which may fall on the shoulders of young children through no fault of their own. These are thoughts shared by all of us but, frankly, I am strongly persuaded by two facts. One is the experience that other countries have had in adopting proposals similar to those that are now before us. Second, I am wary of embarking on uncharted seas we do not know about and writing into the law that, as of a certain date, absent the negative expression of either House of Congress, the law will become effective.

For those reasons, it seems only good sense now to know what we are doing. As a matter of fact, I recall that perhaps 2 or 3 years ago the distinguished Senator from Connecticut, formerly the Secretary of HEW, made the statement—I recall it very, very well—that, as Secretary of HEW, had he known at that time what the true costs of medicare and medicaid would, indeed, develop to be, he would never have recommended that sort of program without first having it tried out.

I am sure the Senator from Virginia will recall that statement by our distinguished colleague.

Mr. HARRY F. BYRD, JR. I recall it very well, and it made a tremendous impression on me. As a matter of fact, it was that comment, which the Senator from Wyoming just quoted, of the distinguished and able Senator from Connecticut (Mr. RIBICOFF) that was the genesis of the Roth-Byrd amendment, which the Senate approved today.

I think when we are going into new programs, when we are going into gigantic new programs, before we put them into effect nationally, just as the Senator from Connecticut stated in that committee meeting to which the Senator refers, we had better be sure what we are doing and we had better know a little more about the costs and we had better know a little more how they are going to work. Senator RIBICOFF suggested in that committee session that we pilot these out and get some understanding as to how they will work, rather than, to use the words of the Secretary of HEW, Mr. Richardson, put into effect a legislation that he says is "revolutionary and expensive."

Mr. HANSEN. If the Senator will yield for just one additional comment, let there be no doubt at all that the family assistance plan that has been talked about or proposed would constitute, indeed, a very major change in our country. I quote from the words of the Senator from Connecticut (Mr. RIBICOFF) before the committee, as they appear on page 2301:

> I think the country must realize that we are basically changing the social philosophy of the United States once we put this into effect. None of us can anticipate the consequences, but we are definitely starting this Nation into a new social program. You put 25 million people into a new social program and you are changing society. We do not know the impact that it will have on the people benefited, on the people outside the program, their concepts, their reactions, and what it will lead to.

I thank the Senator for yielding to me.

Mr. HARRY F. BYRD, JR. I thank the Senator from Wyoming.

Before I yield to the Senator from Mississippi, I just want to read into the RECORD several figures. I refer the Senate to pages 442, 443, and 444 of the committee hearings. They list by States the federally aided welfare recipients under the current law for fiscal 1973 and the persons eligible for welfare benefits under H.R. 1 for the fiscal year 1973.

Let me quote just a few figures. I quote figures for my own State of Virginia first.

Mr. COOPER. Mr. President, if the Senator will yield, will he tell us what he is reading from?

Mr. HARRY F. BYRD, JR. Pages 442, 443, and 444 of the committee hearings.

In my State of Virginia there are now on welfare 185,000 persons. If the proposal of the Senator from Illinois is enacted there will be 566,000 people eligible for public assistance.

If we go to the State of Texas, it will exactly double the number, from 771,000 to 1,571,000.

Then, if we go to Puerto Rico, Puerto Rico now has 339,000 on welfare, and under this proposal there would be 995,000, almost 1 million people—three times the present number.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield.

Mr. COOPER. The Senator says that under the proposal of the Senator from Illinois—and I happen to be one of the sponsors—these figures will increase by whatever number the Senator has given for Virginia and other States. Is the Senator talking about H.R. 1 as originally proposed by the President of the United States, where, in addition to dealing with welfare people, there would be assistance for the working poor?

Mr. HARRY F. BYRD, JR. I am talking about H.R. 1, which the Senator from Illinois emphasized in his comments today is basically the same as H.R. 1, the President's proposal.

Mr. COOPER. H.R. 1 as proposed by the President is not exactly the same as what is proposed by the Senator from Illinois. Senator STEVENSON was comparing the cost of H.R. 1 as passed by the House and the cost of his amendment.

Mr. HARRY F. BYRD, JR. I am merely quoting his own words. He said it basically incorporates H.R. 1. The Republican leader, Senator SCOTT, made the same statement to the Senate a few minutes ago.

Mr. COOPER. I am asking about the figures from the committee report. I ask the Senator if he is talking about the original proposal by the President, which dealt not only with welfare recipients but also the working poor.

Mr. HARRY F. BYRD, JR. Yes, I am talking about——

Mr. COOPER. That is different, so it cannot be said that if the proposal of the Senator from Illinois were to be adopted, those totals would go up as quoted from the committee report. I wanted to get that straight.

Mr. HARRY F. BYRD, JR. Well, if I may reply to the distinguished and able Senator from Kentucky, I am taking the exact words of the Senator from Illinois when he presented his proposal to the Senate.

He said this is basically the same proposal as H.R. 1. Perhaps it is not. I do not know. But he said it is and so did Senator SCOTT who supports the Stevenson proposal.

Mr. COOPER. I am a cosponsor, and I know it is not exactly the same.

Mr. HARRY F. BYRD, JR. The two Senators, Mr. COOPER and Mr. STEVENSON, will have to get together.

Mr. COOPER. Those who are able to work and those who are not able to work are in different categories.

Mr. HARRY F. BYRD, JR. The Senator from Kentucky and the Senator from Illinois will have to fight that out. I only know that Senator STEVENSON stated and what Senator SCOTT stated. They both agree it basically incorporates H.R. 1.

Mr. COOPER. I know he was saying the cost of his proposal is virtually the same as those of H.R. 1 as passed by the House.

Mr. HARRY F. BYRD, JR. Mr. President, I yield to the Senator from Mississippi.

Mr. STENNIS. I thank the Senator for yielding to me, and I shall be quite brief.

I want to compliment the Senator from Viriginia for his work on the bill. All members of the committee have worked hard on it. I especially commend him for sponsoring the amendment that he and the Senator from Delaware were successful in getting adopted this morning. I certainly gave it my solid support.

I know that the welfare problem is a grave one. I will support any reasonable make-work program, but I think, too, that the kind I have in mind will have to be worked out and developed over a period of time by experiments. I want a remedy, like anyone else, of the problem we have, but I do not want us to start down the road now with a guaranteed minimum income, because I believe that is the one road that will lead certainly to a deterioration of our society and cause an increase rather than a solution to the problem. In reality it will eventually seriously imperil the system of government that we have—I mean a representative government, with laws made by those who are elected by the people.

I believe that to embark on such a program—and it makes no difference who recommends it or the policy of what party it may be—would be to change the course of the history of our Nation. We would never be the same people again, if we go into this program.

I think, with great deference to the Chief Executive—and I have supported many of his proposals here on this floor—that it was a mistake, and an unfortunate mistake, when the Chief Executive, in good faith you will understand, made such a recommendation, because when the No. 1 officeholder, the Chief Executive of the Nation, comes out with a solid declaration like that, people pay a lot of attention to it and are inclined to accept it as sound, without full analysis.

As I say, human nature as I have found it in my years in public life—which has been a good long while—and my understanding of the motivations of people, including myself, lead me to believe that when we adopt the principle of a guaranteed minimum income with no work involved, no responsibility, no motivation, when all we have to do to qualify is just be a human being, then we undermine the basic foundation of self-government. I have no doubt about that, and I am deeply concerned about it. And, I have been since I have seen this program grow for years.

These problems are great. We cannot solve them overnight. But we have already moved in that direction. Let me state an actual illustration from my State.

I am not ashamed of the fact that we happen to have 1 percent more of our population on the welfare rolls now than the second highest State. We have had problems in proportion, but as the Senator from Louisiana has said, we are doing something about them. We do not want to be deluged now by a doubling of the welfare rolls and costs, making it impossible to move forward as we are moving forward now.

Let me give this illustration: I came in contact, about 8 months ago, with a very highly respected citizen of my home area. He had lived in the same community all of his life. He was then 77 years of age—honest, upright, respectable, a man of integrity. He was living in the same house where he was born. He had never traveled widely. He was not what we call educated.

I said, "Well, Joe, how are things in the community now?"

"Well," he said, "it is still a good place to live."

I said, "What do you mean, still a good place to live?"

"Well," he says, "we have not had any great violence, but things are not like they used to be."

He was in the car with me. I pulled off to the side of the road and talked with him in great earnest.

I said again, "Joe, tell me what the real trouble is."

Joe said, "Mr. Stennis, the people have stopped working."

There it was. He had never been versed in philosophy or economics, or psychology, although he was a great psychologist. He put his hand right on the soft spot.

I said, "Does that mean just some of the people?"

He said, "Far more than half of them."

Mr. President, I will give another illustration. I know of a little pulpwood cutting enterprise in that same community, where four men—big, stout, and robust, fine workers—with their power saws, were cutting pulpwood; they had a truck to haul it to the railroad station, and got $25 a unit for it. The landowner got only $6 of that amount. They got the rest and that was fine pay.

The county went on food stamps, 3 days later, two of those men stopped working. The other two men could not keep the truck busy, so that threw the other two men out of work, at least temporarily.

Mr. President, I have personal knowledge of those occurrences. Such is the human reaction. But I hope we will keep on trying until we find a way, but we shall never find it through a guaranteed minimum income.

Mr. HARRY F. BYRD, JR. I completely agree with the able Senator from Mississippi.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point pages 442, 443, and 444 of the committee hearings, a table showing the number of federally aided welfare recipients under current law for fiscal 1973 and, in another column, the number of persons eligible for welfare benefits under H.R. 1 for fiscal year 1973.

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

PROPORTION OF POPULATION RECEIVING WELFARE UNDER CURRENT LAW AND PROPORTION OF POPULATION ELIGIBLE FOR BENEFITS UNDER H.R. 1 BY STATE, FISCAL YEAR 1973

[Persons in thousands]

	Civilian resident population, 1973	Federally aided welfare recipients, current law, fiscal year 1973		Persons eligible for welfare benefits under H.R. 1, fiscal year 1973	
		Number	Percent	Number	Percent
Alabama	3,449.5	408.2	11.8	761.9	22.1
Alaska	353.7	16.4	4.6	25.3	7.1
Arizona	2,151.3	97.7	4.5	163.2	7.6
Arkansas	1,958.6	149.0	7.6	404.5	20.7
California	23,052.0	2,335.6	10.1	2,444.4	10.6
Colorado	2,529.9	146.2	5.8	190.6	7.5
Connecticut	3,353.4	141.5	4.2	200.2	6.0
Delaware	621.9	36.1	5.8	58.5	9.4
District of Columbia	734.3	101.7	13.8	144.9	19.7
Florida	8,195.3	449.9	5.0	917.6	11.2
Georgia	4,914.6	485.1	9.9	961.0	19.6
Hawaii	840.7	43.8	5.2	63.0	7.5
Idaho	720.8	30.6	4.2	52.4	7.3
Illinois	11,643.9	639.5	5.5	959.4	8.2
Indiana	5,503.8	168.1	3.1	355.4	6.5
Iowa	2,813.0	116.2	4.1	241.7	8.6
Kansas	2,252.8	104.0	4.6	234.1	10.4
Kentucky	3,247.4	259.8	8.0	621.0	19.1
Louisiana	3,792.5	473.3	12.5	823.7	21.7
Maine	982.7	91.9	9.4	131.0	13.3
Maryland	4,520.4	217.5	4.8	388.5	8.6
Massachusetts	5,990.7	417.5	7.0	536.3	9.0
Michigan	9,504.7	517.5	5.4	841.7	8.9
Minnesota	4,034.5	159.5	4.0	346.1	8.6
Mississippi	2,145.4	269.4	12.6	626.3	29.2
Missouri	4,851.4	332.3	6.8	555.5	11.5
Montana	687.3	26.0	3.8	51.8	7.5
Nebraska	1,508.4	57.5	3.8	124.3	8.2
Nevada	692.1	23.1	3.3	37.8	5.5
New Hampshire	815.5	30.9	3.8	49.1	6.0
New Jersey	7,900.4	517.6	6.6	603.3	7.6
New Mexico	1,032.5	100.1	9.7	144.1	14.0
New York	18,929.5	1,550.0	8.0	2,067.2	10.9
North Carolina	5,273.2	248.2	4.7	821.6	15.6
North Dakota	597.6	20.4	3.4	58.4	9.8
Ohio	11,160.3	523.7	4.7	928.7	8.3
Oklahoma	2,623.0	218.6	8.3	400.7	15.3
Oregon	2,282.2	138.1	6.1	203.5	9.0
Pennsylvania	11,918.3	880.2	7.4	1,267.5	10.6
Rhode Island	968.5	68.2	7.0	103.4	10.7
South Carolina	2,624.8	142.3	5.4	466.8	17.8
South Dakota	641.1	32.4	5.1	76.8	12.0
Tennessee	4,038.0	358.1	8.9	830.4	20.6
Texas	12,098.1	771.6	6.4	1,571.3	13.0
Utah	1,179.9	57.6	4.9	95.3	8.1
Vermont	474.3	25.1	5.3	44.8	9.4
Virginia	4,988.7	185.4	3.7	566.5	11.4
Washington	3,748.0	217.2	5.8	276.8	7.4
West Virginia	1,600.6	128.1	8.0	326.8	20.4
Wisconsin	4,678.6	138.2	3.0	311.7	6.7
Wyoming	327.5	13.7	4.2	23.3	7.1
Guam	104.0	2.8	2.7	3.5	3.4
Puerto Rico	2,953.7	339.1	11.5	995.8	33.7
Virgin Islands	100.9	2.6	2.6	3.9	3.9
Total	220,106.1	15,025.1	6.8	25,503.3	11.6

Mr. HOLLINGS. Mr. President, yesterday the Senate decisively said "no" to the Ribicoff welfare plan. It was an incredibly excessive amendment which, in my State of South Carolina, would have increased the welfare rolls by five-and-one-half times the present level. Now the Senate faces the Stevenson amendment, which is simply the House-passed version of welfare reform. Again, we read the language of "income maintenance"—a very fancy, very cloudy term for guaranteed annual income. This Stevenson plan, or H.R. 1, has two points in common with the defeated Ribicoff plan. First, it increases the Federal financial contribution to welfare by a staggering amount. Second, it would deal the death blow to the concept of eliminating poverty through a coordinated attack on the roots of poverty. It would kill our hopes of serving the poor through institutions instead of by cash handout. Mr. President, we cannot solve a problem

simply by throwing money at it. That may seem to be the easiest approach, and it may salve a nagging conscience by telling you that you are meeting the needs of the poor which are presently unmet in this land of plenty. But, in the end, you have not solved the problem and you have done a terrible disservice to the very people who most need help—the hungry, the blind, the old, the dependent children and their mothers—all those for whom welfare reform is desperately serious business. By injecting the issue of the marginal worker into this debate, we similarly lessen the chances of real help for those most in need. Right now we need to get to the core of the problem—and the core is the people I have just listed.

Everyone talks about the welfare mess, but no one does anything about it. The reason: The Congress is kept too busy trying to block the guaranteed annual income plans of the President, Senator McGovern, and the National Welfare Rights Organization. All these proposals for family assistance and welfare reform will, in fact, create a bigger mess.

What is the welfare mess? Most people think: First, too many people are on welfare; second, administrative costs are prohibitive—there is too much time and money spent investigating; third, too many welfare cheaters; fourth, welfare promotes freeloading; and, fifth, welfare imprisons the poor with such a pittance that they can never escape.

Now for the proposals. President Nixon and now Senator Stevenson propose to give every family of four in poverty $200 per month or $2,400 per year. Senator McGovern proposes $4,000 a year and the welfare rights group demands $6,500 a year. President Nixon and the welfare righters would double the welfare rolls from 14 to 28 million recipients. The Nixon proposal costs $11.7 billion. The welfare righters costs $50 billion. The Nixon and welfare rights proposal would require 80,000 more Federal employees and it would be 18 months before the first check could be issued. McGovern says he does not know how many more employees his program would require. It is obvious that these proposals make the welfare mess messier. And once again we have overpromised and underperformed. We tell the taxpayer the welfare mess has been eliminated and we tell the welfare recipient, "Your problems are over." But the problems for both have just begun. None of these plans provides for education, local participation, or for needed institutions. Supposedly, welfare families will get their $2,400 or $4,000 or $6,500, which in theory will not only solve their food problems—but also health, housing, education, and jobs. Not one of these plans provides one more doctor or hospital bed or classroom or a single additional dwelling. Even with money, where will the poor find these?

Without local participation and local administration—with just mailing out that check—where will the money end up? Higher grocery bills because of increased food prices, higher rents because the landlord knows he can get more money, excessive finance costs because the loan shark sees an opportunity for more profit and rising health care costs like we have seen with medicare. Just throwing money at a problem will not solve it. Look at New York City—they have tried it. They give $1 billion each year to their 1 million citizens on the dole—$1,000 a person. And New York has the biggest mess of all.

Today we are heading in exactly the wrong direction. Instead of building up institutions and service programs, the administration is tearing them down. Give them cash, the President says, as he eliminates day care centers and emergency feeding programs, plays numbers games with school lunch statistics while millions go hungry, and phases out food stamp and other feeding programs. A year after the guaranteed annual wage goes into effect, the overburdened taxpayer will be shouting, "Now you have the money—shape up, you bums." And the poor will still be distraught and hungry.

HUNGER

The Supreme Court has just ruled that States may pay families with dependent children smaller welfare benefits than those paid to the aged and disabled. The rationale is that the young are more adaptable than the sick and elderly, especially because the latter have less hope of improving their situation in the years remaining to them. Thus, we have enshrined into American jurisprudence the fallacy that the critical time in life is old age—that dependent children can improve their situation. False. Absolutely false. Forbid that we deny either the aged or the child. But of one thing we are sure: The greatest injury to the human brain is caused by malnutrition at infancy; and once suffered there is no hope of improving their situation in the years remaining to them.

The human brain consists of 13 billion brain cells. Ten of these 13 billion develop the first 5 months in the mother's womb, but as many as 2 billion or 20 percent of the cells never develop in some infants because of malnutrition of the mother. Once lost, these cells never repair. Later, the child can drink milk, take vitamins; body and bones will grow strong but the child will still end up a drone. From birth until 5 years of age the brain continues its rapid development. During this critical period, children born with normal brains can still lose growth from malnutrition and for the rest of life, the brain will not concentrate, it will not assimilate, it will not respond. All the rehabilitation and training you can give it will be just like water off a duck's back. And this injured human will be labeled a lazy bum. Everyone always asks who is going to pay for all this welfare. Already we have been paying through the nose. Those with underdeveloped brains fall behind in school, get out of sorts with their own age groups, resort to mischief and end up in jail. And the retarded suffer illnesses to a greater degree. Accordingly we biuld bigger jails, we readily pay $70 a day for hospital rooms, we appropriate millions for rehabilitation and mental institutions—continuing to treat the result rather than the cause. Hunger is the beginning of poverty. The poverty cycle goes from hunger to poor housing to inferior environment to ill health to faulty training to jail or joblessness to welfare. There are families who have been on welfare for five generations. To me, this is the welfare mess that must be corrected.

SOLUTION

First, the child in the mother's womb must be adequately nourished. Society scorns the expectant mother who cannot identify the father. But rather than penalizing the expectant mother, we should be worrying about breaking the vicious cycle by improving her offspring. Regardless of what we think about the mother's morality or deservedness, the child is not immoral. The child is coming, and it is society's child. This means nourishment for the child during those all-important months in the mother's womb. If the child is denied that, we can forget about he or she ever becoming a fully productive member of society.

Step two—Give the child a hot breakfast.

Step three—Provide a day care center. Then the mother can work, or at least the child can receive training in the proper environment. We voted for this in Congress, but President Nixon vetoed it calling it communal living. It is a cruel joke to look upon the welfare child's situation as a normal home. Rather than communal living, day care centers provide their only chance.

Step four—Complete the food stamp program and school lunchroom program. These have had shaky starts but are now proving their worth. The biggest objection we have to food stamps is that the poor swap the stamps for luxury foods or liquor. We should improve the policing of this but certainly the solution is not to give cash.

Step five—Get at our health needs with comprehensive health centers that have worked extremely well along with our feeding programs but have for all intents and purposes been eliminated in this administration.

Of course, feeding programs for the elderly as well as children would be provided. Thereupon you would have the hunger and health problems being properly treated and you could move on up the line to housing, education, and job training. Poverty must be treated on a case basis. The programs of Government are all there. The elements of local participation and local administration so necessary to the success of any program are all there. We have the categories of hunger care, health care, dependent children, welfare mothers, the aged, blind, sick, and disabled. What adulterates all the proposals before Congress is the attempt to bring poverty families above the poverty line—$4,110 for a family of four. This involves putting millions of marginal wage earners on welfare. It involves massive forced-work schemes costing billions to create jobs and administer, which in turn creates more mess than before. Income maintenance for the marginal wage earner can be supplied by extending the food stamp program to the 15 million that are eligible and have yet to receive them, and putting food services in the 23,000 schools in America that still lack feeding facili-

ties. We can complete the housing program and institute health insurance. But let us hold up on cash until we get some facilities built and these basic problems solved.

I do not believe we ought to tax one man to pay another man who will not work, and I do not think Government should make welfare more attractive than work. But this is no reason why we can't go to the heart of America's welfare mess—hunger. After giving 81,000 complete physicals in 20 States, the National Nutrition Survey found there were 15 million hardcore hungry in America. We were on course and about to solve this problem until Mr. Nixon came along with his grandiose guaranteed annual wage. Since that time we have been squabbling over workfare and welfare. The hungry have gone hungrier, and the taxpayer pays more and receives less.

COST OF SOLUTION

First. The number of people on welfare would remain practically the same—8 million children under the age of 21; 4 million disabled and elderly; 2 million mothers of dependent children; with 126,000 able-bodied men—less than 1 percent on welfare able to work.

Second. The cost for expanded family feeding programs—$3 billion; for an adequate school lunch program—another $1 billion; for a school breakfast system—$500 million; for day care centers—$2 billion; for comprehensive health centers—$5 billion. That is $11.5 billion.

Where do we get the money? Last December, I voted against the $15-billion tax cut. Granting business investment credits and depreciation allowances—these are the tax loopholes that everyone now wants to close.

The cost of 535,000 troops and dependents in Europe is $19 billion a year. Cut this back like President Eisenhower suggested in 1963 to 100,000, saving $12 billion. Spend $2 billion on the Sixth Fleet strengthening defense, and take $10 billion to solve the welfare mess. Eliminate the President's proposed Volunteer Army, saving $3 billion. This is $28 billion for starters—and all we need is 11.5. There is no need to increase taxes.

Mr. HARRY F. BYRD, JR. Mr. President, I yield to the Senator from Louisiana.

Mr. LONG. Mr. President, I move that the motion to recommit the bill be laid on the table.

The PRESIDING OFFICER. Does the Senator from Virginia yield for a motion?

Mr. HARRY F. BYRD, JR. I yield to the Senator from Louisiana for the purpose of making a motion.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana.

Mr. LONG. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. STAFFORD). The question is on agreeing to the motion of the Senator from Louisiana (Mr. LONG) to lay on the table the motion of the Senator from Illinois (Mr. STEVENSON) to recommit the bill, with instructions. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. INOUYE (when his name was called). On this vote I have a pair with the Senator from Mississippi (Mr. EASTLAND). If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." I therefore withhold my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. EASTLAND), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Rhode Island (Mr. PELL), the Senator from Maine (Mr. MUSKIE), and the Senator from Massachusetts (Mr. KENNEDY), are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE), is absent on official business.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PELL), would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BROCK), the Senator from South Carolina (Mr. THURMOND), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from South Carolina (Mr. THURMOND) and the Senator from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 51, nays 35, as follows:

[No. 516 Leg.]

YEAS—51

Allen	Dole	Magnuson
Anderson	Dominick	Mansfield
Baker	Edwards	McClellan
Bellmon	Ervin	Miller
Bennett	Fannin	Packwood
Bentsen	Fong	Pearson
Bible	Fulbright	Proxmire
Boggs	Gambrell	Randolph
Buckley	Goldwater	Roth
Burdick	Gurney	Sparkman
Byrd, Harry F., Jr.	Hansen	Spong
	Harris	Stennis
Byrd, Robert C.	Hatfield	Stevens
Cannon	Hollings	Talmadge
Chiles	Hruska	Weicker
Church	Jordan, N.C.	Young
Cotton	Jordan, Idaho	
Curtis	Long	

NAYS—35

Aiken	Hartke	Ribicoff
Bayh	Hughes	Saxbe
Beall	Humphrey	Schweiker
Brooke	Jackson	Scott
Case	Javits	Smith
Cook	Mathias	Stafford
Cooper	Mondale	Stevenson
Cranston	Montoya	Symington
Eagleton	Moss	Taft
Gravel	Nelson	Tunney
Griffin	Pastore	Williams
Hart	Percy	

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Inouye, against.

NOT VOTING—13

Allott	McGovern	Pell
Brock	McIntyre	Thurmond
Eastland	Metcalf	Tower
Kennedy	Mundt	
McGee	Muskie	

So Mr. LONG's motion was agreed to.

The PRESIDING OFFICER (Mr. STAFFORD). The question now recurs on agreeing to the amendment of the Senator from Louisiana (Mr. LONG), as amended by the amendment of the Senator from Delaware (Mr. ROTH).

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent for 2 minutes for the purpose of taking up a conference report.

The PRESIDING OFFICER. Without objection, it is so ordered.

SOCIAL SECURITY AMENDMENTS OF 1972

The Senate continued with the consideration of the bill (H.R. 1) to amend the Social Security Act, to make improvements in the medicare and medicaid programs, to replace the existing Federal-State public assistance programs, and for other purposes.

Mr. HARRIS. Mr. President, as a member of the Senate Finance Committee, I have long been of the opinion—as I have stated publicly several times—that it is totally impossible to get real welfare reform during this session of the Congress. The Senate Finance Committee has adopted a "workfare" program which discriminates against poor people who are out of jobs and those who cannot work. It would, in virtually every aspect, make worse the present failures in the welfare system.

H.R. 1—the welfare bill adopted by the House of Representatives and generally supported by the Nixon administration—is a punitive and regressive measure. It is not welfare reform.

No welfare bill can measure up to the need for reform unless it guarantees the rights of present recipients, provides for decent pay and jobs and sets an adequate standard of income. Everybody agrees that the present system traps people in poverty, that people need an adequate income if they are to have some chance to escape poverty—decent education, health, housing, and job opportunity.

Yet, most of the proposals—even the so-called liberal compromises—do not meet these standards.

Further, it is clear that, even if the Senate were to pass at this late date an acceptable welfare reform bill, there is almost no hope that the measure would come back from conference in an acceptable form.

I disagree with some well-intentioned organizations and Senators who feel that any bill that recognizes the rights of the "working poor" is better than nothing. I believe that any measure that compromises on basic principles will put off the day when we may have real welfare reform—a guaranteed income of decent level for those who cannot find work or who are unable to work. Furthermore, I vigorously oppose any legislation that would make worse the already wretched lives of present recipients.

Consequently, I believe the best we can do this session of Congress is to act to protect the rights of those already receiving assistance and to give fiscal relief to the States. We must, then, continue to work for such education of the public and the Congress as will allow real welfare reform—not make the present welfare system worse.

Therefore, in line with my long-announced position on this matter, I voted yesterday for the motion to table the Ribicoff amendment, and, during the further consideration of the pending bill, I will continue to vote in accordance with the views I have here expressed.

nounced that the Missouri Division of Welfare had already taken steps to liberalize its old age assistance standards so that the great majority of old age assistance recipients in Missouri, who also receive social security, will not have their old age assistance benefits reduced as a result of the 20-percent increase in social security, effective this month.

In every case, therefore, persons in Missouri now receiving both old age assistance and social security will receive more in total income than they were getting before the 20-percent social security increase passed by the Congress. That, of course, was the intent of Congress.

Both Governor Hearnes and Missouri Director of Welfare Proctor Carter are to be commended for this action which immediately assures a more adequate income for some 68,000 Missourians.

Mr. President, I ask unanimous consent to have printed in the RECORD the news release from Governor Hearnes' office, dated September 25, announcing this humanitarian policy in our State.

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

NEWS RELEASE FROM THE OFFICE OF GOV. WARREN E. HEARNES

Governor Warren E. Hearnes today announced that the Division of Welfare will increase Old Age Assistance standards to fully or partially offset the 20 per cent increase in Social Security benefits which becomes effective in October.

"This action will allow the great majority of Social Security recipients who also receive Old Age Assistance to keep the 20 per cent increase without having their Old Age Assistance grants reduced," Hearnes said. He explained that the plan had the approval of the federal Department of Health, Education and Welfare.

The Governor said the action was necessary to avoid widespread reductions in payments to Old Age Assistance recipients, since federal legislation providing the 20 per cent Social Security increase did not require states to pass on the increase to welfare recipients.

Proctor N. Carter, State Welfare Director, gave statistics showing the estimated effect of this change on Old Age Assistance recipients.

Of the 93,444 OAA recipients, about 65,000 (69 per cent) also receive Social Security benefits. About 33,000 of those will receive the full 20 per cent increase with no change in their OAA payments. Another 19,000 will receive the Social Security increase and also an increase in their Old Age Assistance grant.

The remaining concurrent recipients will have small reductions in their OAA grants, of $5 or less per month, which will be more than offset by the Social Security benefits. Carter said the limited OAA reductions would be for persons whose Social Security grants are relatively high and who would receive a substantial hike in benefits through the 20 per cent increase.

Both Governor Hearnes and Carter emphasized that *all* aged persons who receive both Old Age Assistance and Social Security will continue to have more in total income than they are now receiving.

Of the approximately 29,000 Old Age Assistance welfare recipients not receiving Social Security benefits, about 26,000 will have no change in their payments since they are receiving the $85 maximum Old Age Assistance payment.

The remaining 3,000 recipients will receive small increases in their Old Age Assistance payments. According to Carter, these are persons who now receive less than the $85 maximum and who will benefit from the increase in the assistance standard. The increased cost for these recipients will be paid from federal funds and will not affect the state appropriation.

Because the number of concurrent Social Security-welfare recipients in the other categories of Aid to Dependent Children, Aid to the Permanently and Totally Disabled, Aid to the Blind, and General Relief is small, changes in the level of assistance payments will be minor, Carter concluded.

SOCIAL SECURITY AMENDMENTS OF 1972

The Senate continued with the consideration of the bill (H.R. 1) to amend the Social Security Act, to make improvements in the medicare and medicaid programs, to replace the existing Federal-State public assistance programs, and for other purposes.

MISSOURI PASSES ON THE BENEFITS OF THE SOCIAL SECURITY INCREASE

Mr. SYMINGTON. Mr. President, on September 29 the Senate approved an amendment to H.R. 1, the Social Security Amendments, which would provide that when there is a general increase in social security benefits there will be a corresponding increase in the standard of need under State public assistance programs.

I am pleased to call to the attention of the Congress the fact that the State of Missouri is in full agreement with that position. In fact, 4 days earlier, on September 25, Gov. Warren E. Hearnes an-

Mr. PERCY. Mr. President, I move to recommit H.R. 1 to the Finance Committee to report forthwith with the following amendment, which I send to the desk and ask to be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

Beginning on page 689, line 11, strike out everything down through page 863, line 26.

Beginning on page 921, line 2, strike out everything down through page 932, line 24.

Beginning on page 933, line 9, strike out everything down through line 2 on page 936.

Beginning on page 947, line 4, strike out everything down through line 5 on page 954.

Beginning on page 963, line 19, strike out everything down through line 17, page 989 and insert in lieu thereof the following:

"FISCAL RELIEF FOR STATES

"SEC. 540. Title XI of the Social Security Act (as amended by this Act) is further amended by adding at the end of section 1130 the following new section:

"FISCAL RELIEF FOR STATES

"SEC. 1131. (a) The Secretary shall, subject to subsection (c), pay to any State which has a State plan approved under title I, X, XIV, or XVI, or part A of title IV, of this Act, for each quarter beginning after June 30, 1971, in addition to the amounts (if any) otherwise payable to such State under such titles, such part, section 1118, and section 9 of the Act of April 19, 1950, on account of expenditures as cash assistance, an amount equal to the excess (if any) of—

"(1) an amount equal to the lesser of—

"(A) the non-Federal share of the expenditures, under the State plans approved under such title or such part A (as the case may be), as cash assistance for such quarter (not counting any part of such expenditures which is in excess of the amount of the expenditures which would have been made as cash assistance under such plans if such plans had remained as they were in effect for January 1971, or

"(B) an amount equal to 120 per centum of the amount referred to in clause (2), over

"(2) an amount equal to 100 per centum of the non-Federal share of the total average quarterly expenditures, under such plans, as cash assistance during the 4-quarter period ending December 31, 1970.

"(b) For purposes of subsection (a), the non-Federal share of expenditures for any quarter under State plans approved under title I, X, XIV, or XVI, or part A of title IV, of this Act as cash assistance, referred to in subsection (a)(1), means the excess of—

"(1) the total expenditure for such quarter under such plans as (A) old-age assistance, (B) aid to the blind, (C) aid to the disabled, (D) aid to the aged, blind, or disabled, and (E) aid to families with dependent children, over

"(2) the amounts determined for such quarter for such State with respect to such expenditures under sections 3, 1003, 1403, 1603, 403, and 1118 of this Act and (in the case of a plan approved under title I or X or part A of title IV) under section 9 of the Act of April 19, 1950.

"(c) No payment under this section shall be made for any quarter to any State on account of expenditures, as cash assistance,

under a State plan of such State if the standards, under any plan of such State approved under title I, X, XIV, or XVI, or part A of title IV, for determining eligibility for, or the amount of, cash assistance to individuals under such plan have been so changed as to be less favorable, to all (or any substantial class or category) of the applicants for or recipients of such assistance under the plan, than the standards provided for such purpose under such plan as in effect for January 1, 1971, or, if more favorable to any such applicants or recipients, for any month after January 1971.

"(d) This section shall be effective for fiscal years 1972 and 1973 only."

MAINTENANCE OF STATE PAYMENT LEVELS

SEC. 403. Section 402(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (22); and

(2) by striking out the period at the end of paragraph (23) and inserting in lieu thereof "; and" and the following: "(24) provide that aid furnished under the plan to a family for any month shall not be less than (A) the amount of aid which would have been furnished for October 1972 under such plan to a family of the same size with no other income, reduced by (B) any income such family may have which is not required to be disregarded by clause (8)."

On page 989, after line 17, add the following new title:

TITLE VI—EFFECTIVE DATE OF CERTAIN PROVISIONS

SEC. 601. Notwithstanding any other provision of this Act, title IV (other than sections 401, 402, and 403) and title V (other than sections 510, 521, 531, and 534) shall be effective at such time as the Congress may determine in subsequent legislation.

Beginning on page 689, line 11, strike out through page 769, line 11, and insert in lieu thereof the following:

"TITLE IV—PROGRAMS FOR FAMILIES WITH CHILDREN

"PART A—TESTING OF ALTERNATIVE PROPOSALS FOR ASSISTANCE TO FAMILIES WITH DEPENDENT CHILDREN

"AUTHORIZATION FOR CONDUCT OF TEST PROGRAM

"SEC. 401. (a) For purposes of this part—

"(1) the term 'family assistance tests' means (A) the programs contained in title IV of H.R. 1, Ninety-second Congress, first session, as passed by the House of Representatives, or (B) the program referred to in clause (A) as amended by amendment numbered 1669, Ninety-second Congress, second session, introduced in the Senate on October 2, 1972,

"(2) the term 'workfare test program' means the program contained in parts A and B, title IV of H.R. 1, Ninety-second Congress, second session, as reported to the Senate by the Committee on Finance on September 26, 1972, and

"(3) the term 'family' means a family with children.

"(b)(1) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the 'Secretary') is authorized, effective January 1, 1973, to plan for and conduct, in accordance with the provisions of this section, not more than three test programs. One of such programs shall be the family assistance test program defined in subsection (a)(1)(A) of this section, one of such programs shall be the family assistance program defined in subsection (a)(1)(B) of this section, and one of such programs shall be the workfare test program.

"(2) Whenever the workfare test program is commenced, there shall commence, on the same date as such program, both family assistance test programs. Except as may otherwise be authorized by the Congress, no test program under this section shall be conducted for a period of less than twenty-four months or more than forty-eight months, and to the maximum extent practical each such test program shall be conducted for the same length of time.

"(3) Any such test program shall be conducted only in and with respect to an area which consists of one or more States, one or more political subdivisions of a State, or part of a political subdivision of a State, and shall be applicable to all the individuals who are residents of the State or the area of the State in and with respect to which such program is conducted except that no one such program shall be applicable to more than 100,000 recipients.

"(4) During any period for which any such test program is in effect in any State or in any area of a State, individuals residing in such State or the area of the State in which such program is in effect shall not be eligible for aid or assistance under any State plan or program for which the State receives Federal financial assistance under part A of title IV of the Social Security Act.

"(5) The Secretary, in determining the areas in which test programs under this section shall be conducted, shall select areas with a view to assuring—

"(A) that the number of participants in any such program will (to the maximum extent practicable) be equal to the number of participants in any other such program; and

"(B) that the area in which any family assistance test program is conducted shall be comparable (in terms of size and composition of population, of average per capita income, rate of unemployment, and other relevant criteria) to an area in which a workfare test program is conducted.

"(c) (1) No test program under this section shall be conducted in any State (or any area thereof) unless such State shall have entered into an agreement with the Secretary under which the State agrees—

"(A) to participate in the costs of such test progam; and

"(B) to cooperate with the Secretary in the conduct of such program.

"(2) Under any such agreement, no State shall be required to expend, with respect to any test program conducted within such State (or any area thereof), amounts greater than the amount which would have been expended with respect to such State or area thereof (as the case may be), during the period that such test program is in effect, under the State plan of such State approved under part A of title IV of the Social Security Act. For purposes of determining the amount any State would have under such a plan during the period that any such test program is in effect within such State (or any area thereof), it shall be assumed that the rate of State expenditure (from non-Federal funds) under such plan would be equal to the average of State expenditure (from non-Federal funds) under such plan for the twelve-month period immediately preceding the commencement of such test program.

"(d)(1) The Secretary shall, upon completion of any plans for and prior to the commencement of any test program under this section, submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a complete and detailed description of such program and shall invite and give consideration to the comments and suggestions of such committees with respect to such program.

"(2) During the period that test programs are in operation under this section, the Secretary shall from time to time (but not less frequently than once during any six-month period) submit to the Congress a report on such programs. Each such report shall contain full and complete information and data with respect to such programs and the operation thereof, together with such recommendations and comments of the Secretary with respect to such programs as he deems desirable.

"(3) At the earliest practicable date after the termination of all test programs authorized to be conducted by this section, the Secretary shall submit to the Congress a full and complete report on such programs and their operation together with (A) the Secretary's evaluation of such programs and such comments or recommendations of the Secretary with respect to such programs as he deems desirable and (B) his recommendations (if any) for legislation to revise or replace the provision of part A of title IV of the Social Security Act.

"(e)(1) The Secretary shall—

"(A) in the planning of any test program under this section; or

"(B) in assembling information, statistics, or other materials, to be contained in any report to Congress under this section;

consult with, and seek the advice and assistance of, the General Accounting Office and the General Accounting Office shall consult with the Secretary and furnish such advice and assistance to him upon request of the Secretary or at such times as the Comptroller General deems desirable.

"(2) The operations of any test program conducted under this section shall be reviewed by the General Accounting Office, and the books, records, and other documents pertaining to any such program or its operation shall be available to the General Accounting Office at all reasonable times for purposes of audit, review, or inspection. The books, records, and documents of each such program shall be audited by the General Accounting Office from time to time (but not less frequently than once each year).

"(3) During the period that test programs are in operation under this section, the Comptroller General shall from time to time (but not less frequently than once during any six-month period) submit to the Congress a report on such programs which shall contain full and complete information and data with respect to such programs and the operation thereof, together with such recommendations and comments of the Comptroller General with respect to such programs as he deems desirable.

"(4) At the earliest practicable date after the termination of all test programs authorized to be conducted by this section, the Comptroller General shall submit to the Congress a full and complete report on such programs and their operation together with his evaluation of, and comments and recommendations (if any), with respect to such programs.

"(f) In the administration of test programs under this section, the Secretary shall provide safeguards which restrict the use or disclosure of information identfying participants in such programs to purposes directly connected with the administration of such programs (except that nothing in this subsection shall be construed to prohibit the furnishing of records or information concerning participants in such programs to the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives).

"(g) For the purpose of enabling the Secretary to formulate operational plans and to conduct test programs under this section, there are hereby authorized to be appropriated for each fiscal year $200,000,000.

"(h) Nothing in this Act shall be construed as a commitment, on the part of the Congress, to enact (at any future time) legislation to establish, on a permanent basis, any program tested pursuant to this section or any similar program.

Mr. PERCY. Mr. President, the instructions contained in my motion would be the following: First, as the amendment of the Senator from Delaware (Mr.

ROTH) that was adopted, it would authorize a series of pilot projects to test out the elements of the Ribicoff welfare reform proposal, the President's proposal, and the Finance Committee proposal. These pilot programs would run from 2 to 4 years. Second, it would authorize an emergency fiscal relief measure for the States. Once a State's welfare costs reached their fiscal 1971 levels, the Federal Government would assume all financing of any additional costs for the State up to 20 percent above the fiscal 1971 levels. Above that level States would receive regular matching. This relief provision would give States retroactive relief for fiscal 1972 and fiscal 1973.

Certainly the administration has evidenced its strong support of this measure. Senator RIBICOFF has indicated time after time his support for it, and the distinguished chairman of the Finance Committee, though modifying the formula, has agreed in principle that fiscal relief must be granted to the States.

Third, it would require that States maintain benefits at the level they were paying in January 1971 or the level they are paying now, whichever is higher.

Fourth, it would require leaving intact the 10-percent work bonus the Finance Committee proposed. The 10-percent work bonus provides an additional 10 percent of wages covered by social security, up to wages of $4,000. Above that level the bonus is phased out at a 25-percent rate.

Finally and in summary, Mr. President, the Roth amendment retains major features of the Senate Finance Committee's version of H.R. 1 which I think could be considered repressive, and which I feel a great many in the Senate simply cannot live with. The problems I have with the Roth amendment include:

First, the wage supplement portion of the Finance Committee's work-fare program which encourages employers not to upgrade hourly wages even to the minimum wage and does nothing to assist workers in the lowest paying jobs.

Second, it provides for a nationwide system of child care without parental involvement or local control, which duplicates the existing system.

Third, the amendment authorizes so-called 2 to 4-year "pilot" programs which provide:

No articulated goals to be tested;

No specific standards or safeguards;

No limitations on the number of States or individuals which may be involved in the test;

No requirement that the pilot programs be more than very generally related to the programs they are to test: H.R. 1 as passed by the House, the Senate Finance Committee's version of H.R. 1, and the Ribicoff-Administration Compromise.

Mr. MONDALE. Mr. President, will the Senator yield?

Mr. PERCY. I am very happy to yield to the Senator from Minnesota whatever time he requires.

Mr. MONDALE. I am very pleased to join in cosponsoring the amendment offered by the Senator from Illinois. I think it has great merit, and I hope it will be adopted by the Senate.

The amendment offered by the Senator from Delaware was represented as a proposal which would test the essential elements of the family assistance plan in a series of pilot projects. That was partly correct, but in some respects the Roth amendment establishes major permanent programs, establishes major agencies and major fundamental policies which would be in law on a permanent basis.

Principal among them is a brand new and I think very poorly conceived program to deal with child care in this country. If fully funded, this permanent new agency would be the largest day care program in the country.

It is a bare bones proposition which establishes a new permanent Federal bureaucracy called the Bureau of Child Care, under the control of a director who is virtually without any restrictions on how he proceeds, what standards he establishes, where he allocates the money, what kind of fee schedules he establishes, whether parents are involved, and what kind of minimum requirements may be needed. None of these things are answered in this measure. This proposed agency is contrary to the best advice we have been able to obtain from anyone, anywhere about child care. In my opinion the whole thrust of it would, in the long run, damage children far more than if it were not adopted and were set aside.

We have two major programs in the country today dealing with child care. The first is the Headstart program, which has been in being for some years, but which would be only half the size of this program.

Secondly, we have a series of day care centers set up under existing welfare programs, under title IV-A of the Social Security Act, which amount to about $700 million, but with respect to which there are certain built-in protections. They are established under the direction of the Federal Interagency Day Care Standards; they are established in cooperation with State and local welfare departments; they are subject to the protection of local licensing laws affecting fire protection, sanitation, safety protections, and the rest. There are protections in these existing day care programs dealing with the staff ratios, which are very important. We do not have time to go into it today, but the top experts in this country say it is disastrous to put too many infants and young children under the supervision of a single staff member. The psychological damage of under staffing is enormous. That is why Headstart and title IV-A programs have protections concerning adequate staff ratios and maintain close relationships between the programs and the parents whose children are in the programs.

This pending proposal, in my opinion, is perhaps the worst proposal dealing with children that I have ever seen. I think it is very dangerous. I think it would establish a national program over which State and local governments and parents have no control, in which there are no guidelines, and would permit private for-profit corporations to become involved without any control whatsoever.

I would just like to discuss that prospect for a minute, so that we will realize what will happen unless the Percy amendment is adopted.

First of all, this major new program creates a permanent agency called the Bureau of Child Care, a new Federal bureaucracy unrelated to any existing department or existing programs providing Federal assistance to day care. This encourages further fragmentation and duplication.

The establishment of a new bureau totally ignores the existence of the Office of Child Development in HEW, which was created to bring some coordination to our efforts in early childhood. It bears no relationship to child-care programs authorized in HEW, the Office of Education, or OEO. It does not even relate to the child-care programs in title IV-A and the WIN programs that are already authorized and in operation under the very Social Security Act this bill seeks to amend. It simply gives applicants for assistance one more unrelated source of funding with separate forms, and different requirements.

As such, it runs absolutely counter to the need for coordination and simplicity by adding a new and redundant Federal bureaucracy.

Second, contrary to what this administration and the Congress wants, this would be a totally federally controlled and dominated organization. There would be literally a Federal czar dealing with children who come within this program. There is no role for States or localities whatsoever in the delivery system. Child-care programs would be exempted from State and local housing requirements regarding health, sanitation, and the rest. Let me read the language:

> the Bureau . . . shall not be subject to any licensing or similar requirements imposed by any State (or political subdivision thereof), and shall not be subject to any health, fire, safety, sanitary, or other requirements imposed by any State (or political subdivision thereof) with respect to facilities providing child care.

Unlike existing day-care programs, or the proposed prime sponsorship mechanism in the Comprehensive Headstart, Child Development, and Family Services Act, the proposal has no role for general-purpose government at the State or local level. These public bodies are not designated for involvement in the delivery system at all. Their efforts in child care, health, education, and social services are not tapped. Instead, a totally new Federal bureaucracy, through Federal field offices in major cities, would have complete responsibility for these programs.

This should be a matter of particular concern to the President, who expressed in his veto message last year the fear of "arrogating initiatives to the Federal Government from the States" and "retaining an excessive measure of operational control at the Federal level."

Next the standards in this proposal are totally inadequate. It assures purely custodial care, and while there is a lot of disagreement in the day care and child care field, every person we heard from said the worst thing you can do to children is take them away from their parents and put them into cold custodial care, with no emotional support and no minimum standards to be sure that the

quality of support that one expects in the home at least is substituted as fully as possible in these day care centers. Existing standards of HEW set limits on the maximum number of children per adult. This bill sets no maximum—it sets a minimum, just the other way around.

For example, for 3-year-olds in a day care center, existing day care standards require that there be no more than a 5-to-1 child-adult ratio. In the same case, the bureau would require no less than a 10-to-1 ratio, and this is just the minimum. The bureau proposal gives the director the authority to define this ratio so that it could be 15-to-1, 20-to-1, or worse. We could put a thousand kids in the Kennedy Stadium out here, with one custodian, under this proposal. Mr. President, that is no way to treat children.

Adequate adult-child ratios are absolutely essential to quality child care. That point was emphasized time and time again during the hearings the Labor and Public Welfare Committee held on day care and child development over the past 3 years. It was made over and over again during the hearings the Finance Committee held on child care last summer. And the child-adult ratios in this bill were repeatedly criticized at that time in testimony from the Child Welfare League, the League of Women Voters, the American Academy of Pediatrics, the National Council of Jewish Women, the National Federation of Settlements and United Neighborhood Houses, the Washington Research Project, the Maryland Committee for Day Care of Children, Mary Rowe, and others—yet no improvements were made. The bill retains absolutely no protections in this critical and sensitive area. It remains an invitation for the most damaging kind of custodial warehousing.

Finally, the bills provision with respect to parent participation are totally inadequate. I think every one agrees when you start providing care for preschool children, you had better make certain it is in a way which complements and supports the family. I personally prefer, wherever possible, that the services provided in the home, with the parents, supporting the parents and keeping the family together. But where it is necessary, because the family has broken up, where the mother must work, or where the family is incapable of providing the kind of services that are needed of one kind or another, at least every effort ought to be made to keep the parents as closely involved and, in my opinion, as much in control as possible of the programs serving their children.

What does this bill do? It says that parent participation is limited to a requirement that parents be given the opportunity from time to time to meet the staff and observe the children receiving care in the facility. This is substantially weaker than the current day care standards, which require parental participation in policymaking, staff selection, and the rest. The inadequacy of this provision was pointed out repeatedly in the hearings on this proposal—in testimony from the AFL–CIO, the Child Welfare League, the American Academy of Pediatrics, the Day Care and Child Development Council of America, the National Capitol Area Child Day Care Association, the National Council of Jewish Women, the League of Women Voters, the American Baptist Home Mission Society, the Washington Research Project, the National Federation of Settlements, and United Neighborhood Houses, and others—but again no improvements were made.

Finally, there is no participation in the formula for State-by-State distribution. If the bill passes, we are authorizing the appropriation of $800 million, and no one knows or has the slightest idea how much his State will receive. There is nothing at all to assure that each State will get its appropriate share.

Mr. President, we have letters from the National Governors' Council, the President of the American Academy of Pediatrics, the National Association for the Education of Young Children, the Child Welfare League of America, Inc., the National League of Cities and United States Conference of Mayors and the Day Care and Child Development Council of America—all spelling out exactly what I have said in my remarks.

I am hopeful that the amendment offered by the Senator from Illinois will be accepted. That will truly be in the spirit of the amendment which we thought we were adopting, as offered by the Senator from Delaware (Mr. ROTH), because it would put this program along with the others on a pilot basis. We would not be establishing willy-nilly what I regard to be one of the least acceptable proposals for day care that I have ever seen. I think it is a bad proposal. I do not think it has been considered seriously. I do not think it has responded to the best advice. I regret saying this. When we start authorizing programs to serve our children in this country, we had better be careful what we are doing.

One of the key reasons, therefore, that I hope the amendment of the Senator from Illinois will be adopted is that we need a program that really does the job. The Senate has twice adopted such a program. On two occasions we have adopted child development acts which deal with all the issues with which this measure fails to deal. If that were adopted and fully funded, in my opinion we would be proceeding on the course that this country—but more important—our children and our families require.

I sincerely hope that the amendment offered by the Senator from Illinois will be accepted.

Mr. President, I ask unanimous consent that the letters to which I have referred be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

CHILD WELFARE LEAGUE OF AMERICA, INC.,
October 2, 1972.

Hon. WALTER F. MONDALE,
Chairman, Subcommittee on Children and Youth, Committee on Labor and Public Welfare, U.S. Senate, Washington, D.C.

DEAR SENATOR MONDALE: The Child Welfare League of America is very concerned that child care programs will be adversely affected by the actions about to be taken in the Senate. Specifically, we are opposed to the enactment of those provisions of Title XXI of H.R. 1 which would establish a Bureau of Child Care in the Department of Labor.

We testified at length before the Committee on Finance of the United States Senate regarding our concern and some of that testimony may be of interest to you. In that testimony we said the following.

"We believe that there should be adequate provision for the availability of child care in order that women on welfare who seek employment may take jobs without detriment to their children's welfare. In this sense, we agree with Senator Long that the "availability of child care is a key element in welfare reform." We do not believe it essential, however, to include legislative provisions for the establishment of child care programs in the welfare reform bill. Separate child care legislation which provides for comprehensive programs for all children needing child care, including those receiving welfare assistance, would be preferable. A welfare reform bill might, however, include authorizations to pay for the needed child care of welfare families.

"Child care is not, in our opinion, a proper function of the Department of Labor. Child care should not be viewed primarily as a manpower device. It must be child and family-oriented to ensure that the child's welfare comes first. Therefore, the Department of HEW is the more logical department to administer child care programs. Expertise with respect to the services required for these programs is, or should be, in that Department. The HEW experts in the areas of child welfare, child development, health, education and nutrition, etc., are needed to establish and administer sound child care policies.

"It also seems unnecessary, as well as administratively and economically unsound, to have duplicate systems of child care in two departments.

"We believe that child care legislation now before the Senate Finance Committee should have much in common with the comprehensive child development program passed by the Senate and House but vetoed by the President. We hope that programs of the same scope and quality of the vetoed bill will become part of all child care legislation, although there may be differences in plans for the administration and financing of these programs.

"In closing, we wish to stress the need for quality child care to help all children achieve their maximum potential so that they may emerge from childhood as healthy, secure, and productive adults. They are, indeed, the future of this nation."

The Child Welfare League of America favors those parts of Title XXI which would increase the authorization for child welfare services and which would establish a National Adoption Information Exchange System. We hope that the Senate will agree with these provisions, and that appropriations will be made to enable these worthwhile activities to expand services to the nation's children.

Sincerely,

JOSEPH H. REID.

NATIONAL ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN,
Washington, D.C., October 3, 1972.

Hon. WALTER F. MONDALE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MONDALE: The National Association for the Education of Young Children (NAEYC) wants to register its concern for the potential harm that we see evidenced in some of the child care proposals incorporated into H.R. 1. Specifically, we are concerned about the possible reduction of standards for child-teacher ratios for children in group settings. The voting membership present at NAEYC's November 1971 conference passed a resolution which states a commitment to environments which permit, "maxi-

mum development and growth of children", specifically that all child care programs for young children must at least meet the minimum standard requirements as stated in the 1968 Federal Interagency Guidelines for Child Care, particularly those concerning child-teacher ratios, staffing patterns and parent involvement. The '68 Guidelines state that in day care centers, the total ratio of children to adults should not be greater than 5 to 1.

NAEYC is gravely concerned over the possibility of child care provisions being passed as a part of H.R. 1 which would set standards for 3-year-olds in group care centers at a level of at least 10 children per adult. The implications are obvious—inadequate supervision, dehumanization, and no possibility of providing quality experiences for children.

We call on you to act strongly to protect the children of this nation from such circumstances.

Sincerely yours,

MARILYN M. SMITH, Ed. D.,
Acting Executive Director.

Hon. WALTER F. MONDALE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MONDALE: The American Academy of Pediatrics wishes to express its concern with Section 431 of HR 1 which would establish a Bureau of Child Care. The Child Care Program provided under this section represents the same approach to custodial care to which the Academy objected and the Senate agreed at the close of the last Congress. In a letter to Senator Long of December 18, 1970, the Academy urged the deletion from the Social Security Amendments of the provision establishing a Federal Child Care Corporation. In February, 1971, the Academy presented testimony to the Finance Committee specifying our reservations regarding this proposed approach and we offered positive alternatives for Committee consideration.

Section 431 will not provide for the establishment of child care programs of high quality. The minimal standards prescribed in the proposed legislation will result in mere custodial projects which will severely neglect the intellectual, social and developmental needs of children. State and local licensing will be superseded thereby negating much of the planning and program developing underway at the state and local level.

The Academy urges that the duplicative structure of child care as provided in Section 431 be struck from HR 1.

Sincerely,

JAY M. ARENA,
President, American Academy of Pediatrics.

NATIONAL GOVERNORS' CONFERENCE,
Washington, D.C., October 4, 1972.

Senator WALTER MONDALE,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MONDALE: I appreciate your request for an analysis of the impact on States if the provision, as contained in the Senate Finance Committee's version of H.R. 1, to establish a Bureau of Child Care is enacted.

The National Governors' Conference has adopted the following policy statement regarding child care programs as related to welfare reform legislation:

"Provide for adequate day care programs for children of parents who are working or in training programs with provisions for a central state role and a comprehensive state plan, and which would not bypass States in the administration of such programs."

In analyzing the Senate Finance Committee's proposal in establishing the Bureau of Child Care, we would like to make the following comments:

1. We seriously question whether there is sufficient federal level knowledge of state or local conditions or the desirability as related to other licensing activities to justify the proposed federal preemption of all state or local health, fire, safety, sanitary, or other requirements with respect to facilities providing child care.

2. There is a total lack in the proposal of a presumed role for States in planning and administering child care programs. This is a serious deficiency in the proposal and is totally contrary to the policy position of the National Governors' Conference.

I hope that these comments will be useful to you.

Sincerely,

ALLEN C. JENSEN,
Special Assistant.

MAJOR WEAKNESSES IN BUREAU OF CHILD CARE

1. Creates a *new Federal Bureaucracy*, unrelated to any existing Departments or existing programs providing Federal assistance to day care. This encourages further fragmentation and duplication.

2. Creates a system of *total Federal control*. No role for states or localities in delivery system. Child care programs would even be exempted from State and local housing requirements regarding health, sanitation, etc.

3. *Inadequate Standards*. Assures purely custodial care. Existing standards set limits on maximum number of childlren per adults. This bill sets minimum. For example, for 3-year-olds in a day care center, existing Interagency Day Care Standards require that there would be no more than a 5–1 child-adult ratio. In the same case, the Bureau would require no less than a 10-1 ratio. And that is just the minimum. The Bureau proposal gives the Director the authority to define this ratio so that it could be 15–1, 20–1 or worse.

4. *Parent Participation*. Parent participation is limited to a requirement that parents be given the opportunity from "time to time", to meet the staff, and observe the children receiving care in a facility. Substantially weaker than existing Interagency Day Care Standards which require parental participation in policy making, staff selection, etc.

5. *Licensing*. Any facility in which the child care services are provided by the Bureau "shall not be subject to any health, fire, safety, sanitary or other requirements imposed by States or localities."

6. *Distribution of Funds*. No formula for State by State distribution.

NATIONAL LEAGUE OF CITIES,
U.S. CONFERENCE OF MAYORS,
October 4, 1972.

Hon. WALTER MONDALE,
U.S. Senate,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MONDALE: We urge you to oppose any attempt to retain Title XXI, as currently drafted, in the welfare reform bill (H.R. 1). A federal child care corporation is an inadequate vehicle to assure quality services to the nation's children or to meet local needs and priorities. The policy of both the NLC and USCM mandates local government involvement in the delivery of child care services. Local governments must have the opportunity to plan, coordinate and operate their individual programs.

Sincerely,

ALLEN E. PRITCHARD, JR.,
Executive Vice President, National League of Cities.

JOHN GUNTHER,
Executive Director, U.S. Conference of Mayors.

DAY CARE AND CHILD DEVELOPMENT
COUNCIL OF AMERICA, INC.,
Washington, D.C., October 4, 1972.

Hon. Senator WALTER F. MONDALE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MONDALE: In the recent fervor to complete Senate deliberations on H.R. 1, it is with great concern that the Council sees the direction being taken as one which will not emerge in the interests of the child care we advocate in our Statement of Principles.

We enclose a copy of our statement of September 24, 1971 before the Senate Finance Committee on this matter. Needless to say, the Council's thinking in this area has not wavered over the course of the past year.

We think that a review of this Statement by you and other Congressmen concerned about the direction of child care in our country would be beneficial.

Very truly yours,

THEODORE TAYLOR,
Executive Director.

STATEMENT BY MR. JOHN H. NIEMEYER, PRESIDENT, THE DAY CARE AND CHILD DEVELOPMENT COUNCIL OF AMERICA, INC., BEFORE THE FINANCE COMMITTEE, U.S. SENATE, SEPTEMBER 24, 1971

Mr. Chairman, distinguished members of the Committee: My name is John H. Niemeyer. I am President of the Bank Street College of Education in New York City. It is my honor to serve as President and Chairman of the Board of Directors of the Day Care and Child Development Council of America, and it is in this capacity that I speak to you today.

The Day Care and Child Development Council of America which I represent is a broad and inclusive organization. The Council brings together more that 4500 civic groups, public and private agencies, schools, churches and individuals. Our membership extends to every state in the union, and reflects a full spectrum of involvement in the care of children—from parents who are day care consumers, to practitioners whose daily work is the care of children, to professionals whose research and writings influence the field of child development.

The Council is a common effort by people who are working to achieve quality child care at all levels: local, state, regional, and national. It includes day care entrepreneurs; low, middle and high income parents; Blacks, Whites, Chicanos, Puerto Ricans, Indians, Orientals—professionals and laymen from all walks of life. What brings us together is a shared concern for the well being of our nation's children.

The purpose and priorities of the Day Care and Child Development Council are closely described in a Statement of Principles adopted in 1970 by the Board of Directors. Since this Statement bears directly on the concerns of the Committee, I will quote it in full.

THE STATEMENT OF PRINCIPLES

The Day Care and Child Development Council of America believes that quality child care services are a right: of every child, of every parent, of every community.

The goal of the Day Care and Child Development Council of America is to promote the development of a locally controlled, publicly supported, universally available child care system through: Public education—to mobilize public opinion and resources in support of children's programs; social action—to assist in formulating public policies which will result in well-planned, adequately funded, and well administered programs responsive to local needs and aspirations.

Assistance to local committees—to help citizen action groups and service agencies in meeting their community needs. Society is

obligated to support the realization of human potential. Child care services are a fundamental right for: The child—they provide children with opportunities to develop their full capacity as human beings during their crucial early years; the family—they provide parents with real choices about employment and other activities outside the home; the community—they provide one of the essential elements for improving the quality of life of the community.

We believe that America needs a coordinated network of child care and development services which:

Are available to children of all ages from conception through youth, to families from every kind of economic and social background and to every community, with priority to those whose need is greatest.

Are available through a wide variety of different types of programs and during all of the hours of the day and time of the year that children, families and communities need them.

Have the full range of components required to promote the intellectual, emotional, social and physical growth of the children they serve.

Insure parents a decisive policy role in the planning, operation and evaluation of programs which determine the environment in which their children live.

Place the major responsibility for planning and operating child care and development services at the local level.

Reflect and build on the culture and language of children, families and communities being served and enhance the distinctive features of the child's culture.

We believe that child care services should be publicly supported. The financing of quality child care services is a costly undertaking but the most prudent of long-term investments. The Nation's priorities must be reordered to provide the resources necessary for universal services.

We believe that child care services should be a public, social utility whose cost must be shared by the entire community much as we now pay for essential police, fire and public school services.

It is my purpose today to use the perspective of this Statement of Principles as a basis for analyzing a selection of major issues included in legislation related to child care pending before this Committee. This legislation includes:

S. 2003, the Child Care Services Act of 1971.

H.R. 1, the Social Security Amendments of 1971.

Amendments to H.R. 1 proposed by Senator Ribicoff.

I will also include in this analysis Title V, Child Development Programs, of S. 2007 which passed the Senate on September 9.

As a matter of initial summary, let me say that each of the specific issues discussed below is seen by the Council as a variation of the fundamental issue: The guaranteeing of quality, not just quantity in the care of our society's most precious resource, its children.

This is one of the truly basic enduring questions with which the American people and their representatives must grapple today. It finds expression regularly in many forms of policy decision. We believe that the ability to recognize this issue in its several variations and to deal wth it directly is essential to any creative consideration of child care proposals today.

The following analysis will clearly reveal the Council's historic concern for quality child care programs. But this concern has never—and cannot now—relieve the Council of its profound sense of urgency to meet the growing quantitative need for child care services in America.

The issues which we have selected for analysis are elements in a system which we regard as indivisible. We begin from the premise that a desirable universal child care system must include:

(a) clear and meaningful local control.

(b) an assurance that parents will have the decisive policy-making role in planning, operating and evaluating programs.

(c) a full-range of components required to promote the intellectual, emotional, social, and physical growth of children.

To this we would add and underline—that it must also include financial resources commensurate with the job to be performed.

From the Council's point of view the absence of any one of these elements seriously calls into question whatever positive value may flow from the presence of the others.

Thus, in the legislation pending before your Committee today we find ourselves applauding features which facilitate the delivery of much needed child care services. We are glad to welcome measures which increase the supply of day care centers, and raise the federal government's level of financial support for day care services to a responsible point.

However, in the interest of quality, we have serious reservations concerning the manner in which S. 2003 and H.R. 1 deal with the inherently inter-related questions of local control, parental involvement, and comprehensiveness of services. For this reason, we strongly recommend that both of these bills be modified substantially in the course of their consideration by this Committee.

Now let me turn to the specifics of our analysis.

1. Local control

By "local control" we mean a mechanism by which an organization or person at the community or program performance level can be held accountable for program performance and can be designated as an operator of child care programs which receive public funds.

In S. 2003, the Federal Child Care Corporation is mandated to "take into account any comprehensive planning for child care which has been done." This wording seems to us only a perfunctory bow to local planning units, and is clearly unsatisfactory.

H.R. 1 provides that grants or contracts for service delivery may be made to or with any agency designated by appropriate elected or appointed official in the area and which demonstrates capacity to work with the area manpower agency. Local Educational Agencies are designated to deliver care provided on a group or institutional basis for children attending school.

The language of the bill provides very broad discretion for federal administrators and minimal apparatus for advice from local communities.

Senator Ribicoff has bolstered the role of community representatives in his proposed amendments to H.R. 1. He has proposed in addition to the stipulation that the Federal Child Care Corporation "take into account comprehensive planning . . ." the creation of "local, state, and regional councils as necessary to insure that child care services are appropriately located, that full utilization is made of existing resources, that cooperation is obtained from education, health, child welfare, social services, and volunteer groups, and that *substantial local community participation* (our emphasis) in the establishment, operation, and review of day care programs is obtained." "Furthermore, where the Corporation provides child care services *directly*, such councils shall *administer and operate* (our emphasis) such programs."

We find that the Ribicoff approach described here goes further than either S. 2003 or H.R. 1 toward providing meaningful local control. This Amendment could be strengthened by increasing from at least 25% to at least 60% the representation on its councils of parents whose children are presently in, or have in the preceeding five years been enrolled in, a day care program.

However, we urge that, in providing for the delivery of child care resources and services, the Committee give serious consideration to the locally controlled Child Development Councils mandated in S. 2007. These bodies will be composed of persons appointed by the chief executive of the Prime Sponsor unit and of consumer representatives. They will select local project sponsors and be held responsible for federal funding sources for proper conduct of programs.

2. Parental involvement

Increasingly, our Council has been impressed with the contributions which parents—particularly low-income parents—have made toward improving child care programs through their service in policy-making capacities. In addition, parents have made significant the contributions as program volunteers (especially in Headstart programs), as classroom aides, lunchroom helpers, etc., and as program staff members. Our Council itself has benefited enormously from the input of parents, who now serve on all Board committees and lend expertise and extra vitality to Council deliberations.

We certainly share the Committee's desire to provide services in as economical a manner as possible. Therefore it is important to note our experience that the involvement of parents in the entirety of the educational experience of their children generates dividends even beyond those accruing to the involved parents' own children. The children of participating parents experience firsthand the commitment to democratic participation and the intimate concern evidenced by their mothers and fathers. But additional ripples of benefit accrue to other family members and other community adults and children who now have a familiar model to emulate. The process is one of self-realization. Through involvement, parents also exercise latent skills, develop confidence, promote their sense of well-being. This process of enabling parents has resulted in numerous cases of the parent achieving economic self-sufficiency, and leaving behind the stigma of social dependency.

There is a further reason for parental involvement in day care. A synthesis is highly desirable between the insights of professionals and practitioners—and the wisdom, desires, and "mother-wit" of parents for the formulation of child care experience which is neither alien nor contradictory to the family's culture and life-style.

For these reasons, we value significant parent participation on economic, as well as educational, social and cultural grounds.

It is highly distressing, therefore, to encounter in S. 2003 only the requirements that parents have the opportunity from time to time, to meet and consult with staff on the development of the child, and to observe the child, from time to time, while he is receiving care.

By the same token, we see no purpose served by restricting membership on S. 2003's National Advisory Council of Child Care to no more than one individual representing the interests of child care recipients.

While H.R. 1 makes no provisions at all for involvement of parents in child care programs, Senator Ribicoff has provided in his Amendments for a strengthened parental role via a more influential role for Advisory Councils to the Child Care Corporation at the national, local, state and regional levels.

Again, however, a superior provision for parental participation is found in S. 2007. There, at the project level, a Project Policy Committee, consisting of a minimum of 50% of parents of children being served, wields approval power over project planning, operation, and evaluation. At the Prime Sponsor level, 50% of the Child Development Council membership is drawn from representatives of existing projects to be served. Here program consumers exercise a decisive influence over programmatic policy as well as the selection of project sponsors and constituencies to be served first.

3. Comprehensiveness of program

The fundamental reason for establishing child care programs needs to be identified again and again as the development of children as human beings. As a human being, a child has physical, social and emotional needs. A child *needs* and deserves a surrounding in which he can exercise his body, can play, can reflect, can socialize with other children. A child needs nutritious food and rest. A child deserves attention and remedy for any physical deficiencies. A child needs recognition and affection from adults as well as peers. A child deserves the opportunity to learn about the world around him, to have his attention called to events and everyday factors which influence how he fares in the future. A child will be called upon to discipline his faculties and develop skills in order to increase his capacity to function adequately and independently in the world.

It is the responsibility of those who have been entrusted with the care of children to identify and provide resources which can meet such needs as these for all of America's children. And this is what we mean by comprehensiveness of services.

Last winter, the Child Care Forum of the White House Conference on Children issued a call for a diverse national network of comprehensive developmental child care services. It warned against a monolithic day care institution for children, and the Council shares this concern. No one type of program is right for all children. Programs should be designed for the varying needs of different children rather than children being molded to fit available programs. Allowance should, therefore, be made for the establishment of a wide variety of programs including where appropriate, group day care, family care, and home care; evening care, 24-hour care and emergency care; and covering all age groups from infancy through school age.

However, all of these programs need to provide comprehensive services, including educational, nutritional, health and social services to assure each child the opportunity to grow and develop to his full potential.

The Council is currently studying the whole issue of federal day care standards, especially as this relates to assuring comprehensiveness of developmental services. A distinguished task force drawn from the Council's membership will report to the Board of Directors within the week. A carefully considered position will be issued by the Council shortly thereafter.

It will be a pleasure for us to share our findings with this Committee at that time, for we consider the matter of standards a very urgent one.

In the absence of the results of this Council study, it may be helpful nevertheless for me to comment briefly on what appears in both S. 2003 and H.R. 1 as the *raison d'etre* of child care—and which, from the Council's point of view—is a totally inadequate basis on which to establish a system of comprehensive developmental services. Both S. 2003 and H.R. 1 specify child care programs as a response to the need for parents to be drawn into the labor force. But there is a fundamental difference between creating a program as a social good for the benefit of children—and creating a program to free parents for labor force participation. The former treats children as ends in themselves. The latter treats children as a means to some other end. The latter needs to be rejected, however attractively it may be cast.

It is for this reason that the Council hopes this Committee will not waiver in the need to thoroughly re-think and re-write the conceptual basis on which it is proposing that Child Care Services are to be provided for the children of America.

To this point, the tone of our analysis has been critical, particularly of the child care sections of H.R. 1 and S. 2003. We have been critical on our judgment that the weak provisions for parent involvement and local control augur ill for quality, comprehensive programs.

On the positive side, we applaud the efforts of the sponsors and supporters of these legislative proposals to address the raw inadequacies of facilities and monies to finance child care. We support a maximum allocation of resources to meet children's needs, and commend the provisions of the Long bill, S. 2003, which provide loans for construction of facilities and operation of program. As the Committee has determined, previous efforts to encourage states to utilize federal funds to finance child care for past, present, and potential public welfare recipients have faltered because of the difficulties over raising the 25% non-federal share under Title IV–A. The importance of 100% financing federally under this title, as provided in S. 2003, cannot be understated. We propose that the Committee consider a synthesis of the desirable elements of the proposed legislation, amending Title IV–A of the present Social Security Act to provide 100% federal financing for past, present, and potential welfare recipients and mandate the Office of Child Development, HEW, to administer the programs utilizing the delivery mechanism established in S. 2007 for that purpose. This would serve to avoid duplication of responsibility within the government for child care program administration and would be consistent with the philosophy of the Administration in severing eligibility for welfare assistance from the provision of social services.

Subsidization of low-income families for child care expenses

Objection has been raised in the past to the charging of fees for child care for low-income families who require child care to accept employment. The Council supports the provision of child care services as a public, social utility whose cost must be shared by the entire community much as we now pay for essential police, fire and public school services, and certainly deems it inequitable that low-income people carry an extra financial burden for child care services.

Though the Council under present circumstances approves of subsidization of low-income families for child care expenditures—a welcome addition to the Long bill in principle—we have reservations about the practical applicability of the approach to subsidization included in the bill. Rather, a clear-cut statement that "the Secretary is authorized to meet the full cost of child care services for low-income families, those below the Lower Living Budget of the Bureau of Labor Statistics, to enable an adult member of such family to engage in employment" would be preferable to the existing proposed language. Such persons could simply be defined as eligible for coverage under the Title IV–A program.

Further, we commend the importance of the provision of free child care services for OFF participants during training and for one year following commencement of full-time employment, as proposed by Senator Ribicoff. And the sums authorized by Senator Ribicoff—up to $1.5 billion for planning and establishing new facilities ($100 million); evaluation, training of personnel; technical assistance and research and demonstration projects begins to approximate resources for quality programs.

Mr. Chairman, as you know, our organization has appeared before the Committee in the past to present our views on earlier child care proposals. Rather than repeat in toto points made earlier and considered in the formulation of the present proposals, I would like to summarize some views expressed in earlier testimony:

(1) In any child care bill, we prefer language which emphasizes the intent of providing (a) a strong education program geared to the age, ability, temperament, and interest of each child; (b) adequate nutrition; (c) health program and services where needed; (d) opportunity for social and emotional growth, including a balance between affection, control, and the joy of meeting new challenges; group experience, and, as appropriate time for solitude and internalization of ideas and experience; (e) opportunities for parent education, participation and involvement; (f) social services as needed by the child and his family; and (g) adequate continuing training of personnel.

(2) We view with favor provisions in the various legislative proposals to provide 100% federal payment of the costs of child care, including program planning, operation and evaluation; construction of facilities, provision of training and technical assistance; and research and demonstrative projects.

(3) We oppose requiring any mother of minor children to take work or training as a precondition to the receipt of welfare benefits, and oppose any mechanism which places her children in a care situation without her full consent. Mothers should be free to choose the appropriate type of care situation for their own children. In this respect provisions in the Opportunities For Families Section of H.R. 1 should be revised.

(4) H.R. 1 provides that care provided on a group or institutional basis for children attending school shall be provided through arrangement with appropriate local educational agency. We feel that day care for school age children should offer a variety of program options. The use of school facilities and the operation of programs through contract with local education agencies should be one of many alternate arrangements that might be made for this service. However to limit out-of-school group programs to education agencies would result in an extremely narrow base of operational potential. Voluntary social service agencies, community action programs, recreation departments, churches, libraries, and a variety of other community resources should be utilized in the planning and operation of programs that will meet the social, recreational, educational, and protective objectives of care for children 6–14 years of age during the time that they are out of school.

(5) In conjunction with the environmental conditions in which a child is raised, the Council remains concerned about the income provisions in H.R. 1. We strongly endorse the principle of a minimum income for all families and recommend that it be established at the level of the lower living standard of the Bureau of Labor Statistics—now $6960 for an urban family of four.

(6) With respect to services financed currently under Title IV of the Social Security Act, we support the exclusion of the provision of social services from the "statewideness" requirement, as proposed by Senator Ribicoff. The statewidness requirement not only disallows flexibility in meeting the varying needs of different locales within the state, but it has been a major hindrance to the development of new services. States can often find resources to meet pressing needs in specific areas, but are unable to provide services to all people throughout the state. The result is that the services are provided nowhere!

Finally, my organization commends you and your colleagues over the serious efforts you have exerted in the interest of our nation's children.

If we can assist you in any way, we stand available and eager.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. The Senator from Illinois has the floor.

Mr. PERCY. I recognize the distinguished Senator from Connecticut.

Mr. LONG. Mr. President, I object.

Mr. PERCY. Does the distinguished chairman of the committee want to speak first?

Mr. LONG. My impression is that the Senator is not the Presiding Officer of the Senate.

The PRESIDING OFFICER. The Senator from Illinois yielded to the Senator from Minnesota such time as he might consume.

Mr. LONG. Are we under controlled time?

The PRESIDING OFFICER. No.

Mr. LONG. Then, the Senator can yield for a question, or I would like to be recognized.

Mr. PERCY. Mr. President, I have no objection at all to the distinguished chairman speaking.

The PRESIDING OFFICER. The Senator from Louisiana is correct. The Senator from Illinois can only yield for a question without losing the floor, if the point is raised.

Mr. LONG. I make the point, Mr. President.

The PRESIDING OFFICER. The Senator from Illinois can continue, but he cannot yield, except for a question.

Mr. RIBICOFF. Mr. President, will the Senator yield for a series of questions?

Mr. PERCY. Yes; I am happy to yield.

Mr. RIBICOFF. I ask the distinguished Senator from Illinois whether his amendment would provide $1.2 billion of fiscal relief of the States in the first year?

Mr. PERCY. No, it does not.

Mr. RIBICOFF. Fiscal relief to the States.

Mr. PERCY. My fiscal relief amendment will not cost $515.6 million for fiscal year 1972, as opposed to $1.2 billion for the Bellmon amendment.

Mr. RIBICOFF. As I understand the Percy amendment, it knocks out all of title IV and parts of title V. Is that not correct?

Mr. PERCY. That is correct.

Mr. RIBICOFF. Is it not true that the Percy amendment, which includes the language of the Roth pilot program, also provides fiscal relief and requires maintenance of benefits at the January 1, 1971, level or any higher level?

Mr. PERCY. That is correct.

Mr. RIBICOFF. Is it not true that the Percy fiscal relief amendment provides that once a State's costs reach 100 percent of the calendar 1971 level, the next 20 percent of cost would be borne by the Federal Government?

Mr. PERCY. That is correct.

I want to point out specifically that it does provide for a ceiling. In other words, we do not want to have the sky as the limit. The States have an incentive to hold the costs down, and that is why the 20-percent ceiling was put in.

Mr. RIBICOFF. Is it not true that the fiscal relief in the Roth-Long measure just pours 20 percent extra matching into the States to subsidize the AFDC mess?

Mr. PERCY. That is true. As a matter of fact, the States could use that money for things other than welfare. It provides for a 20 percent Federal reimbursement regardless of whether or not they need it.

Mr. RIBICOFF. Is it not true, also, that the 10 percent work bonus in the Finance Committee bill is left intact?

Mr. PERCY. That is correct.

Mr. RIBICOFF. Is it not true that the proposal leaves much of the Finance Committee bill intact, in addition to the work bonus proviso?

Mr. PERCY. That is correct.

Mr. RIBICOFF. Does not the Senator believe that the distinguished Senator from Minnesota (Mr. MONDALE) exposed the weaknesses and the dangers in the bureau of child care now in the committee bill?

Mr. PERCY. Very grave weaknesses.

I might indicate that one of the original bills I introduced years ago was to provide construction money for day care centers.

I felt that when the distinguished Senator from Minnesota said that the Roth-Long measure destroyed the value of day care, he was certainly speaking for what my amendment was designed to correct.

Mr. RIBICOFF. Is it not true, also, that the Roth proposal would leave intact the weight subsidy and work bonus provisos of the committee bill?

Mr. PERCY. That is correct.

Mr. RIBICOFF. And the stringent child support and deserting fathers provision in the committee bill?

Mr. PERCY. That is correct.

Mr. RIBICOFF. So, instead of being a true pilot test, as in the Senator's amendment, we have some tests, to be sure, but at the same time freeze in many of the objectionable features of title IV of the committee's proposal.

Mr. PERCY. The Senator certainly has brought out exactly the thrust and intent of this amendment and what it is designed to correct.

Mr. RIBICOFF. Is it not true, as well, that the Roth proposal retains many of the repressive features of the Finance Committee version of H.R. 1?

Mr. PERCY. That is correct.

Mr. RIBICOFF. Is it not true, also, that the amendment of the Senator from Delaware, authorizing the so-called pilot program, provides no articulated goals to be tested?

Mr. PERCY. That is correct.

Mr. RIBICOFF. No specific standards or safeguards?

Mr. PERCY. That is correct.

Mr. RIBICOFF. No limitation on the number of States or individuals which may be involved in the test?

Mr. PERCY. You could take the whole State of New York, or the whole State of California.

Mr. RIBICOFF. No requirement for the pilot programs to be more than very generally related to the programs they are to test. Is that not correct?

Mr. PERCY. That is correct.

Mr. RIBICOFF. Is it not also correct that the weight supplement portion of the Finance Committee's workfare program, which encourages employers not to upgrade hourly wages even to the minimum wage—and there is nothing to assist workers in the lowest paying jobs—still remains as part of the bill we are now considering?

Mr. PERCY. That is correct.

Mr. RIBICOFF. I thank the distinguished Senator for his understanding and his clear responses. Again I commend the Senator from Illinois for his deep concern in this problem.

Mr. LONG. Mr. President, this amendment is a proposal to rewrite titles III, IV, and V as the Senator thinks they should be written. I would point out a number of things we would find objectionable to the Senator's proposal for titles IV and V. In the first place, the State welfare directors sent a group to discuss their problems with me some time ago, and they proposed a solution to it which is at the desk right now as the Long amendment to which the Roth amendment has been added. That provides that the Federal Government shall make a grant during the next 2 years of an additional 20 percent over and above what the Federal Government is providing the States with today for the cash welfare programs. By providing an additional 20 percent, they would have the relief they felt they needed to take care of the increases in their caseloads and to take care of the cost-of-living increases which occurred since that time.

The Senator's proposal would provide up to an additional 20 percent measured by the entire amount of Federal and State funds. So if the State puts up $100 million and the Federal Government puts up $100 million in matching funds, he would increase this by up to 20 percent of the overall.

It would, therefore, seem to me that instead we should give the welfare administrators what they are asking for, and they would be satisfied with that.

Further, we have heard a lot about the child care problem. I believe, as I recall, that I voted for the Mondale child development bill. The bill was vetoed by the President. That is not my fault. The President had his reasons which had to do with the fact that the bill would cost $2 billion at the beginning and then go up from there—some said as high as $20 billion. I do not know how high, but about $2 billion it would start out with.

I was aware of the administration's objection to it while the bill was on its way through the legislative mill. The point was whether it would cost too much and the administration did not feel they could afford it and that played a part in the veto, I am sure.

If we had enacted that bill for child care, the committee would not now be trying to provide more. We would be satisfied to drop out the child care provision in here. But we faced this situation: A lot of people would like to work but cannot find work because they cannot find anyone to take care of their children while they worked. So we said we would provide $800 million for child care as best we knew how, from the information available to us, from hearings we have held, and with the people who put together the Bureau that will assume responsibility for providing child care to working mothers or welfare mothers who want child care so that they can seek a job.

We provided $800 million. It had a chance of getting through for the reason that it is not a too ambitious figure. They sent to the President a bill that the Senator from Minnesota (Mr. MONDALE)

favored. We would think that perhaps with this lower figure we might be able to prevail.

The Senator is totally in error when he says there are no standards. We provided in the bill, and the Senator can turn to page 443 of the committee report and pages following and find that:

Under the committee bill, the Bureau may not require more adults than are needed to achieve a ratio of:

1. Eight children per adult, if child care is furnished in a *home;*

2. Ten children per adult if care is furnished in a *child care center;* and

3. 25 to 1 for *recreational programs.*

Although the Bureau may not require a lower number of children per adult, it may arrange for care in facilities with less children per adult.

Mr. President, I ask unanimous consent to have printed in the RECORD pages 443 through 446 of the committee report, describing the child care standards.

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

CHILD CARE STANDARDS

Of the millions of children who are not cared for by their parents during the day, well under one million receive care in licensed child care facilities. One of the major goals of the committee bill is to insure that the facilities providing care under the Bureau's auspices meet national child care quality standards which are set forth in the bill.

Many persons have argued that State and local licensing requirements are all too often overly rigid and restrictive—to the point where instead of protecting children, they relegate them to unsupervised and unlicensed care, if indeed any care, while their parents work.

The committee bill includes standards requiring child care facilities to have adequate space, adequate staffing, and adequate health requirements. It avoids overly rigid requirements, in order to allow the Bureau the maximum amount of discretion in evaluating the suitability of an individual facility. The Bureau will have to assure the adequacy of each facility in the context of its location, the type of care provided by the facility, and the age group served by it.

To promote the healthy development of children, parents should be actively involved in their children's progress. The committee bill sets as a Federal standard the requirement that every child care facility provide the parents with an opportunity to meet and consult with the staff concerning the child's [illegible]nent, and an opportunity to observe the child while he is receiving care.

Under the committee bill, the Bureau may not require more adults than are needed to achieve a ratio of;

1. Eight children per adult, if child care is furnished in a *home*;

2. Ten children per adult if care is furnished in a *child care center*; and

3. 25 to 1 for *recreational programs.*

Although the Bureau may not require a lower number of children per adult, it may arrange for care in facilities with less children per adult.

To assure the physical safety of children, the bill requires that facilities (other than homes) must meet the life safety code of the National Fire Protection Association. Homes in which child care is provided must meet requirements adopted by the local area that are applicable to general residential occupancy. This will provide protection for those many children today who are being cared for in unlicensed facilities, the safety of which is unknown.

One of the major administrative tasks of the Bureau will be the monitoring of child care facilities to insure that they meet the Federal standards. The committee bill requires the Bureau to establish an Office of Program Evaluation and Auditing to fulfill this function. Unfortunately, experience under the medicare and medicaid programs has shown that some individuals will abuse Federal programs for personal gain. It will be the job of the Office of Program Evaluation and Auditing to do their utmost to prevent this from happening.

In other provisions of the bill, penalties would be set for fraud or misrepresentation concerning the conditions and operation of a health care facility in order to be certified for participation under the medicare or medicaid programs. The penalty was set at imprisonment for up to 6 months, or a fine of up to $2,000, or both. To discourage individuals from fraud or misrepresentation concerning a child care facility, a similar penalty is included in the committee bill with respect to child care facilites. In addition, the facility involved will be ineligible to participate in any federally funded or assisted child care program for 2 years following conviction.

Any facility in which child care was provided by the Bureau, whether directly or under contract, would have to meet the Federal standards in the law, but it would not be subject to any licensing or other requirements imposed by States or localities. If any individual, group, State, or locality feels that the fire and safety standards are less protective of the welfare of children than those imposed by State and local ordinances, a hearing procedure is provided.

Requiring facilities to meet only the Federal standards will make it possible for many groups and organizations to establish child care facilities under contract with the Bureau where they cannot now do so because of overly rigid State and local requirements. From the standpoint of the group or individual wishing to establish the facility, this provision would end an administrative nightmare. Today, it can take months to obtain a license for even a perfect child care facility, by the time clearance is obtained from agency after agency at the local level. Under the bill, persons and groups wishing to establish a child care facility would be able to obtain technical assistance from the Bureau; they would have to meet the Federal standards and they would have to be willing to accept children whose fees were partially or wholly paid from Federal funds, in order to contract with the Bureau.

CHILD CARE AND EARLY CHILDHOOD EDUCATION

An emotional and controversial issue frequently raised in the discussion of child care concerns the position taken by some persons that all child care should provide an early childhood education experience. Without being too specific about the nature of this experience (for example, the Federal interagency day care requirements only state that "the daily activities for each child in the facility must be designed to influence a positive concept of self and motivation, and to enhance his social, cognitive, and communication skills"), early childhood education advocates contrast it with "mere custodial care" that is, care like that provided by mothers in their own home to their own children.

Effectiveness of early childhood educational programs.—Though advocates of early childhood education programs cite the immediate intellectual gains children realize as a result of their participation, evaluations of the programs have been virtually unanimous in agreeing that the gains are short-lived. For example, in a summary of recent research on early childhood development issued by the National Institute of Mental Health in 1970, the authors noted the "consistent findings of a dropoff of the gains achieved in the short-term programs when these programs are terminated. . . . Almost all the studies in the literature show a decline in performance after the short-term programs are ended for the children. . . . The evidence is fairly clear that the gains of programs that are of a short term are gains that fail to last. . . . There is no evidence . . . that pre-school instruction has lasting effects upon mental growth and development."

In an article entitled "The Environmental Mystique" that appeared in the magazine *Childhood Education* in 1970, Dr. Edward Zigler, Director of the Office of Child Development in the Department of Health, Education, and Welfare, stated:

"Learning is an inherent feature of being a human being. The only meaningful question, therefore, is not *"Why* do children learn?" but, "Why is it that some children do not learn?" Approached in this way, the problem is not one of getting intelligence into nonlearners but rather of determining the conditions and attitudes that interfere with the natural process of learning. We are all aware that children learned before cognitive theorists told us how and before the invention of talking typewriters. Indeed, children learned before schools of any sort existed. How could this learning have been possible without the formal programing of experiences which we have come to associate with the formal educational process? The answer, I think, is that in his natural state the child is a much more autonomous learner than adherents of the pressure-cooker approach woud believe. I am convinced the child does most of his learning on his own and often the way to maximize it is simply to let him alone. He accomplishes some of the most significant learning in his every day interaction with his environment. Learning for the child is, thus, a continuous process and not one limited to the formal instruction and whizbang remedial efforts that have recently captured our attention. . . . Whatever the nature of cognitive development has been overemphasized in our current society."

Thus it has been repeatedly found that by the third or fourth grade there is no difference between children who have had preschool educational experience and those who have not. Professor Carl Bereiter, who has devoted his career to the education of young children, drew the following conclusion in a paper presented at Johns Hopkins last year:

"It appears that the main thing wrong with day care is that there is not enough of it and the main reason there is not enough of it is that it costs too much. At the same time, those who are professionally dedicated to advancing day care seem to be pressing continually to make it more costly by setting certification requirements for day care workers and by insisting that day care should be educational and not just high-quality institutionalized babysitting.

". . . Producing a measurable educational effect in young children is far from easy; . . . it requires as serious a commitment to curriculum and teaching as does education in older children. I cannot imagine day care centers on a mass basis carrying out educational programs of the kind needed to produce measurable effect. If they cannot do so then it will prove in the long run a tactical blunder to keep insisting that day care must be educational. Sooner or later those who pay for it will begin demanding to see evidence that educational benefits are being produced, and the evidence will not come forth.

"It would seem to me much wiser to seek no more from day care than the sort of high quality custodial care that a child would receive in a well-run home, and to seek ways to achieve this level of care at a cost that would make it reasonable to provide it to all those who need it. One should not have to justify day care on grounds that it will make children do better in school any more than

one should have to justify a hot lunch program that way."

Educational services for school-age children.—It is anticipated that most of the children receiving child care under the guaranteed employment program in the committee bill will be children who are in school most of the hours of the day for nine months of the year, and who will require supervision only during the hours they are not in school and during vacation periods. There appears to be no reason to require that educational services be provided to a child who already spends six hours a day in school.

In testimony before the Finance Committee, Dr. Zigler stated that for $80 a year per child an enrichment program could be provided for children receiving child care in family day care homes. Another approach suggested would have children receiving care in family child care homes go to a child care center several times during the week for a more educationally oriented experience at a much lower cost than if they spent full time in the day care center. Thus it should be possible with some imagination to enrich the experience of children who receive care in a home setting while at the same time not adding prohibitively to the cost of child care.

Committee bill.—In view of the considerations discussed above, the committee bill does not require that all child care arranged for by the Bureau of Child Care be educational in nature, nor does it require a formal educational component. However, in arranging for a child's care the Bureau would first have to see if a place is available under a child development program under other legislation if the parent prefers this type of care. Furthermore, educationally oriented child care could be arranged for by the Bureau if fees are available to pay for this kind of care.

Any educationally oriented child care arranged for by the Bureau would have to meet any applicable State or local educational standards, in keeping with the general philosophy of State and local control over education.

Mr. LONG. Mr. President, there is a great deal of detailed language spelled out in the committee report. One point that strikes me particularly about the Senator's statement is that he says we do not require that we go by State fire hazards or State fire codes. That has been one of the big problems. Some of the local groups have provided standards for fire hazards and matters of that kind, building code standards, and so forth, that cannot be met. So that we have some antiquated standards on the one hand and standards put there because the manufacturers of a particular product lobbied to get State and local governing bodies to put their particular proposal into effect, and in many cases people cannot provide the child care because of completely unrealistic building code requirements.

In order that this could be made available to everyone, we said that in the case of facilities that are not homes, they must meet the standards of the Life Safety Code of the National Fire Protection Association, 21st edition, 1967, would provide.

So as far as we know, if we are willing to adopt a uniform code that everyone will meet in providing for fire safety for day care centers, that is as good as any. If anyone knows of anything better, I would like to know about it. We would be willing to consider it.

This is the same Life Safety Code we require that nursing homes meet. I point out that the fire standard we provide for nursing homes is where patients are not ambulatory so that if this is a safe enough standard for them, where they are not able to get out of bed and move around, it should be safe enough to provide for child care centers where children are able to move about under their own power under the guidance of someone, if something of that sort should develop.

So these things have been considered. It has been suggested by some that because of the cutback in the social services programs, that was a part of the revenue-sharing bill, there is not adequate money for child care.

It is sort of hard to satisfy some of our liberal friends, coming or going. They complain on the one hand that we do not provide enough money for child care and then, when we do provide it, they take us to task because the safety codes we provide are only those of national standards required for nursing homes, where the patients are bedridden and cannot get out and walk under their own power.

It is sort of hard to satisfy all of the demands they impose on us. I would be happy for the Committee on Labor and Public Welfare to provide child care for all these working mothers, for all these welfare mothers who would like to seek jobs so that they can have it. We did provide that this child care would be in addition to child care that working mothers would be provided and what other facilities could be made available by these other programs. I regret the Senator from Minnesota and those who join in him are not able to work out a bill and get together with the President to provide adequate child care for these welfare mothers or these working mothers.

But since they were not able to do it, we found ourselves with the burden of trying to provide child care for people who would like to work.

There are good provisions in this bill that the Senator would seek to strike. For example, his proposal would strike the child support requirement in the bill. I have grave difficulty in believing that he is being urged to do that by this administration, because even Mr. Richardson and Mr. Veneman and all those in the administration who spoke to us took the view with respect to every one of these provisions that they would recommend that these fathers ought to be required to support their children. They are now seeking to duck that responsibility.

We ought to pursue them across State boundaries, and the Federal authorities ought to try to help in this matter.

We have yet to find the first objection to this. Those representing the administration said that anything we wanted to do along that line, they would recommend. It seems strange that those who would agree with the Department of HEW keep trying to strike these provisions where we would encourage the district attorneys and the U.S. attorneys to get these fathers to support their children.

This is about the third effort that has been made now to strike the provision in the bill that would catch these runaway fathers and make them do their duty.

I do not know why the Senator and those who do not like the committee's handiwork keep trying to strike out the child support provisions.

We had the overwhelming endorsement of all women's organizations interested in the matter. When they saw that we had provided in our bill an effective way to make these fathers support their children and give the mothers lawyers, at Government expense if need be, and pursue them at Government expense wherever we had to and make them pay for the support of their children, even if they were Federal employees, or make them pay something for the support of their children, as far as I know, every organization representing women supported the proposition.

I do not know why the Senator from Connecticut (Mr. RIBICOFF) wants to strike it. The senior Senator from Illinois (Mr. PERCY) wants to strike it. The junior Senator from Illinois (Mr. STEVENSON) wants to strike it. We cannot find anyone in the Nixon administration or in HEW who will publicly admit that he is against child support, even though they have not offered us any direct suggestions as to how it could be done. However, they have indicated that if we wanted to do something about it, they would go along with it.

The Senator would strike the child support provision.

I come now to the provision having to do with people working at low-paid jobs. In our bill we do not in any way modify the minimum wage law. We respect the jurisdiction of the Committee on Labor and Public Welfare. However, the law permits people to pay less than a minimum wage in a great number of situations. One example is when a person goes to work in a home as a domestic. That employment is not covered by the minimum wage, and the wage that person might receive might be only $1 or $1.50. A person might be able to make a little money to help increase the family income by taking a babysitter's job so that a workingman and his wife may go out for a night and enjoy themselves and leave their children in the care of someone they could trust.

If they take such a job, that is not covered by the minimum wage. If it happens to be a welfare mother who is trying to do what she can to aid her little family, and she goes into the home of a working family and babysits for 6 hours while that man and wife go out for an evening's entertainment, and she makes $1 or $1.50 or $1.20 an hour—to gear it in with the present minimum wage—I do not know why our friends are against our paying an additional 30-cents-an-hour increase in the income of that welfare mother who takes her children with her and does some babysitting to help earn money for her family.

Here are some other situations where a working mother could be expected to earn some money that is not covered by the minimum wage: recreation aide, swimming pool attendant, park service worker, environmental control agent, sanitation agent, library assistant, police agent, fire department assistant, social service aide, family planning aide, child care assistant, consumer protection aide,

caretaker, home for the aged, work in the agricultural pursuits: jobs picking, grading, sorting, or grading crops; fertilizing, and other preparatory work; milking cows; caring for livestock.

In small retail stores: sales clerk, cashier, cleanup man.

In small service establishments: beautician assistant, waiter, waitress, busboy, cashier, cook, porter, chambermaid, counterman.

In domestic service: gardener, handyman, cook, household aide, child attendant, attendant for aged or disabled person.

When people take any one of those jobs, just going into a home where there is an aged person and helping to cook and helping with some of the housework, if the person doing that is comes off welfare, what is wrong with the Federal Government subsidizing or supplementing the income that such a person can make in that way? Is it not better to add something to what they might make, than keeping them on welfare?

Mr. President, it makes better sense to me. And if we do it the way the committee suggested, when that person goes to work and makes some money by helping to look after some person in the old folks home, for example, it is to their advantage to report it so that we can add something to it for their benefit. However, proposals are made to strike that out of the bill. They would like to have it so that when a person goes to help grandpa or grandma cook the food and pass the time of the day with grandpa or grandma, the person would be encouraged to be a cheater, because every time that person would make a dollar, Uncle Sam would reach in and take 60 cents away from him. That is the approach they recommend. Under this amendment, as a matter of fact, if a man makes over $30, Uncle Sam would take 67 percent of that money away from him.

Mr. President, that makes people want not to report their income. We on the committee propose to encourage people to do the honest thing rather than to encourage them to do the dishonest thing. We say, "If you get a job cooking, as a maid, a library assistant, or a swimming pool attendant, tell us about what you made and we will add something to it." What is cruel or oppressive about this? The only thing I can find about it—and that is not objectionable—is that it tends to defeat this silly system under which we encourage people not to report their income and we put them on welfare. We on the committee would encourage them to be honest people and reward them for doing this.

It is just the opposite approach. It is a divergent point of view. If we want to encourage the people of this Nation to be honorable and reward them for hard work, we should agree with the committee proposal. We do not want to encourage them to get on the welfare rolls and not tell us that they are working.

Do we want to move in that direction, or do we want to do the things that are right? Furthermore, we on the committee would provide a tax advantage to a businessman who hires someone who is on welfare.

Let us analyze this for a moment. Here is a businessman who is in a position to hire someone at a job which pays the minimum wage or better.

He has two people available to him. One of them has four or five children to support, and that person is on welfare because he does not have a job. The other person does not have any children to support. If you want to help the little children and you would like for that family to get off welfare and help papa or mama get a job so they can earn their way rather than be on welfare, you would hire that man. They would strike the provision to encourage those people to hire the poor person on welfare who has children to support. We must recognize that these people on welfare, for the most part, do not have skills, training, or work experience. You need to give someone an advantage or some incentive to hire this poor fellow or lady who does not have the skill, the experience, or the training.

That person must be helped to get off of welfare and into workfare. But they would strike that provision. I do not know why.

Put all these people on welfare and then when they go to work, take two-thirds or 60 percent out of their checks, which encourages them to work and not report their income.

It is not right for people to talk about welfare reform when they encourage people by the tens of millions and provide them with the incentive to do the wrong thing, when we could just as well take the same amount of money to encourage people to do the right thing.

The Percy amendment would cost more money in fiscal relief than we are proposing. It would prevent the Senate——

Mr. PERCY. Mr. President, would the Senator clarify that statement? I want to be sure I heard it correctly. My fiscal relief amendment would be more costly? As I understand the Bellmon amendment the cost would be $1.2 billion, against $515 million for the Percy amendment.

Mr. LONG. The Senator's proposal would be permanent legislation and it may be after a couple of years that they will not need this big increase. For example, starting in 1974 the provisions we have in this bill would take virtually all aged people out of poverty, and a State would either need to have no program for the aged or they would need very little. After all, when a businessman is provided a tax advantage in terms of investment tax credit, the cost to us is $2.5 billion. I voted for that and so did the Senator from Illinois.

Mr. PERCY. Would the Senator yield for a clarification?

Mr. LONG. I will in just a moment. When we provided a businessman, not for his advantage but for the good of the country, a 7-percent investment tax credit, it will cost us $3 billion a year and more in future years to do that, to encourage a man to buy new machinery, because it provides new employment.

It will not cost that much to give that same businessman a tax advantage to hire a person on welfare rather than to hire a person who would not need to apply for welfare assistance.

I yield to the Senator from Illinois.

Mr. PERCY. I am very pleased that the distinguished chairman raised this point of open-ended fiscal relief because it gives me the opportunity to clarify this point. Because, as the distinguished Senator from Utah thoughtfully said on this floor, try to be fiscally conservative in every way I can. In this amendment I have limited my fiscal relief provisions to fiscal 1972 and 1973.

So I ask the question again. In view of the fact that the Bellmon amendment costs $1.2 billion in the first year, and more in the second, and the Percy amendment costs $515.6 million the first year, and $704.5 million in the second year, can it not be said that the Percy amendment is more fiscally sound and less costly than the Bellmon amendment, which has been accepted?

Mr. LONG. The Bellmon amendment has not be voted on at this point. I hope it will.

Mr. PERCY. I accept something as tantamount to being accepted if the chairman expresses himself and says that it will be accepted. But I want a clarification here now that the Percy amendment is far less expensive than the Bellmon amendment.

Mr. LONG. It might be somewhat less expensive.

Mr. PERCY. Somewhat? $515 million as opposed to $1.2 billion?

Mr. LONG. I was informed, and if the information I was given was wrong I stand corrected, but I was informed it went on indefinitely in the future.

Mr. PERCY. That is not true.

Mr. LONG. Then, my understanding is, and what I am posing here, would cost $1.2 billion in fiscal 1973, and it would be about $1 billion in fiscal 1974. That is what the welfare administrators came to me asking for. This does at least have the advantage of encouraging them to economize on their own systems because if they can save some money this would be something they could be use as they felt it should be used. I would think between the two figures in this regard I would rather go to conference with what they are asking for, and if we find what they are asking for is too much we could go to the figure the Senator is suggesting, rather than to go with the Senator's figure and find that is not adequate. I think what the Senator wants to do in this respect is pretty much or about the same thing that I want to do.

But I cannot agree to these proposals to strike out things in this bill we think would do a great deal to help the poor, when we want to help them. With regard to the test proposals the Senator made, it was the thought of the Senator from Louisiana that the Secretary of HEW should try to work out his test for the family assistance plan in a fashion that the Ways and Means Committee would agree that would be a fair test because they recommended the family assistance plan to us.

Mr. PERCY. Will the Senator yield for a brief comment?

Mr. LONG. I yield.

Mr. PERCY. I accept absolutely the Senator's statement that he wants to

help those people on public welfare who really need it, for whom there is no alternative, and he does not want to see them discriminated against when they have no other way to maintain themselves.

But certainly the Bellmon amendment does not protect welfare recipients from benefit reductions. It is for that reason States are required and should be required to maintain benefit levels when we provide this kind of relief to them. We are not trying to have another disguised revenue sharing bill. We are not trying to provide additional funds so that they can use it for whatever expenditures they want.

It should not be looked upon and regarded by the States as another way of having revenue sharing.

I really feel the Bellmon amendment is far too expensive. I cannot imagine how a conservative can support it, when it provides a flat 20-percent Federal reimbursement regardless of need for every single State in the Union.

Mr. LONG. In the first place, we do not think there should be a maintenance-of-effort requirement here, for many reasons. The Senator is trying to strike the child-support requirement, but we feel that by providing that requirement, a State will reduce its caseload at least by 15 percent, and we think it possible to reduce it by more than that. By the requirement we have provided that fathers must support their children, and by providing incentives for district attorneys to prosecute fathers who are denying their responsibility toward their children or escaping them, and by requiring that U.S. attorneys participate in those efforts, it is our judgment that where this has been done it results in about a 15-percent saving. We think the saving would be that much.

If a State is going to save that much, I do not see why we should require the money to be spent, when the whole purpose is to make the father do his duty.

We have provisions in his bill which provide that where a father is not paying for the support of his children, his check can be garnished. Even though he may be working for the Federal Government, his check can be garnished. In other words, we propose to reach across State boundaries to get those people, even though they may be Government employees, and make them pay for the support of their children and their families.

When the welfare rolls can be reduced in that fashion, there should not be a maintenance of effort requirement to make them spend more.

In the State of Nevada, to give an example, where somebody made an effort to purge the rolls of people who did not belong there, that Governor reduced the welfare rolls by about 20 percent and he also reduced payments to the extent that over 50 percent of those people who were being paid too much because they were not reporting income that was available to them.

After the welfare rights people and others fought it and made the State go through hearings and different delays, and one thing and another, the Governor reported that, after having been forced to go through hearings, the expense came to just about the same magnitude.

Governor Reagan reported that he had had significant success in reducing the welfare rolls by eliminating people who are not eligible and by requiring fathers to be honest toward their families and by trying to make people work.

By the Roth amendment, which the Senator is seeking to resist, for example, New York State and California would be permitted to do things which they have been seeking to do and have had some success in doing, and that is requiring some of these people to work for their welfare money. By doing that, they will be able to reduce their welfare rolls, because welfare will not be that much more attractive than working.

If we followed that principle, Governor Rockefeller would like to do it, and so would Governor Reagan. If they do it, they are going to reduce their costs of welfare. Why is the Senator going to make them spend more money?

One of the biggest justifications for getting them to spend money is the argument, "Go ahead and waste the money. Put people on who do not belong on the rolls. Do not be strict about the rolls. Let them have the run of it and let them have their say, because, in the last analysis, Uncle Sam pays 50 percent or Uncle Sam pays a great deal of it. Therefore, just go ahead and pour the money down the rat hole."

A while back we had the story of what happened, under the maintenance of effort position, in Missouri, which was locked into a situation in which it was in fiscal straits. The officials asked for relief from the maintenance of effort requirement, and we finally got it for them. Some of the bureaucrats had objections, but we finally got relief for them. A State ought to be encouraged to save money.

I would have proposed—and it would be no longer in the bill because of its being stricken by the amendment—that in the future we should not pay money on an open-ended basis to the States, because it does not encourage economy; that we provide cash amounts, so that if a State found its money was being wasted and it tended to find ways to eliminate that waste, and eliminated from the rolls people who should not be on the rolls, the State would benefit in that way and at the State budget level, and those people would have the incentive to take ineligible people off their rolls. That provision would be eliminated, because they would be forced to spend the money even though they might not think it necessary.

For those reasons, I do not think the proposal should be agreed to.

Mr. PERCY. Mr. President, I would like to respond. Then I shall be very happy to yield to my distinguished colleague to cover the day care portion.

I have been very sympathetic with the Finance Committee, with its chairman, and with the ranking Republican member on the Finance Committee in trying to do everything we conceivably can to get at the problem of welfare deadbeats. There is no one that I know of who would in good conscience vote to provide money for people who are abrogating their responsibility, who are refusing to work, who are refusing the training and education necessary to provide them with skilled job opportunities. Certainly, to the extent that we are going after legitimate welfare deadbeats, I sympathize with the committee and will cooperate with it.

We know also that there is a certain amount of fraud. We do not know exactly how much. It is like the old adage about advertisements—"half of the money is wasted." It is true of General Motors, and it is true of other big corporations. The problem is, Which half? They try to cut out expenses which provide the least return on investment. We try to provide welfare systems that cut out as much fraud as is possible. Very often fraud is due to the administrative setup. There are not a sufficient number of caseworkers. They are inundated with paperwork and do not have time to provide the necessary services. That is why we have excessive costs.

We all agree that we want to do something in this area. As to fathers who want to escape responsibility, every reasonable effort should be taken to find them, but I maintain that while we are looking for the fathers, we cannot penalize the children. They are, after all, innocent. They are going to be the welfare recipients of the future, and they are going to be on welfare the rest of their lives unless they have adequate care at this time.

So while we are looking for the deadbeats, we should not be punishing those who need help.

Those are factors on which we do not disagree at all. We just disagree on whether this fraud is the overwhelming pattern or whether it is a exception to the rule. One can say that all business is corrupt, or he can say that all labor unions are corrupt, but we are probably talking about a 3- to 5-percent factor. Survey after survey has been conducted to ascertain whether welfare recipients are just a bunch of deadbeats. The findings have shown that to be false. We have to have an understanding on this point.

As far as fiscal relief is concerned, I only ask my distinguished colleague, is it not only fair to require States to maintain benefit levels if they are to receive additional Federal help?

As we establish a fiscal relief program, should we not prevent States from further reducing their present benefit levels which are already low? The State of Connecticut is the only State in the Union to provide a benefit level that is higher than the poverty level.

I am sure that the distinguished Senator, when he indicates his compassion for the poor—and his record through the years has evidenced that, time after time—would want that kind of a safety valve feature in a fiscal relief measure. The Percy amendment provides that safety valve, and the Bellmon amendment simply does not provide it.

I am not offering another revenue-sharing bill here. We do not need to provide, under a welfare bill, money to States that do not need it.

I do feel it is quite necessary to set it right. As far as I am concerned, I believe my colleague, the chairman of the Finance Committee, agrees with many of my feelings on this. We all have compassion for the needs of the elderly, especially the elderly poor. There are 5 million impoverished people 65 and over in this country. There is no stigma to being poor, particularly when you are old and poor and there is no way for you to get a job. And it is not a crime to be poor. But it is a crime when a society with the means of our society does not make provisions to care adequately for its low-income poor.

The Percy amendment is designed to provide some relief for that type of situation, and it is far less costly than the Bellmon amendment. I feel that the direction we are taking is the right direction, and I would urge the distinguished chairman of the Finance Committee to let us vote this amendment up or down. And I would hope that it would receive his support because it embodies a principle which he has supported time after time on this floor. He agrees with the principle of fiscal relief. This is one of the few opportunities we have to provide the fiscal relief that I think the States need in this respect.

Mr. CHILES. Mr. President, will the Senator yield?

Mr. PERCY. I am happy to yield.

Mr. CHILES. I understood the Senator, in his colloquy with the chairman of the Committee on Finance awhile ago, talking about the Bellmon amendment, which would cost $1.2 billion and to say that the Percy amendment would cost roughly $500 million. Would the Senator explain to the Senator from Florida why the Bellmon amendment is more expensive, and where the additional cost comes in?

Mr. PERCY. The Bellmon amendment costs more because it would provide States with a flat 20-percent Federal reimbursement over their fiscal 1972 welfare expenditures. My amendment, on the other hand, would provide States with up to a 20-percent Federal reimbursement, based on the States increases in welfare expenditures over and above what they spent in fiscal 1971.

Mr. LONG. Mr. President, let me explain this in a slightly different way, so that the Senator from Florida can understand it.

The idea is that some States, such as Illinois, find themselves in a financial tight spot, and other States have managed their programs so that they are not in the same financial difficulty. The Percy amendment would save money by providing it to the States that are in the financial bind, and not make money available to the States which are not in the financial bind. It would provide money to Illinois because Illinois is in a tight situation at the moment. If Florida is not in that kind of situation, Florida would not get anything.

The welfare administrators of this country did not think something of that sort should be agreed to by the Senate, for the simple reason that they do not see why Senators who come from States which have policed their programs so as to stay within cost should have to have their people pay taxes to send their money to States which have not kept their programs within cost, so that States which have let their programs run out of bounds and become very costly would get a substantial amount of help, and those which have not done it would not receive help.

The proposal I am recommending to the Senate, which is a proposal that the welfare administrators have recommended to this Senator and that the Senator from Oklahoma (Mr. BELLMON) was recommending, is one which all welfare administrators think is fair, because it would treat all the States the same and say, "All right, we will provide 20 percent more Federal money to all the States," and that the State which has closely policed its program would get 20 percent more Federal money, and the State that has done the opposite would get 20 percent more as well.

That makes better sense. As far as the so-called maintenance of effort is concerned, the reason we are providing this money to the States is so they can provide the additional amounts that they want for additional benefits to their people, but if we provided some additional funds to help Florida, for example, and Florida did not want to raise their benefit level and did not want to expand the eligibility, I would assume that Florida would spend the Federal money in their program, and they might reprogram some of their State money to spend it on something else, where they thought it was needed more.

But I would think the Senator from Florida, the Senator from Louisiana, or a Senator from any State would be a little reluctant to provide additional money for Illinois, because Illinois let their program expand until it has them in financial difficulty, and deny his own State its proportionate amount of funds merely because his State has kept its program within the budget.

If we want to do justice among all the States, I would think we would treat them all alike and provide a flat, across-the-board increase for all, and that is what I suggested, because the welfare administrators suggested it to me.

The Senator has offered his proposal. It is not identical with the one he suggested before, but the one thing they all had in common was that they took very good care of Illinois. Some of the proposals I have seen, as I recall the previous Percy amendments, would provide zero for Louisiana, but provide a great deal of money for Illinois. I do not see why Louisiana should be penalized because it has tried to keep its program within its estimated cost, any more than any other State ought to be penalized for that reason. It sems to me they ought to be treated the same.

Furthermore, let me say this: While there may be merit to some of the Senator's proposals of what he would seek to do here, this is a blunderbuss attack on this bill. This bill has incentives for people to go to work. They would be stricken. This bill has incentives for people to hire those who are on welfare. They would be stricken. This bill has strong, effective provisions to seek and require a father to support his children. They would be stricken. This bill has money for child care, and arrangements to provide for child care. That would be stricken.

Those things, Mr. President, should not be stricken in any such blunderbuss fashion as this. If they are to be changed, they ought to be changed by the Senate looking individually at each one of these individual items.

Mr. PERCY. Mr. President, I wonder if the distinguished Senator from Florida, in response to his question, would really like some facts. Because I cannot accept the fact that in the State of Illinois, the State of Ohio, and the State of Indiana, all our problems are created by poor administration. We have one of the best administered programs in Illinois by any measurement test.

But let me just tell the Senator why we have these problems, and why we need fiscal assistance and help.

First of all, the State of Illinois pays, though the poverty level is around $4,000 for a family of four, $3,276 to a family of four. Contrast that with Alabama, which pays $972; Arkansas, $1,272; Mississippi, $720; and the State of Texas, which pays $1,776.

Let me give the figures as to what has happened in the way of migration into the State of Illinois—and these same figures are available for many other States in the Union that have been recipients of migration. Minnesota certainly has been the recipient of migrants from the South and other parts of the country where people cannot get a job. They cannot make do. The problem is that we in Illinois do provide, though not even at the poverty level, benefits at something closer to the poverty level than many other States.

In 1972, we had an increase in our welfare rolls of 770 families from the State of Mississippi. They came to Illinois in 1972 and went on the Illinois welfare rolls. From the State of Missouri, 682 families; from Puerto Rico, 474 families; from Tennessee, 361 families; from Arkansas, 302 families; from Texas, 209 families. In the most recent 12-month period, an average of 580 families a month were added to the Illinois welfare rolls after living there less than a year.

What should the State of Illinois do—put a barricade at the State entrance and say, "You can't come into the State"? We must receive these people. We must take them in. They use public transportation facilities. They come by bus or jalopy, by every means of transportation, and somehow the State has to provide for them. We are not going to let them starve.

That is why we have the problem. It is not the result of faulty administration. The administration is thorough and done under an able, tough Governor. It has been good administration under several Governors, Democratic and Republican, and the problem is the same. These are the facts. This is not fiction.

Mr. RIBICOFF. Mr. President, will the Senator yield so that I can comment to the distinguished Senator from Illinois?

Mr. CHILES. I yield.

Mr. RIBICOFF. I have listened to the Senator from Illinois response to the Senator from Florida.

From long experience as a Governor and as Secretary of Health, Education, and Welfare, and from following the problems of welfare, I know that the State of Illinois, for many years, under Democratic and Republican Governors, has always had one of the most able, imaginative, and best administered welfare programs in the United States. The State of Illinois was a bellwether State, where other States came to observe and tried to understand what the State of Illinios was trying to do.

The Senator from Illinois explanation of the situation in Illinois is correct, from my personal experience and knowledge; so it has nothing to do with misfeasance or bad management of the welfare program in the State of Illinois.

Mr. PERCY. I thank the Senator. He has had an overview that very few in the Senate have had.

Of all the States in the Union, only Connecticut provides a family of four with a benefit payment over the poverty level—$4,020.

No wonder, then, that its need for fiscal relief is greater than a State which, by its unconscionably low payments, drives people out of the State.

I have seen evidence that this is in other States.

I have seen evidence that this is true in other States. They would be willing to offer a one-way bus ticket to get people out of the State and shift their problem to the State of Illinois, the State of Florida, the State of Connecticut, whatever State it may be. I think that welfare is a national problem, not one that can be blamed on poor administration in Illinois or any other State.

Mr. LONG. Mr. President, the point about this matter is that the reason why the fiscal relief provisions cost less in the Percy amendment is that it is provided for the so-called needy States, and for the purpose of that amendment, Illinois is a needy State.

I do not know whether Florida would be a needy State, but Illinois would get $41 million of the $515 million that the Senator would provide. Because of the generous program they have in Illinois, the State finds itself in financial straits, so Illinois would get $41 million. Some States would get a great deal, and some would get nothing.

In Louisiana, if we are forced by a court decision to add people to the rolls that we did not think belonged there, we would perhaps have a cutback across the board in order to manage the budget, the increased caseload that the court pushed onto us. If you have done that and you are well within your budget, then you would not be a needy State.

Proceeding with that standard of need, some States—Illinois in particular—would receive a great deal of help and other States would not receive any help. I do not think that States that would appear not to be needy, just because they have carefully administered their program or have kept it within the amount of money they have appropriated and budgeted for their program, ought to be denied their share of the fiscal relief money, simply because they have prudently and carefully managed their program.

I can sympathize with Illinois and people who have migrated to that State. I point out that it is not the fault of this Senator, and it certainly is not the fault of the Finance Committee, that the courts have stricken down all the residency requirements. We have affirmatively provided by law that States could have residency requirements. As the Senator knows, the Supreme Court says we cannot authorize a State to have a residency requirement if it is imposed by the State.

When States such as New York and, to a lesser degree, Illinois have very high levels of benefits, they do attract people, and it creates a problem. That is one reason why I would urge that they do some of the things we ought to be doing here, to try to put some of these people to work, so that welfare would not be all that attractive.

I do not think the Senate would want to vote for a kind of relief that gives a great amount of advantage to some. I do not think the Senate would feel that, on the motion of a single Senator, we ought to let him strike all the provisions that provide incentives to go to work, or strike out all provisions that provide incentives for employers to hire people who otherwise would be on welfare, or strike out the provisions against which I have yet to hear the first argument—that U.S. attorneys and district attorneys ought to be encouraged to pursue runaway fathers; that we ought to have stronger laws to act against those fathers; that we ought to have the power to garnishee their income from the employer, so that when these fathers move from place to place, they can be pursued and made to do the honorable thing.

I do not see why those provisions should be stricken, but that is what the Senator would do with his instruction to recommit this matter to the committee and report back and to write the bill the way he would like us to write it.

I would hope that such suggestions Senators might make would be offered individually, if they wish, so that we could consider them on their own merits. But I do not think the Senate would want to proceed with the kind of blunderbuss attack the Senator makes.

Also, the Senator provides in his amendment that States cannot reduce payment levels. That is about the only way up to now that some States have been able to keep going at all or to defend themselves against completely unpredictable court decisions. For example, in Louisiana, when the court said we could not attribute the income of anyone living in the home to the family living there with him, they could not have any kind of a man in the house rule of any sort whatever, and could not have a residency requirement, the caseload in Louisiana at that point was increased 50 percent. How are we supposed to comply with the court decision if we cannot reduce the level of the payments? That is a problem created by the court decisions which so far as many were concerned was an error. But, after all, that is their function to rule on those things. Sometimes the States have to have the power to make reductions in order to continue to stay fiscally solven and comply with court decisions.

So that all these different things, the bunderbuss attack the Senator would make on the provisions in the Roth amendment, or in the committee bill, I would say, should not be agreed to. If he wants to come back and offer separate amendments, perhaps we could consider them better.

Mr. PERCY. Mr. President, will the Senator yield for a clarification of one point? Did he not say that under the Percy amendment——

Mr. CHILES. Mr. President, has not the Senator yielded the floor? I would like to seek recognition.

Mr. PERCY. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator had yielded the floor. The Chair will recognize the Senator from Florida (Mr. CHILES).

Mr. CHILES. Mr. President, I have been on the floor for about two and a half hours now trying to corner everyone I could corner, the staffs of committees, the staff of the Senator from Illinois, and everyone else I could find, to try to understand what the amendment of the Senator from Illinois does, what the amendment of the Senator from Oklahoma is, and where we stand on this particular bill.

I can tell you, Mr. President, that I do not understand it now. I do not know whether anyone else in here understands it either. But I know that every other Senator who is off the floor does not understand it. What we are talking about and what the Senate thinks is whether we will adopt a pilot plan and, if so, what kind of pilot plan will we adopt.

I find that we are dealing with things well beyond the pilot plan, that we are dealing with the provision that the committee worked on, workfare, which a number of States had recommended support for. We are dealing with a provision of $500 million in one of them and $1.2 billion in another.

When we come in to vote on a motion to table or on an amendment, everyone will walk in that door thinking they are voting for a pilot plan, the Percy pilot plan as opposed to the Roth pilot plan. Certainly this is complicated. There are over a thousand pages in the bill. But when we are having this kind of debate in the closing hours of this session, dealing with $500 million or $1.2 billion and I cannot even find out from the staffs what they are, as they are not printed, and I cannot find out what they are, we begin to see how we are doing business here. It is ridiculous that we can come in here and cannot find out what is going on. We would think that we are going into this pilot plan and look at everything about it. Are we not going to pass on something in title IV, being a study. That is not true. All kinds of things in addition to a study are contemplated. All kinds of major changes in the present plan are contemplated in addition to the study.

Mr. President, I will bet that 80 percent of Senators do not understand that, and they do not understand what we are talking about and what you have been talking about, and what I have been trying to listen to. I wonder how many Senators on the floor right now understand it. Your staffs do not. I have been trying to talk to those to try to find out whether they understand it, what we are dealing with here, we are dealing with a major question of reform, but we are dealing with it in the 11th hour of this session, and we are dealing with it when we are talking and we cannot get anyone on the floor to understand it when we talk about dealing with pilot plans and then get off into a change of a major formula, and then providing money for the States—whether to give 20 percent to every State whether they need it or not, or 20 percent to such of those States who would like to get additional money, or whether they need it—either one of which I am not sure of. I have no way of trying to determine whether we are dealing with that kind of question when we think we are studying going into a pilot plan.

I walked outside a minute ago and I was approached by Common Cause, and the League of Women Voters, and they said they are supporting the Percy pilot plan, that they were for that pilot plan because they think it is a better pilot plan than the Roth pilot plan, but they do not know that this amendment changes the major cost factors. They did not understand that. They did not understand the Bellmon amendment, and that is one that will be adopted, yet we talk on the floor as though it were an existing part of the Roth plan already—tantamount to being accepted because we have discussed it. Yet I cannot find a copy of the Bellmon amendment. It has not been reduced to writing. Yet it is such an integral part of this debate, already assuming that the amendment is a part of the Roth amendment and has already been adopted.

Mr. President, this is a heck of a way to do business. This is a heck of a way to say that we are making headway with major reform in welfare, especially when we generally can pick up the newspaper and read that we have already decided to scrap title 4 and there is just going to be a study—a study of the workfare plan by the committee and the distinguished chairman, that there will be a study of the Ribicoff plan, and that there will be a study of the administration's plan.

I thought that was the direction in which we were going but I find that is not true. We are not talking about just a study, we are talking about adopting many major items that the committee had in relation to reform. Now we are talking about a change in the formula and how we will distribute the funds, but there will be one or two different amendments.

Senators will walk in that door and feel that they are voting either on a motion to table or this pending motion. They are no more going to understand the provisions in that than anything in the world.

The Senator from Louisiana said one valid thing and that is, he thinks that we should work on this in some kind of pieces, to try to determine, will we deal with a pilot plan, will we deal with a distribution of the formula, or will we deal with separate things? Are we going to say that we are adopting parts of a major reform as proposed by the committee in the workfare proposal, or are we talking about just a pilot study?

Mr. President, if you will tell me some of the ground rules, then I will make up my mind how I want to vote. I should like to be able to know what amendment I am voting on because I have to be responsible for my vote to the people of Florida. I cannot understand it now.

Mr. PERCY. Mr. President, if the Senator from Florida will yield, I can answer that. I can answer it in 1 or 2 minutes. Because the States did not get welfare reform as scheduled, and because they did not get revenue sharing as originally scheduled, 22 Governors contacted me to say that they were in a fiscal crisis. I therefore put in an emergency welfare relief amendment, with White House agreement, which would hold harmless the States up to a maximum of 20 percent in welfare costs over their June 30, 1971, expenditures. Several reimbursements have been made to insure welfare cost control. At the same time, also, to protect the welfare recipient by requiring the States to maintain a benefit level as a condition to receiving the interim fiscal relief. Federal reimbursement under my amendment would be calculated strictly according to the welfare costs of the case needs of each State.

The HEW studies show that Florida would be eligible to receive $6.6 million for fiscal 1972, and $6.6 million for fiscal 1973.

I cannot tell the Senator how much the Bellmon amendment would provide for the State of Florida because those figures are not available for Florida, Illinois, or for any other State. But I can assert that the chairman's statement that the Percy amendment would not permit the State to reduce its welfare benefits is simply not accurate. Any State can reduce its welfare payments down to zero if it wants to under the Percy amendment. All that happens is that it is not eligible to receive the extra Federal relief payment which would make the whole half of the fiscal year 1972. So that is as clear and concise an explanation as I can give. It is very simple, and it is exactly what the amendment would do.

Mr. CHILES. Mr. President, that is very clear, but that is only one part of the Percy amendment. I want to know something else about the Percy amendment. I want to know about the reform. I want to know what it does with regard to child care. I want to know what it does with respect to striking the welfare portion of the bill. I want to know all about the amendment. The Senator has explained just a little part of the Percy amendment.

Mr. PERCY. Mr. President, in no more than 1 minute I can explain its other provisions.

Mr. President, if the Senator will yield me 1 minute, I might precisely explain the language.

My amendment knocks out title IV, the workfare plan. It accepts a work bonus and tax rebate for the elderly.

Second, it authorizes three pilot programs. No one program is allowed to test more than 100,000 participants.

That is as simple an explanation of the amendment as I can make. We do not have a great deal of time remaining. If the Senator from Florida would yield 5 minutes to the Senator from Minnesota, we could complete our total explanation and could get into the aspects which the chairman of the committee wants to discuss.

Mr. CHILES. I would be delighted to yield to the Senator from Minnesota.

Mr. MONDALE. Mr. President, I have a good deal of sympathy with the points made by the Senator from Florida. I think that most of my colleagues when they voted on the Roth amendment felt that they were voting in effect on a series of pilot tests for the principles involved. They did not feel that they were establishing a major program on a permanent basis.

Embodied in the Roth amendment is the establishment of a massive, new program of child care which is different from the program adopted twice by an overwhelming margin in the U.S. Senate.

It would establish a totally federally controlled, permanent, massive, new agency in which the States and local communities would have no say whatsoever, in which the parents would have no say-so whatsoever. It would authorize in the first year $800 million and then such sums as necessary in following years. It is sort of like the old foreign aid. No one knows where it will end. It violates every principle that I have been able to determine to be essential for decent child care.

It is opposed by virtually every organization that has shown any interest in this matter in the whole Nation with respect to child care.

I think the cosponsors of the amendment—and I would suspect that many of our colleagues—may not have been aware of the fact that it was not a pilot program, but was a permanent, massive, new, and, I assume, a multimillion-dollar program which among other things could seriously tamper with families.

It is too bad that not every Senator is present when we discuss this matter. However, I have a great deal of sympathy with what the Senator says.

Mr. CHILES. Mr. President, I agree with the Senator from Minnesota that I feel a majority of the Senate felt when they were voting on the Roth amendment that they were voting on a test of the different proposals. Again, I think the same thing can be said when they come in to vote on this matter and on the motion to table. They will not understand what is in the amendment.

We are going back to try to take out the child care program. We are going back to try to take out some of the workfare proposals. We are changing the distribution monetary formula or trying to change it, and the Bellmon provision is coming behind it or in front of it.

We are dealing with all of these frustrations. It is a complicated issue to try to make a decision on one of these mat-

ters at a time. We did not hear the testimony or participate in the hearings. And I know how many hours the Finance Committee has worked. It is hard enough for me to try to decide these things one at a time. And when they throw them all in at once and when I do not know they are in here, it makes it twice as hard.

This is a deliberative body. We are not making our decision in the right way.

Mr. RIBICOFF. Mr. President, I want to compliment the Senator from Florida for throwing some light on the operations of the U.S. Senate. The Senator from Florida has pointed out very clearly that the U.S. Senate has been confused here today. The Senator from Florida has a just complaint.

The reason that the parliamentary situation developed this way is so that the Roth amendment would be voted on first for the exact purpose indicated by the Senator from Florida. Everyone thought we were going to pass a pilot program.

Everyone thought that if they voted for one pilot program they would have accomplished what they wanted.

What I tried to do this morning in the motion to recommit was to open up this bill to some sunshine, the sunshine that the Senator is trying to bring to bear on the processes of Government.

Under my amendment to recommit, we would have been in a position to debate and discuss each and every proposal and facet of title IV. This motion failed by a vote of 44 to 41.

Now we have voted for a proposal that is not a true pilot program. The public thinks that we will have a true pilot program. While I do not have much sympathy with the way the Administration has handled this whole welfare situation since its inception, I have the utmost sympathy for the Secretary of HEW when he tries to put into effect what was accomplished by the Roth amendment and the Roth vote.

The only thing that will bring order out of this confusion is the commonsense of WILBUR MILLS, chairman of the House Ways and Means Committee when this bill gets to Conference.

Mr. ROTH. Mr. President, will the Senator yield?

Mr. CHILES. I yield.

Mr. ROTH. Mr. President, I would like to point out to the Senator from Florida that the Senator from Delaware sent to every Member of the Senate on October 2 a letter explaining exactly what this amendment contains. I know that this is a complex situation. However, advance notice was given as to what was contained in the amendment. And of course, this morning when the so-called Roth amendment came up we outlined what was included. So an effort was made to notify everyone what was included in my proposal. It is only fair for everyone to recognize he was given the information. I realize time is limited and it is difficult to catch up with things, but it is not because those sponsoring the legislation did not put the Senate on notice.

Mr. RIBICOFF. Mr. President, if I may comment briefly, I have the utmost respect for the Senator from Delaware. He was a constructive Member of the House and he is a most constructive Member of this body.

I tip my hat to the Senator from Delaware because no one has been as much in the forefront as he has in helping people understand the Federal bureaucracy. But I am sure that he will admit that no one this morning had the slightest idea that the amendment in the first degree that would be presented would be the Bellmon amendment to which your amendment was attached. The Senator did make clear what he intended to do with his amendment, but the Senate was not aware what the vehicle was.

It is not the fault of the Senator from Delaware, or the Senator from Louisiana, or me that there is poor attendance in the Senate when matters of such importance are discussed.

Here we are disposing of matters of grave import, affecting millions of people, and involving billions of dollars and confusion surrounds the issue. That is why I compliment the Senator from Florida. What he said today should be required reading for all of us.

Mr. CHILES. The concern of the Senator from Florida is that I am here voting and I do not understand what I am voting on. I think we are entitled to get to these questions before us in pieces so we can understand them and so that it will not be reported to be a pilot plan or one thing, when, in effect, it is another major issue the other way.

The amendment of the Senator from Illinois covers many items. It is said this is a pilot plan. The amendment of the Senator from Delaware certainly covered extensive items. I reiterate the thing I am interested in is trying to see if we can break these things down so that we know what we are voting on. If we are voting on a pilot plan we know that is what we are voting on, and if there is a difference in those plans, that we understand the difference, and if we are voting on workfare, we know that; and if it is on a permanent basis or a study basis, we will know that; we will know if we are creating a new agency for child care. All of those matters need to come before us issue by issue and that is the only way the Senate would be able to address itself to them and make a proper determination on the issues involved. This amendment fails to do that and I think the other amendment fails to do that.

Mr. MONDALE. The Senator's point is well taken. The Senate is supposed to handle these matters issue by issue. But regretfully, the Roth amendment was adopted in the nature of an amendment in the second degree so we have no way to modify it. It is true that the Senator from Delaware sent us a letter explaining this, but we thought when it was proposed we would have a chance to debate it and discuss critical items in the amendment, but it was put to us in the form of an amendment in the second degree and no amendments were in order. So all we have left is the Percy amendment, and I am deeply interested in that amendment. The Percy amendment preserves the status quo the question of child care, while the Roth amendment establishes a mammoth new agency dealing with child care, which I think violates every principle I have seen that makes sense in child care.

Mr. RIBICOFF. The difference is this. If the Percy amendment is tabled or defeated, then the Senator and all of us are stuck with the Roth amendment. If the Percy amendment prevails the entire subject matter is open for discussion and amendment. At that stage the Senator from Florida or any other Senator can introduce individual amendments and vote on every provision of title IV. But if the Percy amendment goes down or is tabled, these issues are closed to us. That is the situation that faces the Senate.

Mr. CHILES. What provision would keep the Percy amendment from being modified, and dealing with this subject matter by subject matter?

Mr. RIBICOFF. The Percy amendment to recommit with instructions puts the entire subject matter of welfare reform on the table before this body for amendment and for discussion. The Senator can discuss or amend any part of title IV.

At the present time the Senate has before it the Roth amendment which cannot be changed and will prevail if the Percy amendment is tabled. This will probably happen and that is why I say the only hope on this issue is the common sense of WILBUR MILLS in conference.

Mr. LONG. Mr. President, those of us who serve on the Committee on Finance have been working on this bill for the better part of 3 years, and much of even the House language in this bill was written in the Committee on Finance during the previous Congress.

It was not the idea of the Senator from Louisiana that the Senator from Delaware (Mr. ROTH) should offer his proposed amendment to titles IV and V; but it was a subject he was privileged to offer. He wrote to every Senator and told them he was going to offer the amendment, so we had some idea what his amendment was going to be, and some of us had a chance to talk to him about it and say, "If you want to offer an amendment of that sort, I hope you will not want to strike from title IV and title V provisions which as far as we are able to determine not a man in the Senate has any objection to. And it would seem to us if you are concerned about the cost of something, you are concerned about the work program in this bill."

So the Senator drafted his proposal, which any Senator in this body, including the Senator from Florida, has a right to do. He did not try to fool the Senate or make any sort of end run on anybody. He wrote to every Senator in this body and said, "I am going to offer this amendment. Would you like to be a cosponsor. I hope you will vote for it."

The Senator from Connecticut (Mr. RIBICOFF) had every right to do what he did. He proposed a substitute for the entire Roth amendment.

If that substitute had been agreed to, then that would not have been subject to amendment. We could not have amended it, because it was in the second degree.

If it was agreed to, we could not amend it; we could only vote up or down on that amendment.

Apparently the Senator from Connecticut saw nothing wrong about substituting an amendment for the other amendment, where his would not be subject to amendment, either before or after. He had every right to do it. I find no criticism in that.

Yesterday evening we were notified there was another amendment to be offered in the second degree, in the nature of a substitute for the Roth amendment. That was the Stevenson amendment. There appeared every prospect that the Roth amendment would not get to a vote; that every time, some Senator would call up his family assistance plan or other proposal, and they would write another substitute for the Roth amendment.

They do not have to do business that way. If the amendment were agreed to, they could amend the bill at the end of the bill. They could add an amendment which would read that "notwithstanding what appears elsewhere in the bill, thus and so shall be the case." They could offer a substitute for the entire bill even if it had become law. They could change the Roth amendment anyway they wanted to. But Senators have had their amendments voted on, either directly or on motions to put them aside, so we could vote on the Roth amendment.

So facing an interminable series of substitutes for the Roth amendment, the Senator from Louisiana offered an amendment, because, if we are going to strike out the work programs then the States are going to have to have fiscal relief that does not appear elsewere in the bill. That was not suggested by the Senator from Delaware (Mr. ROTH), so I offered an amendment that would strike titles IV and V, well understanding he was going to offer an amendment in the second degree, so he would have a chance to have a vote on it.

I do not know why it should be thought that every Senator should have a chance to have a vote on his amendment except the Senator from Delaware. I guess the only reason for that is that he appears to have a majority, so it appears it is not going to come to a vote.

So when we faced a parliamentary situation where they could not vote on the amendment or offer an amendment to it, then those who are opposed to it started offering motions to recommit, to redraft the bill back to the way they want it. They have had this in common. Whereas we on the Finance Committee spent years working on what is in titles IV and V, individual Senators who are not even on the committee have moved to recommit and report back after striking out provisions that would pass by unanimous vote, save perhaps for themselves. I think they would even vote for provisions they were striking out.

I was led to believe that we were confronted with a situation where someone else would offer a substitute for titles IV and V, and having an amendment offered to that, it would be in the second degree and would not be subject to amendment.

I personally believe the Roth amendment should have come to a vote. That is why the Senator withdrew it, so he could offer it in the second degree. If it is not going to be done, we are going to have interminable motions to recommit or to write the bill according to what individual Senators think should be in it.

Mind you, Mr. President, motions to recomit are not being offered by the Senator from Delaware; he says, "Senator, here is my amendment. Here is what I am going to propose. Would you like to join as a cosponsor?"

The proposals made are not even in print. Take the Percy proposal. I was told, "Senator, you mean you cannot tell me anything about it?" Of course not. I did not see what was in there until the Senator from Illinois offered it. How could I know? I did not know, and neither did my staff.

Under the Percy amendment, Florida would receive $6 million. Under the formula I offered, which the State administrators agree is fair, how much would Florida get? $44 million.

Suppose Senators had voted for this when it was offered. Why could not we offer information on it? Because nobody told the committee staff or anybody else what it was all about. This would be a substitute for what the Senate would be committed to, where presumably it would not be changed, in which Florida, which the welfare administrators think it fair, including the Senator, would be getting $44 million, and under this proposal he would get $6 million. Nobody was informed about that proposal.

What I have proposed relates to how the money would be divided between the various States.

I think I understand the Roth amendment. What the amendment would do is strike from titles IV and V those provisions about which he has very serious doubts and feels should be tested. It is directed toward the item in the bill that the administration says would cost $4.1 billion. We do not think it would cost that much. We think it would cost about $2.6 billion. But he would strike that part of the amendment. He would also leave out the part which provides that benefits would not be paid to strikers. Generally speaking, he would keep these other provisions which would try to make a father do his duty toward his children.

I have yet to hear anybody stand here and make the first argument about what is wrong with our child support provision, which would seek to make a father do his duty toward his children and prosecute him for not doing it. Yet we have had a vote today on three motions whereby each Senator would, by his motion, rewrite titles IV and V, leaving that provision out.

That was also in the Percy motion today. It would rewrite titles IV and V and leave this section out.

Mr. CHILES. The Senator has informed the Senator from Florida on something. That is what I have been trying to get information on for 3 or 4 hours. For the first time I have been able to get a figure. I would like to check the figure. It was brought out that under one proposal, which is the Bellmon amendment, which has not been adopted here, but we talk like it has been adopted—and that is a little confusing to the Senator from Florida; I do not know how that works.

Mr. LONG. It is right at the desk.

Mr. CHILES. We assume it is already part of the Roth amendment when we talk about that.

Mr. LONG. I have never assumed it was, because I have never said that. I have stood on the floor and said that was the difference between the Roth proposal and my proposal. That was a part that was not stricken by the Roth proposal. After the vote on the Roth proposal, I stood up and said that the Senate ought to know that was my proposal and the Roth proposal did not substitute that part of it. I am sorry the Senator did not hear it, but if he reads the RECORD tomorrow, he will see it is there. I explained it to the Senate, because it is a very important item.

Mr. CHILES. It is very important, because in the discussion it was suggested that under the Roth proposal, Florida would get $44 million, and under the Percy amendment it would get $6 million.

Mr. LONG. This is what the welfare administrators recommend. I have been recommending it for more than a yaer.

They recommended that to relieve the situation for the remainder of this year and for next year, up until January 1974, the simplest way would be to provide a 20-percent increase in the Federal grants to the States.

It may be that Florida may not need all that money in that category of programs, and if so, if they want to spend it for social services, for example, they could spend it for that, or for whatever sort of things they want to spend it for, or they could reduce some of their State contribution, if they wanted to, and use the State money for something else.

Mr. CHILES. Again, the Senator from Florida would like to be able to face that test clearly, as to whether I want to go under one formula or the other, without feeling I am being influenced, in what I am going to do on child care, workfare, and all these other provisions all lumped together, because I would like to be able to determine how I want to vote on those others on their own merits, rather than with something that directly affects dollars to the State. Perhaps the Senator can add that as a sweetner or kicker and influence my vote on the other matters, but I do not think he should. I think I ought to be able to decide on each of those other items without having it all lumped together.

Mr. LONG. I can assure the Senator that as far as the Senator from Louisiana is concerned, I do not want to deny anyone the right to have a vote on anything in this bill that he is interested in. Insofar as the Senator from Louisiana is concerned, before we are through voting on this bill, the Senator will have that opportunity.

I noticed that the Nader people wrote something up very critical of the Finance Committee. They say we operate with no rules, or practically none.

Generally, the way this Senators tries to do business as committee chairman is to try to see that on everything we

do, on every semicolon, every comma, every period, any member of the committee can have a vote on anything he wants to vote on, as many times as we want to vote, so that one member cannot bar another from having his item considered; so that no matter in what order we take the thing up, when we are through the thing we are voting on is not only what the majority wants, but so far as possible what everyone wants. And I am confident that by the time we get through with this measure, we will have done that.

But at the moment we are confronted with a blunderbuss proposition.

Mr. CHILES. Mr. President, if the Senator will yield, I think we are confronted with a second blunderbuss proposition. We have already been hit by one today, and this is a second one.

Mr. LONG. But the Senator can offer, if he wants to, an amendment which attempts to rewrite 100 pages of this bill. If he wants to do it, he has that privilege. That is what the Senator from Illinois has done. So now we have a proposal to rewrite it in a different fashion. I just hope that the Senate will see fit to let us vote on the Roth amendment, and then, having done so, proceed to do whatever the Senator wants done. Even if he wants to change it, it can be done; and I think I can show the Senator how to do it. All he needs is 51 votes to bring it about.

Mr. President, I move that the pending motion be laid on the table.

Mr. CRANSTON. Mr. President, before he does that, will the Senator yield for a unanimous-consent request?

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that immediately following the vote on the motion to lay on the table the pending motion, the Chair receive a message from the House of Representatives with respect to the President's veto message, and that the time in connection with the veto message then begin to run.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I move that the pending motion to recommit and report back be laid on the table.

Mr. RIBICOFF. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. GRAVEL). The question is on agreeing to the motion of the Senator from Louisiana to lay on the table the pending motion to recommit. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. EASTLAND), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Rhode Island (Mr. PELL), the Senator from Oklahoma (Mr. HARRIS), and the Senator from Massachusetts (Mr. KENNEDY) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE) is absent on official business.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PELL) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BROCK), the Senator from South Carolina (Mr. THURMOND), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

Also, the Senator from Delaware (Mr. BOGGS), the Senator from New Jersey (Mr. CASE), the Senator from Colorado (Mr. DOMINICK), the Senator from Oregon (Mr. HATFIELD), the Senator from Ohio (Mr. SAXBE), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

If present and voting, the Senator from Delaware (Mr. BOGGS), the Senator from Oregon (Mr. HATFIELD), the Senator from South Carolina (Mr. THURMOND), and the Senator from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 49, nays 32, as follows:

[No. 517 Leg.]

YEAS—49

Allen	Edwards	McClellan
Anderson	Ervin	Miller
Baker	Fannin	Montoya
Bellmon	Fong	Packwood
Bennett	Fulbright	Pearson
Bentsen	Gambrell	Proxmire
Bible	Goldwater	Randolph
Buckley	Gurney	Roth
Byrd, Harry F., Jr.	Hansen	Smith
Byrd, Robert C.	Hollings	Sparkman
Cannon	Hruska	Spong
Chiles	Jackson	Stennis
Church	Jordan, N.C.	Stevens
Cotton	Jordan, Idaho	Symington
Curtis	Long	Talmadge
Dole	Magnuson	Young
	Mansfield	

NAYS—32

Aiken	Hart	Pastore
Bayh	Hartke	Percy
Beall	Hughes	Ribicoff
Brooke	Humphrey	Schweiker
Burdick	Inouye	Scott
Cook	Javits	Stafford
Cooper	Mathias	Stevenson
Cranston	Mondale	Taft
Eagleton	Moss	Tunney
Gravel	Muskie	Williams
Griffin	Nelson	

NOT VOTING—19

Allott	Hatfield	Pell
Bogge	Kennedy	Saxbe
Brock	McGee	Thurmond
Case	McGovern	Tower
Dominick	McIntyre	Weicker
Eastland	Metcalf	
Harris	Mundt	

So Mr. LONG's motion was agreed to.

SOCIAL SECURITY AMENDMENTS OF 1972

The Senate resumed the consideration of the bill (H.R. 1) to amend the Social Security Act, to make improvements in the medicare and medicaid programs, to replace the existing Federal-State Public Assistance programs, and for other purposes.

Mr. PERCY. Mr. President, I send to the desk an amendment to the Long amendment as modified by the Roth amendment and ask that it be stated. For the benefit of my colleagues, I shall be very brief in the presentation of this amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read the amendment to the amendment, as follows:

H.R. 1

EMERGENCY FISCAL RELIEF FOR STATES

SEC. 560. Title XI of the Social Security Act (as amended by sections 221 (a), 241, 505, 542(10), and 512 of this Act) is further amended by adding at the end thereof the following new section:

"EMERGENCY FISCAL RELIEF FOR STATES

"SEC. 1180. (a) The Secretary shall, subject to subsection (c), pay to any State which has a State plan approved under title I, X, XIV, or XVI, or Part A of title IV, of this Act, for each quarter beginning after June 30, 1971, through the quarter ending December 31, 1972, in addition to the amounts (if any) otherwise payable to such State under such title on account of expenditures as cash assistance, an amount equal to the excess (if any) of—

(1) an amount equal to the lesser of—

"(A) the amount of the non-Federal share of the expenditures, under the State plan approved under such title or such part A (as the case may be), as cash assistance for such quarter (not counting any part of such expenditures which is in excess of the amount of the expenditures which would have been made as cash assistance under such plan if such plan had remained as it was in effect on June 30, 1971) or,

"(B) an amount equal to 120 per centum of the amount referred to in clause (2), over

"(2) an amount equal to 100 per centum of the non-Federal share of the total average quarterly expenditures, under such plan, as cash assistance during the 4-quarter period ending June 30, 1971.

"(b) For purposes of subsection (a), the non-Federal share of expenditures for any quarter under a State plan approved under title I, X, XIV, or XVI, or part A of title IV, of this Act as cash assistance, referred to in subsection (a)(1), means the excess of—

(1) the total expenditures for such quarter under such plan as, respectively, (A) old-age assistance, (B) aid to the blind, (C) aid to the disabled, (D) aid to the aged, blind, or disabled, and (E) aid to families with dependent children, over

"(2) the amounts determined for such quarter for such State with respect to such expenditures under, respectively, sections 3, 1003, 1403, 1603, and 403 of this Act and (in the case of a plan approved under title I or X) under section 9 of the Act of April 19, 1950.

"(c) No payment under this section shall be made for any quarter to any State on account of expenditures, as cash assistance, under a State plan of such State if—

"(1) the standards, under the plan, for determining eligibility for, or the amount of, cash assistance to individuals under such plan have been so changed as to be less favorable, to all (or any substantial class or category) of the applicants for or recipients of such assistance under the plan, than the standards provided for such purpose under such plan as in effect on June 30, 1971, and

"(2) the amount of the non-Federal share of the expenditures, under such plan, as cash assistance for such quarter is less than 150 per centum of the non-Federal share of the expenditures, under the State plan, as cash assistance for the quarter ending June 30, 1971."

Mr. PERCY. Mr. President, this amendment is the so-called Percy amendment, which has been discussed at great length over a period of many, many months. The administration clearly supports it, and they have just reaffirmed their commitment to me.

I believe the Senate will remember that when I first introduced the welfare fiscal relief measure last November 17 as an amendment to the Revenue Act of 1971 we had considerable debate at that time. At that time I agreed to withdraw the amendment, provided that it would be put on H.R. 1, and that it would then receive administration support.

The distinguished Senator from Louisiana, the chairman of the Finance Committee, at that time indicated he supported the amendment in principle for the States.

Such an amendment was absolutely necessary because we did not enact revenue sharing, as soon as planned, and we did not enact welfare reform, as planned, and the States were and are in a fiscal crisis.

Twenty-two governors contacted me, urging that I press for this amendment. So, at this time, to honor the commitments that were then made—and I am grateful to the administration for honoring its commitment—this amendment would eliminate the Bellmon amendment, which is a part of the Roth amendment—and provide this sorely needed fiscal relief. Mr. President, I am happy to yield for a unanimous-consent request.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous-consent that there be a time limitation of not to exceed 20

minutes on this amendment, to be equally divided between Mr. PERCY and Mr. LONG.

The PRESIDING OFFICER. Without objection, it is so ordered.

How much time does the Senator yield himself?

Mr. PERCY. I yield myself such time as I may require.

The pending amendment would cost a maximum of $515.6 million in fiscal year 1972 and a maximum of $704.5 million in fiscal year 1973.

The schedule of benefits, which would be received by the States, as provided to me by the Secretary of Health, Education, and Welfare, has been clearly laid out. As for the Bellmon amendment, its cost is estimated to be $1.2 billion just in the first year. I do not have an estimate for the second year.

We do not have any official breakdown of the Bellmon figures as to how it would affect the States.

But, on my amendment—and this is the reason why the administration specifically committed itself to support this amendment—I feel that we must provide Federal reimbursement to the States retroactive to fiscal 1972 for that portion of their welfare expenses that exceeded those in fiscal 1971 up to a maximum increase of 20 percent. That maximum ceiling of 20 percent is imposed so that the States could have every incentive to have tight controls over welfare costs.

Given the administration and Finance Committee support for fiscal relief last November, the States have gone ahead and incorporated their potential fiscal relief reimbursements in their welfare budgets. The administration, concerned with the financial plight of the States, included a $1 billion line item in its fiscal year 1973 budget request to allow States to borrow 1 month's welfare reimbursement from fiscal year 1973 funds for use in fiscal year 1972. According to HEW, all States, with the exception of only Kansas and Nebraska, have taken advantage of this advance funding position. And, in March 1973, all the States that have borrowed will have to pay back their debt.

In all fairness, we cannot leave the States holding the bag. We all owe the States an obligation to fulfill our commitments to them so that they can pay back what they have borrowed.

Mr. LONG. Mr. President, I yield myself 5 minutes.

The amendment which is pending, which I offered, and which was referred to as the Bellmon amendment, because it was introduced as separate legislation by the Senator from Oklahoma (Mr. BELLMON), was a result of all the welfare departments of the Nation asking for a uniform basis which they think woull be fair to all the States to meet their welfare financial problems.

What it would do would be that for 1973 and for 1974, up until the States get big relief that they are going to get under the bill for the aged, where we in effect take the program for the aged off their hands and provide for the aged by a Federal program, which will give the States much relief, up to that time when they will get a big windfall and probably will not need relief, we provide an additional 20 percent. In other words, if they are putting up $100 million, we would add $20 million, so that a State would have $120 million in order to take care of the cost of living increases under the welfare program, and take care of the increased case load that has been forced on them by court decisions and other findings that have been made. The proposal I have made is a flat, cross-the-board increase for every State.

It does not have anything to do with whether a State is spending more than before or whether a State is spending less. It simply increases the funds available to each State, and this is what the welfare administrators think would be fair.

The Senator's amendment would work on a different formula. It would take care of the States which have run themselves into extreme financial difficulty, and it would do much less for States that have been more prudent in managing their programs, so that those States really do not need to come to Washington, but they would get their share based on the Federal commitment.

It may be, Mr. President, that the administrators have asked for more than is really necessary, but if that is the case, it is something we can trim back in conference when we have the administration people to advise us about it. But what sense does it make to provide relatively a great deal more for one State than for another State, when, after all, all the States are having to pay for it?

The Percy amendment would cut back on every State, and very drastically on some of them. I think, Mr. President, we would be much better advised to vote the amount that is asked for here, which is an amount that would adequately care for every State, and an amount which the State administrators felt would be fair, would be equitable among the States, and would treat them uniformly, without rewarding one State or another State because they had a particular problem within the State.

We do not look at the problem, which is a crisis, I might say, in Illinois, or a particular problem that might exist in Oklahoma, where they have a very severe crisis, by the way. We simply say that we treat all States uniformly, and if a State has prudently run its program, it would get the same 20 percent as everyone else, and if they do not need the money to pay additional welfare benefits, it would not require them to do that. Let them use it for what they think they need to use it for. If they think their program is adequately financed, and that they are going as far as they need to go with benefits, they can put the money into State funds for something else.

It has been said that we cut back too drastically, for example, in social services. We have had a lot of complaints, I know I have, about cutting back what is a meritorious program in social services.

The amendment that I have at the desk, which was initially the Bellmon amendment, would permit those States to put the money into social services if they think they could better use it there than by putting it somewhere else. It is their money; they can put it where they want to put it. That is far better than to force them to spend it on welfare categorically, if they think they ought to spend it on something else.

I do not think Senators would want to vote for the drastic cutback that would be entailed by the Percy amendment, compared to the amendment which I have at the desk, unless they have had a chance to clear it with their welfare directors, and find that their welfare directors think that the reduction in funds recommended by Senator PERCY would be appropriate, and that they could stand it.

Under the Roth amendment we would save a great amount of money. By our committee estimate we estimated the Roth amendment would save the Government about $2.6 billion. By administration estimates, they estimate that it would save $4.1 billion. It would save a great deal of money.

But one problem is that it would also leave the States with a fiscal price to pay in trying to maintain the existing level of their programs while we were testing and seeing whether we wanted to go to a family assistance program, and prior to the time relief be available to them otherwise under the generous benefits provided in the program for the aged would go into effect.

I think we have met the problem about the best way we can at this time. If it should be proved that we have been too generous to the States generally, we can reduce that in conference. As Senators know, you cannot in conference raise any figure, you can only cut back. I would think we would be in a better position to take what the welfare administrators think they need and what they feel would be fair and would treat them equitably, rather than the proposal the Senator has offered, which is tailored, I am sure, to meet the problem in Illinois, but not necessarily to meet the problems in other States.

So I hope, Mr. President, that the amendment of the Senator from Illinois will not be agreed to.

Mr. PERCY. Mr. President, I just simply cannot see how anyone in good conscience, anyone who has any sense of fiscal responsibility, can vote for the Bellmon amendment and give this windfall to States that have demonstrated they are not using the money and do not need it. The Bellmon amendment is not geared to welfare needs at all. It gives every State, whether it has welfare cost increases or not, a 20-percent increase across the board—a terrific inducement to get votes, but not to put the money where it is needed. The demonstrated need is where the States are paying the money out in hard cash right now.

Second, it does not protect welfare recipients from benefit reductions. States do not have to maintain benefits to qualify for relief. A State could just drop its welfare program and take the money and use it for anything else.

Mr. President, this is a welfare bill, it is not another revenue-sharing bill. We have just passed a $5.3 billion revenue-sharing bill. The cost of the Bellmon

amendment is exorbitantly high—about $1.2 billion—and that is why the administration is so adamantly against the Bellmon amendment, which was run in on the Roth amendment.

I wonder if we are going to realize some day what we approved in that whole Roth amendment. We certainly do not realize the consequences now. It certainly could be a windfall for a State whose welfare needs do not require relief, and could allow the State to use that welfare money for other purposes.

I have listened to a great deal of this debate. I think now we should deal with the problems of the people we intend to try to help. There have been a great many distortions and a great many fictions presented on the floor of the Senate today, where we should be dealing with facts. I am not going to take the time of the Senate to deal with those facts this evening, but will insert them in the RECORD. I ask unanimous consent that my comments on this score, showing the number of indigent people in this country, who they are, the best calculations we could make as to their ability to work, whether they are independent or not, and whether these generalizations we hear about the shiftless, lazy, poor, have any foundation in fact whatsoever, be printed in the RECORD at this point.

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

STATEMENT BY MR. PERCY

Let me begin by saying that there is no one in this room who believes, more strongly that I in the American work ethic. Work—hard work—has allowed me to achieve the position I hold today. Work incentives and work requirements are needed in our welfare system. As President Nixon said, "A welfare system is a failure when it takes care of those who can take care of themselves." Those who can work must work, but what about those who cannot work and who cannot take care of themselves?

Let us look at the facts. How many of those on welfare can really help themselves? There are some 14 million welfare recipients in this country today. Of the 14 million, 8 million are dependent children; 3.1 million are disabled and elderly; and 2.7 million are mothers of dependent children. Less than 1 percent, or fewer than 200,000, of our welfare population are able-bodied men.

Let us look beyond our welfare population. Let us look at our total poverty population. According to a recent publication from the Office of Economic Opportunity, titled "The Poor in 1970," there are approximately 25 million poor people in this country. Children and women constitute the greatest percentage of the poor in America. They, together with the elderly, represent from 83 to 85 percent of all the poor.

We all agree that those who can work should work. But what about the children, the elderly, the disabled, the blind, and the mothers of dependent children? Do they deserve punishment because they are poor? In this great country of ours, can we not find the means in our hearts, minds, and resources to help those who cannot help themselves?

Let us look further at the facts. Contrary to what many believe, no one is getting rich on welfare. The average family on welfare today is receiving far less than what the government calls a poverty-level income ($3,900 for a family of four). Connecticut is the only state in the union with a benefit level higher than the poverty level—$4,020 for a family of four.

And contrary to what many believe, the poor do want to work, and they do work. According to OEO's "The Poor in 1970," nearly 25 percent of our poor are employed full-time; 84 percent work full-time half of the year; and another 41.1 percent work on a part-time basis.

The OEO study is not alone in its findings. In 1969, HEW conducted a study of the AFDC program by surveying 35 counties—10 urban and 25 rural—in 10 states. The survey, employing a structured questionnaire, interviewed over 11,000 respondents. The data showed that 58 percent of the respondents were employed for some of the three year period studied; 9 percent worked throughout; and 33 percent depended solely on welfare. Poor health, domestic responsibilities and inability to find work, in that order, were cited as the three main reasons for unemployment. Few of the respondents believed that getting help from welfare would result in a better life. Most felt being on welfare was the major meaning of "the worst life."

In a Washington, D.C. study, unemployed black men indicated that they valued work, but after repeated failures in the work world due to lack of education and training, they sought self-fulfillment in other activities and spurned new responsibilities for fear of failure.

In a California study of male heads-of-households, results showed that affluent white men, affluent black men and poor black men all had about the same preference for work over unemployment. Poor blacks indicated the same willingness to make special efforts to find successful job opportunities as did nonpoor blacks and whites.

In a New York City AFDC study, 70 percent of the AFDC mothers interviewed said they would prefer to work. Nationally, more than 80 percent indicated a preference for work over welfare.

Various studies of poor young people across the country showed that more than 72 percent would prefer work to welfare. Their hopes were for white-collar jobs and middle-class material wealth.

And recently the Brookings Institution, a non-partisan research organization, published the first comprehensive study of poor people's life aspirations and work orientation. This study, titled "Do the Poor Want to Work?" made the following findings:

"All groups of women, ranging from long-term welfare to outer-city white, give equally high ratings to the work ethic, but show a wide difference in beliefs about the effectiveness of their own efforts to achieve job success. Long-term welfare women lack confidence in their ability while outer-city white women feel much more secure.

"Teen-age males who have spent virtually their entire lives on welfare have certain positive orientations toward work. Having no working parent in the home has made the sons' identification with work no weaker than that of sons from families with working fathers. Welfare youths from fatherless homes show a strong work ethic, a willingness to take training, and an interest in working even if it is not a financial necessity. Their mothers favorably influence these positive orientations. The welfare experience has not destroyed the sons' positive orientations toward work.

"The picture that emerges is one of black welfare women who want to work but who, because of continuing failure in the work world, tend to become more accepting of welfare and less inclined to try again."

If the poor want to work; if they do work; and if they do not prefer welfare as a way of life to working to support their families; why is there such underemployment of the poor; and why have our work training programs for welfare recipients failed so miserably?

Let us look at the history of our work training programs. The first program—the Community Work and Training program—was started in 1962 and discontinued on June 30, 1968. The second program—the Work Experience and Training Program—was started in 1964 and discontinued on June 30, 1969. Both programs failed because providing effective assistance to welfare recipients required a much greater effort than was possible under the program designs.

The performance of the current Work Incentive Program, WIN, has been sufficiently poor to demonstrate the improbability of placing any substantial number of the more than 2.7 million mothers currently receiving welfare in the regular job market. WIN, in its first two years of operation, reviewed about 1.6 million welfare cases eligible for the program. Only about 10 percent of the 1.6 million eligibles were considered suitable for enrollment. Of all those who had been terminated from WIN in 1970, only about 19 percent had jobs. WIN was successful in getting jobs for only about 2 percent of the total eligible welfare population.

Like work training programs, mandatory work laws have also not been successful in moving welfare clients into jobs. New York's work relief law which took effect last July 1, requires employables in home relief and AFDC categories to pick up their semi-monthly relief checks at state employment offices and to take available jobs or training. If not otherwise placed in 30 days, those on home relief must work for city agencies in return for their relief allotments.

A joint Federal-New York State study of the effect of the law found that 50 of every 100 clients referred to job offices were unemployable, placed in training, or refused service. Of the other 50, 34 were referred to jobs, of whom four were placed. This was roughly the placement rate in all nine areas studied.

Moreover, of the 455 clients placed, nearly a third—or 140—no longer had the jobs after the first week; only a third—150—were still employed three months after their placement. Including those no longer on the job, 154 had quit and 151 had been laid off. In the layoffs, 40.1 percent were for lack of work; 26.1 percent were for lack of qualifications; 20.4 percent were for absenteeism or illness; and 4.2 percent were for misconduct. In all, only 1.3 percent of the original 11,472 referrals were still on the job three months after their placement.

Work training programs and mandatory work laws have failed in the past because their success is largely determined by the state of the economy and the availability of jobs for welfare clients. Given times of high unemployment, the AFDC mother, responsible for dependent children, lacking in work experience, skills and education, facing possible discrimination because of race or welfare status, is, perhaps, the poorest of employment risks.

These programs and laws have also failed because they were conceptualized and designed without any understanding of the poor. As the Brookings Institution study concluded:

"Poor people—males and females, blacks and whites, youths and adults—identify their self-esteem with work as strongly as do the nonpoor. They express as much willingness to take job training if unable to earn a living and to work even if they were to have an adequate income. They have, moreover, as high life aspirations as do the nonpoor and want the same things, among them a good education and a nice place to live. This study reveals no differences between poor and nonpoor when it comes to life goals and wanting to work.

"To be effective, welfare and manpower policies for the poor must be based on

knowledge of how poor people view life and work."

Mr. PERCY. The point has been reiterated time and time again by the distinguished chairman of the Committee on Finance to eliminate fraud in the welfare system. I will back any measures to get rid of fraud. I will back any measures to get rid of deadbeats. I will back any measures to find people who are abdicating their responsibility to their children, or their wives and do, whatever we need to do to find them.

But you cannot take it out of the hides of those little children. You cannot take it out of the hides of the women who have been offended in this way.

We must be sure that the measures that pass this body, Mr. President, are humane measures that deal with the facts and realities of life as it exists in the major urban areas today. I reiterate, as I stated earlier on the floor of the Senate today, the number of families that have migrated to Illinois this year. I named the States from which they came, 500 or 600 families from Mississippi, from Alabama, from Georgia. They have come up to our State because some of those States pay a family of four, as I indicated, as low in the case of Alabama as $972 a year for welfare relief for a family of four. Another State, Mississippi pays $720 for a family of four for welfare. For the cost of one bus ticket, which some of those agencies offer to get them out of the way, they send them up to Illinois, to Ohio, to New York, or to California, and they are financially breaking the backs of our States. The States are doing everything they can. We have imposed taxes on every kind—heavy property taxes, sales taxes, income taxes—and they are still unable to find the money to pay the welfare costs.

I weep at the thought that we are going to walk away from this legislation once again, and not have a true welfare reform bill. Since it looks like we will not have true welfare reform, let us not walk away from all the Governors to whom we have pledged that we are not going to pass a welfare reform measure, let us put welfare fiscal relief in there to relieve those States of the problems created when we did not enact revenue sharing earlier.

I think we are imposing a terrible burden on ourselves if we enact the Bellmon amendment, which is a grab bag, a gift box to every single State, whether they need it or not. Can we afford to add a little old amendment here costing $1.2 billion, when that obligation can be met by the expenditure of $515 million, which is a great deal of money, but which is much less than $1.2 billion this year and next year?

I yield back the remainder of my time.

Mr. LONG. Mr. President, under the Percy amendment, if a State has been doing business in such a fashion that it was able to keep its welfare expenditures for this year at the same level as last year, they would not get $1. If it is found, for example, that they had to tighten up on their program, to eliminate some people who are ineligible, and perhaps even to reduce the level of benefits to stay within the funds available, they would not get a dollar of help. If they did as Illinois did, if they set their benefits well above the national average, they would not get any help.

Illinois pays $3,300, then $1,400 for public housing, $900 for medicaid—$5,600 of benefits for a family of four. It is very generous. It is more than they can afford, so the State is in deep fiscal trouble. The State that gets the most help under the amendment is one that creates the problem, because it has overspent. So the more irresponsible you are in handling your problems, the more help you get from the Percy amendment; and the more you keep your expenditures within your budget and keep them down to within what you spent before, the less you get.

Under the Percy amendment, some States would get great benefits, because they overspent and put into effect a program they could not afford; and other States that did not do that would get very little. I do not think the Senate wants to do business they way. I think the Senate would prefer, if there is going to be a formula, to have one that looks at all the States uniformly and on some basis treats them uniformly.

It may be that we have provided a little too much. We have provided more than the Percy amendment would provide even for the State of Illinois. But at least under this approach we have enough funds in there so that States are not going to be left distressed when this bill is passed or goes to conference. If fiscal stress occurs to States, it will not be because the Senate imposed it upon them. The Senator's amendment, while it is tailored to the Illinois problem, is not tailored to anybody else's problem, to my understanding, and I think the Senate would be foolish to adopt it.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing the difference between what the Percy amendment would provide the States and what the Long amendment—which was the Bellmon amendment prior to the time I offered it—recommended by the welfare administrators of this country, would provide to each State, so that Senators can see that every State would get the worst of it under the Percy amendment.

Perhaps Alaska would get $10( )00 more under the Percy amendment.

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

FISCAL RELIEF FOR STATES IN FISCAL YEAR 1973 THROUGH INCREASED FEDERAL MATCHING OF PUBLIC ASSISTANCE COSTS

[In millions of dollars]

	Savings under Percy amendment	Savings under Long amendment
Alabama	$5.9	$31.9
Alaska	1.7	1.4
Arizona	2.3	10.5
Arkansas	3.0	20.3
California	167.4	227.1
Colorado	8.0	15.1
Connecticut	9.7	14.6
Delaware	1.3	2.7
District of Columbia	5.3	17.1
Florida	6.6	44.0
Georgia	8.2	42.5
Hawaii	2.9	4.9
Idaho	$1.0	$3.7
Illinois	40.7	96.4
Indiana	5.3	21.1
Iowa	4.9	12.6
Kansas	5.2	12.7
Kentucky	5.3	20.5
Louisiana	8.7	42.7
Maine	2.5	9.5
Maryland	9.8	18.7
Massachusetts	33.1	53.2
Michigan	34.7	64.2
Minnesota	10.3	27.5
Mississippi	2.9	21.1
Missouri	10.2	31.0
Montana	.5	2.7
Nebraska	2.2	7.1
Nevada	.6	2.2
New Hampshire	1.7	3.2
New Jersey	30.6	43.4
New Mexico	1.0	7.4
New York	127.4	187.6
North Carolina	6.0	22.5
North Dakota	.9	3.0
Ohio	21.1	46.3
Oklahoma	8.0	22.7
Oregon	4.8	10.6
Pennsylvania	47.5	81.2
Rhode Island	3.8	6.0
South Carolina	1.5	10.6
South Dakota	1.0	3.8
Tennessee	3.9	23.9
Texas	15.0	81.3
Utah	1.7	6.8
Vermont	1.3	4.3
Virginia	6.0	22.9
Washington	7.3	17.4
West Virginia	2.6	11.6
Wisconsin	8.7	18.3
Guam	.4	.2
Puerto Rico	.1	5.4
Virgin Islands	1.6	.2
Total	704.5	1,521.9

Note: Figures may not add due to rounding.

The PRESIDING OFFICER. All time of the Senator has expired.

The question is on agreeing to the amendment of the Senator from Illinois.

The amendment was rejected.

The PRESIDING OFFICER. The question now occurs on agreeing to the amendment of the Senator from Louisiana, as amended by the amendment of the Senator from Delaware.

Mr. LONG. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana, as amended by the amendment of the Senator from Delaware. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Oklahoma (Mr. HARRIS), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Rhode Island (Mr. PELL), and the Senator from New Mexico (Mr. ANDERSON) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE) is absent on official business.

I further announce that, if present and voting the Senator from Rhode Island (Mr. PELL) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BROCK),

the Senator from South Carolina (Mr. THURMOND), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

Also, the Senator from Delaware (Mr. BOGGS), the Senator from New Jersey (Mr. CASE), the Senator from Oregon (Mr. HATFIELD), the Senator from Ohio (Mr. SAXBE), the Senator from Colorado (Mr. DOMINICK), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

If present and voting, the Senator from Oregon (Mr. HATFIELD), the Senator from South Carolina (Mr. THURMOND), and the Senator from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 50, nays 29, as follows:

[No. 519 Leg.]

YEAS—50

Baker	Fulbright	Mondale
Bellmon	Gambrell	Montoya
Bennett	Goldwater	Moss
Bentsen	Gravel	Packwood
Bible	Griffin	Pastore
Buckley	Gurney	Pearson
Byrd, Harry F., Jr.	Hansen	Proxmire
	Hollings	Randolph
Byrd, Robert C.	Hruska	Roth
Church	Humphrey	Sparkman
Cotton	Jackson	Spong
Curtis	Jordan, N.C.	Stennis
Dole	Jordan, Idaho	Stevens
Edwards	Long	Symington
Ervin	Magnuson	Talmadge
Fannin	McClellan	Tunney
Fong	Miller	Young

NAYS—29

Aiken	Cranston	Percy
Allen	Hart	Ribicoff
Bayh	Hartke	Schweiker
Beall	Hughes	Scott
Brooke	Inouye	Smith
Burdick	Javits	Stafford
Cannon	Mansfield	Stevenson
Chiles	Mathias	Taft
Cook	Muskie	Williams
Cooper	Nelson	

NOT VOTING—21

Allott	Eastland	Metcalf
Anderson	Harris	Mundt
Boggs	Hatfield	Pell
Brock	Kennedy	Saxbe
Case	McGee	Thurmond
Dominick	McGovern	Tower
Eagleton	McIntyre	Weicker

So the Long amendment as amended by the Roth amendment was agreed to.

Mr. LONG. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SOCIAL SECURITY AMENDMENTS OF 1972

The PRESIDING OFFICER (Mrs. EDWARDS). The Senate will be in order. Under the previous order, the Chair lays before the Senate H.R. 1, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (H.R. 1) to amend the Social Security Act, to make improvements in the medicare and medicaid programs, to replace the existing Federal-State Public Assistance programs, and for other purposes.

The Senate resumed the consideration of the bill.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. MANSFIELD. Madam President, will the Senator yield, without relinquishing his right to the floor?

Mr. LONG. Madam President, I ask unanimous consent that, without losing my right to the floor, I may yield to the majority leader for a unanimous-consent request.

The PRESIDING OFFICER. Without objection, it is so ordered.

SOCIAL SECURITY AMENDMENTS OF 1972

The Senate continued with the consideration of the bill (H.R. 1) to amend the Social Security Act, to make improvements in the medicare and medicaid programs, to replace the existing Federal-State public assistance programs, and for other purposes.

Mr. JAVITS. Mr. President, I ask that during the consideration of H.R. 1, my assistant, John Scales, be granted the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I would hope that during the next few minutes Senators would show some consideration to those who have important engagements and will be required to leave the city. If Senators have an amendment or two that are not controversial, which we believe we could accept on behalf of the committee, perhaps they can offer them now. For example, the Senator from Texas has an amendment which we believe we can accept. Also, I believe the Senator from Alaska has an amendment

he wants to offer, and I think we can accept it.

If we could dispose of the few matters that can be agreed to almost unanimously, then we could go ahead and debate and decide some of the more controversial matters that must be decided before the Senate can pass on this matter.

I hope that the Senator from Texas can be recognized, because he has other pressing commitments, and that we can consider his amendment and the amendment of the Senator from Alaska.

Mr. MONDALE. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. MONDALE. This is fine, but I asked to be recognized some time ago on an amendment I have, which I think is very important; and I would not want to agree to a situation which might result in interminable delay.

Mr. LONG. I would think we could take up the amendment of the Senator from Minnesota within an hour.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the following members of the Subcommittee on Health have the privilege of the floor: Stanley Jones, Larry Horowitz, Lee Goldman, and Philip Caper.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1700

Mr. BENTSEN. I thank the distinguished chairman of the committee.

Mr. President, I call up my amendment No. 1700.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. BENTSEN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER (Mr. STEVENSON). Without objection, it is so ordered, and the amendment will be printed in the RECORD at this point.

The text of the amendment is as follows:

On page 338, line 21, strike "December 31, 1972" and insert "June 30, 1973".

Mr. BENTSEN. Mr. President, I ask unanimous consent the name of the distinguished Senator from Minnesota (Mr. HUMPHREY) be added as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENTSEN. Mr. President, I shall be brief. Section 227 of H.R. 1 establishes a new method for reimbursement under the medicare program for supervisory physicians in teaching hospitals. Under present law, as the committee report states, hospitals are reimbursed under part A of the medicare program for the costs they incur in compensating physicians for teaching and supervisory activities and in paying the salaries of residents and interns under approved teaching programs. In addition, reasonable charges are paid under the medical insurance program—part B—for teaching physicians' services to patients.

The committee bill changes the criteria for reimbursement. Under the committee bill services of teaching physicians would be reimbursed on a costs basis unless the patient is bona fide private or unless the hospital has charged all patients and collected from a majority on a fee-for-service basis.

For donated services of teaching physicians, a salary cost would be imputed equal to the prorated usual costs of full-time salaried physicians. Any such payment would be made to a special fund designed by the medical staff to be used for charitable and educational purposes.

Mr. President, I do not intend to discuss the merits of the committee amendment, although I have some serious reservations about the merits.

Section 227 would go into effect on December 31, 1972, less than 3 months from the time we pass this bill.

Whatever the merits of the new provision, that target date does not allow sufficient time for the States and the medical schools to provide for the new arrangements and funding that will be required.

I am informed that hospitals and medical schools in San Antonio, Dallas, and Houston, may face the loss of up to $20 million. These are funds which would have to be replaced by the State.

The thrust of my amendment is to extend by 6 months—until the end of the fiscal year—the time when this amendment will go into effect.

I believe this is a reasonable amendment, one which will allow for the adjustments necessary by hospitals, the schools, and the State.

I have talked over my amendment with the chairman of the Finance Committee, and I hope that he will find it possible to accept it during this colloquy.

Mr. LONG. Mr. President, this amendment would change an effective date in the committee bill which, as I understand from the Senator's argument, would create a problem in his State. I would be willing to accept the amendment. I think the ranking member of the committee would also be willing because I have had a chance to discuss this matter with him.

I would hope, therefore, that the Senate will agree to the amendment.

Mr. BENTSEN. I thank the Senator from Louisiana very much.

Mr. President, I yield back the remainder of my time.

Mr. LONG. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment has now been yielded back.

The question is on agreeing to the amendment—No. 1700—of the Senator from Texas (Mr. BENTSEN).

The amendment was agreed to.

Mr. MONDALE. Mr. President, I understand that the distinguished floor manager of the bill would like to accept some noncontroversial amendments and I would therefore be willing to yield for that purpose with the understanding that when they have been handled I will be recognized for the purpose of calling up my amendment.

Mr. MILLER. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read the amendment as follows:

On page 575, change lines 3 and 4 to read as follows: "person's household and receiving without reasonable payment therefor, support and maintenance in kind from such person, the dollar amounts".

Mr. LONG. Mr. President, I have had a chance to review the amendment and I think it is meritorious. In fact, it is what the committee intended anyway. The Senator from Iowa has clarified what I think we had in mind. He seeks to say that there would be no reduction for the value rent where the aged, blind, or disabled were paying for their rent.

Mr. MILLER. It is not only rent, it is also room and board. The way the bill now reads, if a person wanted to move in with another older person who said, "Fine, come on in, but you will have to share expenses," and the person did share the expenses, they would still get cut back.

I am advised by the director of our State social program that if this is not amended as I have composed it in my amendment, there will be a tremendous increase in the load on nursing homes, although people would much rather live with individuals and they would be cut back. This is in accordance with the best approach to this. I understand that the Senator has checked this, and the distinguished Senator from Utah has, too.

Mr. LONG. It was my understanding that the committee bill sought to do what the Senator seeks to achieve by his amendment, but to be sure of the language, we will be happy to accept the amendment.

Mr. MILLER. Mr. President, I yield back the remainder of my time.

Mr. LONG. I yield back the remainder of my time, Mr. President.

The PRESIDING OFFICER. All time has been yielded back.

The question is on agreeing to the amendment of the Senator from Iowa (Mr. MILLER).

The amendment was agreed to.

AMENDMENT NO. 1653

Mr. TUNNEY. Mr. President, I call up my amendment No. 1653 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. TUNNEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered, and the amendment will be printed in the RECORD at this point.

The text of the amendment is as follows:

On page 963, between lines 18 and 19, insert the following:

ALLOWANCE OF DEDUCTION FOR CERTAIN EXPENSES NECESSARY FOR GAINFUL EMPLOYMENT

SEC. 535. (a) Section 162 of the Internal Revenue Code of 1954 (relating to trade or business expenses) is amended by redesig-

nating subsection (h) as (i), and by inserting after subsection (g) the following new subsection:

"(h) CERTAIN EXPENSES NECESSARY FOR GAINFUL EMPLOYMENT.—

"(1) IN GENERAL.—In the case of an individual who maintains a household which includes as a member one or more of the following qualifying individuals—

"(A) a child or stepchild of the taxpayer (within the meaning of section 152) who is under the age of 15,

"(B) a dependent of the taxpayer who is under the age of 15 or who is physically or mentally incapable of caring for himself or herself, or

"(C) the spouse of the taxpayer, if he or she is physically or mentally incapable of caring for himself or herself,

the deduction allowed by subsection (a) shall include the reasonable expenses paid or incurred during the taxable year for household services and for the care of one or more individuals described in subparagraph (A), (B), or (C), but only if such expenses are ordinary and necessary to enable the taxpayer to be gainfully employed.

"(2) MAINTAINING A HOUSEHOLD.—For purposes of paragraph (1), an individual shall be treated as maintaining a household for any taxable year only if over half of the cost of maintaining the household during such period is furnished by such individual (or if such individual is married during such period, is furnished by such individual and his or her spouse).

"(3) SPECIAL RULES.—For purposes of this subsection—

"(A) MARRIED COUPLES MUST FILE JOINT RETURN.—If the taxpayer is married at the close of the taxable year, the deduction provided by subsection (a) shall be allowed only if the taxpayer and his spouse file a single return jointly for the taxable year.

"(B) GAINFUL EMPLOYMENT REQUIREMENT.—If the taxpayer is married for any period during the taxable year, there shall be taken into account employment-related expenses incurred during any month of such period only if—

"(i) both spouses are gainfully employed on a substantially full-time basis, or

"(ii) the spouse is a qualifying individual described in paragraph (1) (C) of this subsection.

"(C) CERTAIN MARRIED INDIVIDUALS LIVING APART.—An individual who for the taxable year would be treated as not married under section 143 (b) if paragraph (1) of such section referred to any dependent, shall be treated as not married for such taxable year.

"(D) PAYMENTS TO RELATED INDIVIDUALS.—No deduction shall be allowed under subsection (a) for any amount paid by the taxpayer to an individual bearing a relationship to the taxpayer described in paragraphs (1) through (8) of section 152(a) (relating to definition of dependent) or to a dependent described in paragraph (9) of such section.

"(E) REDUCTION FOR CERTAIN PAYMENTS.—In the case of employment-related expenses incurred during any taxable year solely with respect to a qualifying individual (other than an individual who is also described in subparagraph (A) or (B) of paragraph (1) of this subsection and who is under the age of 15) the amount of such expenses which may be taken into account for purposes of this section shall be reduced—

"(i) if such individual is 15 or older and is described in subparagraph (B) of paragraph (1) of this subsection, by the amount by which the sum of—

"(I) such individual's adjusted gross income for such taxable year, and

"(II) the disability payments received by such individual during such year, exceeds $750, or

"(ii) in the case of a qualifying individual described in subparagraph (C) of paragraph (1) of this subsection, by the amount of disability payments received by such individual during the taxable year.

For purposes of this subparagraph, the term 'disability payment' means a payment (other than a gift) which is made on account of the physical or mental condition of an individual and which is not included in gross income."

(b) Section 62(c) of the Internal Revenue Code of 1954 (relating to trade and business deductions of employees) is amended by adding at the end thereof the following new subparagraph:

"(E) CERTAIN EXPENSES NECESSARY FOR GAINFUL EMPLOYMENT.—The deductions allowed under section 162 which consist of expenses allowable by reason of the application of subsection (h) thereof, paid or incurred by the taxpayer in connection with the performance by him or by her of services as an employee."

(c) Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to additional itemized deductions for individuals) is amended—

(1) by striking out section 214 (relating to expenses for household and dependent care services necessary for gainful employment), and

(2) by striking out the item relating to section 214 in the table of sections for such part.

(d) The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

Mr. TUNNEY. Mr. President, the amendment I offer today will, if enacted, amend the Internal Revenue Code to allow a business deduction for household and childcare expenses incurred by working mothers and certain other individuals to enable them to be gainfully employed.

The time is long overdue, Mr. President, to remove the inequity in out tax laws which enables business men to deduct "ordinary and necessary" business expenses, yet denies to working mothers a deduction for the most "ordinary and necessary" business expense they incur—the cost of maintaining their households and assuring safe and responsible care for their children while they work.

In 1971, 42 percent of the mothers in the United States worked outside the home. Of the approximately 12.5 million mothers with children under 6, more than one in every three is working today. That means there were more than 4.3 million mothers with children under 6 who were in the labor force last year. Of those mothers, 650,000 of them were single parents holding down a job.

If a businessman can deduct the cost of hiring a secretary to improve his effectiveness in working—if he can treat his entertainment expenses as a tax deduction—if a retailer can deduct the expenses of a store manager to keep an eye on things while he is away generating new business or promotions—how can it be said to be fair and just that a working mother should not be allowed the same sort of deduction for expenses which are vitally related to her work?

It cannot be denied that the expense we are talking about is fundamental in enabling a parent to work to the full extent of her capacities.

These child care expenses are not personal expenses, like doctors' bills. They should not be classified with charitable contributions as they now are. They are ordinary and necessary expenses incurred to enable an individual to be gainfully employed.

The parents who would benefit from my proposal simply cannot avoid paying for the care of their children and for other household expenses if they need or desire work. Very often, they have to relinquish a sizable portion of their income in order to secure these services. Yet they are not allowed to take these considerable costs as a business deduction.

There are many reasons why mothers go out to work. At the lower income levels, it is a matter of compelling financial necessity. Whether or not they prefer to be full-time mothers devoting all their care and attention to the family and the home, they do not really have the choice. They must work, they must produce a second income to keep their family out of poverty and provide even the basic necessities.

Others wish to work to improve their standard of living, to withstand the cutting edge of inflation. And there are those who wish to work as a matter of self-fulfillment, to use their capabilities to the fullest extent possible.

And for the single parent who must work to provide sustenance for herself and her children, the nature of these expenses is crystal clear. Whereas there may be doubts about many of the expenses businessmen take as tax deductions, especially in the area of entertainment, the expenses dealt with by my amendment are absolutely necessary for those families to be viable, self-supporting economic units.

There are other income earners, both men and women who must provide care for a spouse or other dependent who is incapable of caring for himself. The amendment would extend to the expenses incurred in providing such care as a necessary adjunct to employment.

Apart from the objection of principle that genuine business deductions should be treated as business deductions and not as personal deductions, there is a much more practical objection to leaving the existing provisions as they are.

This arises from the fact that some 68 percent of the families with earnings of $10,000 or less use the standard deduction form and do not itemize their personal deductions. As a result, they do not get the benefit of the existing child care deduction. Yet these are often the people with modest to moderate incomes. They are people who are doing their best to be self-reliant and to improve their lot. They are often the people who need a second income in the family to ward off the effects of inflation which others can bear with greater ease. They are people who need help and support, not discrimination against their efforts in the tax structure.

My amendment does not create another loophole in our income tax laws. It is not a soft subsidy for those who do not need it. It simply is a correction of a basic inequity whose burden often falls heavily on those who have small capacity to bear it.

Last November, I offered this amendment to the Revenue Act of 1971; it passed by a vote of 74 to 1 but the amendment was eliminated in conference.

When I reintroduced it as a bill, S. 3227, on February 24, 1972, 23 Senators joined me in cosponsoring it and many others expressed their support. I am therefore, resubmitting it now and asking that the Senate reaffirm its belief in fair treatment for working mothers.

Frankly, Mr. President, given the provisions already contained in H.R. 1, I think it would be a monstrous inequity if we do not enact this deduction.

With that having been said, I am prepared to yield to the distinguished chairman of the committee for his views.

The PRESIDING OFFICER (Mr. STEVENSON). The Chair is informed that part of the bill to which this amendment addresses itself has been stricken from the bill and therefore the amendment will have to be redrafted.

Mr. LONG. Mr. President, I ask unanimous consent that the amendment be added at the end of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, the women's organizations have made a strong case that it is not fair to let the businessman deduct the expenses of someone who helps him in his business, and at the same time to deny them the opportunity to deduct the expense of hiring someone to help them with child care or domestic work so that they can take work outside the home. The more one thinks about it, the more discriminatory and unfair it seems to be.

For example, a woman author points that she can be productive and write a good book and do good work, but if she cannot have someone available to look after her children while she is working on the book, it is totally impossible for her to do that. She would contend that the secretary that Mr. Rockefeller has to have so that he can do his job as president of the Chase-Manhattan Bank is not so essential to him as a babysitter is to her so that she can write that book.

I really believe that one of these days we will realize this argument is such that we should extend it even beyond that the Senator is urging here.

When the matter came up before on last year's tax bill, the Treasury people said that something of this sort should be on this bill, H.R. 1, and not on that tax bill. And notwithstanding the Treasury argument, this matter was voted upon by the Senate, and as I recall it was agreed to by an overwhelming majority on the tax bill that was before the Senate.

In the area where we are trying to provide a tax opportunity for poor people, it serves a useful purpose. It helps a housewife who is productive to be free from household responsibilities so that she can go to work and do something that benefits society as a whole, and at the same time it tends to provide an opportunity for a person to come into a home and have a job. So it both helps a playwriter or a professional woman to realize her ambition and be productive, and it also helps a working mother who might happen to have that same skill to do something to add to her income. I point out that this would be something which would be to the overall benefit of society.

I am persuaded that the argument in favor of the amendment is as good now as it was at the time the Senate considered the tax bill last year.

I hope very much that the Senate will permit us to accept the amendment.

Mr. BENNETT. Mr. President, I would have to object to the amendment because I think it is very loosely drawn. It is so loosely drawn that if a rich woman has a maid and is making a fine living writing books, she can decide that she can deduct all of her household expenses.

The language of the amendment reads in part: "shall include the reasonable expenses paid or incurred during the taxable year for household services."

It does not say for child care. It says "household services."

I continue to read from the amendment: "and for the care of one or more individuals * * * only if such expenses are ordinary and reasonable to enable the taxpayer to be gainfully employed."

Mr. President, if she is presiding over a household with half a dozen servants, to her those may be ordinary and necessary expenses. There is not a thing here about child care. For the first time we are allowing individuals to deduct personal expenses as business expenses. This drives a hole into the Internal Revenue Code that a lot of things can be driven through in the years ahead.

I think the amendment should be rejected. If the author of the amendment wants to tighten it down, that might make it more palatable. However, I think this is a dangerous amendment. It does not benefit only the members of the public who are on or near welfare, because there is no limit.

Mr. TUNNEY. Mr. President, I am afraid I would have to disagree with the distinguished Senator from Utah. The whole thrust of my amendment is to assist a working mother. Section (h)(1) reads as follows:

> In the case of an individual who maintains a household which includes as a member one or more of the following qualifying individuals—
>
> (A) a child or stepchild of the taxpayer (within the meaning of section 152) who is under the age of 15,
>
> "(B) a dependent of the taxpayer who is under the age of 15 or who is physically or mentally incapable of caring for himself or herself, or
>
> (C) the spouse of the taxpayer, if he or she is physically or mentally incapable of caring for himself or herself,

When it talks about household services, we are obviously referring to the care that is given to that dependent so that the mother can go out and work. It is not intended to provide for a staff of servants for the working mother. It is to provide for the care for that dependent and provide services that are necessary for that dependent so that the mother can work.

Mr. BENNETT. If that is the intention, it does not come through in the language. A millionaire could meet the qualification if she has a child in the house. A person would not have to be on welfare.

May I point out also that it does not say, "expenses paid or incurred during the taxable year for household services or for the care of one or more individuals." It says "household services and for the care."

So, it can cover any expense that this woman can relate to her earning a living, no matter what her income is or how she earns it.

Mr. TUNNEY. Mr. President, the Senator from Utah has served on the Finance Committee long enough to know that the Internal Revenue Service would not allow a staff of servants as ordinary and necessary expenses for a working mother, whether or not she is a millionaire. Ordinary and necessary expenses means exactly what it says. It means ordinary and necessary for the purpose of taking care of that dependent. And the same thing is true with a millionaire that hires a secretary. That is an ordinary and necessary business expense. If it is not an ordinary and necessary business expenses, then that businessman cannot take that deduction.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. TUNNEY. I yield to the distinguished Senator from Minnesota.

Mr. HUMPHREY. Mr. President, may I say most respectfully that a millionaire has a tax attorney to get around anything we are trying to do here in the Senate. We are not talking about millionaires. There are not too many of them anyway. We are talking about a working mother who wants to go out to try to earn a living and who wants to work on a clerical staff and who needs to have someone in the household to take care of dependents.

That is what this amendment is all about.

May I point out to the Senator that if one is in business, he will find a way to get almost all of these people taken care of.

I submit that those of us who serve in this body have had to sign a little book when we came into somebody's place or we have had to sign a little book when we went on somebody's boat. Why is that? Is it because they want our autograph? Baloney. They want our signatures for the Internal Revenue Service. It is not a compliment. But that is why it happens.

Why do we not treat these people that do not have certified public accountants or tax attorneys the way we treat those who do? This amendment is designed to help someone work downtown, write a book, work in the dramatic arts, or whatever it might be to be able to deduct that expense as an ordinary business expense.

It is a good amendment. We should not worry about the millionnaires. Perhaps we could include in the amendment something that says, "If you have a million dollars, it does not apply."

Mr. TUNNEY. Mr. President, I want to point out that the amendment reads, beginning on line 21 of page 2:

> The deduction allowed by subsection (a) shall include the reasonable expenses paid or incurred during the taxable year for household services and for the care of one or more individuals . . . only if such expenses are ordinary and necessary to enable the taxpayer to be gainfully employed.

That does not mean a maid or a half a dozen servants in the house. It means having someone to take care of a dependent who is mentally incapable of taking care of himself or a child under the age of 15.

Mr. BAYH. Mr. President, will the Senator yield?

Mr. TUNNEY. I yield to the Senator from Indiana.

Mr. BAYH. Mr. President, I appreciate the Senator's yielding.

I want to add one or two points. I point out to my colleagues that I have the privilege of being chairman of the Constitutional Subcommittee. I suppose that that committee has held more hearings on the subject of equal rights for women than any other committee. I am the principal sponsor of that Senate measure. I have studied this matter with great care.

I would like to make two points. First of all, I thing there is a great disparity involved if we worry about millionaires, we discriminate between millionaires who are men and millionaires who are women. One can write off the expenses if he takes his clients off to lunch and fills them up with martinis if he is a man. However, if it is a woman who is the millionaire and she is at home, we do not allow her to claim any expenses covered by the Senator from California. That is point No. 1.

Second, the hard fact is that if a woman is a working mother and has to work to help support the family, she is not allowed to deduct those expenses that are necessary.

Today 40 percent of all the women who are working are the sole support of their children. They are the sole support of their children, so we are concerned about the impact of this amendment. We should be concerned about not just the woman involved but the children at home for whom she is the sole support.

I supported the Senator earlier on the other measure and I am happy to support him again on this measure.

Mr. LONG. Mr. President, will the Senator yield?

Mr. TUNNEY. I yield.

Mr. LONG. Mr. President, I point out to the Senator and to the Senate that we put in the tax law, in order to try to help provide jobs, and that is the only excuse for his, a $3 billion investment tax credit to encourage them to go out and buy new equipment. If one wishes to talk about a loophole, that is the biggest loophole in the tax law. It is an incentive for somebody to do something; we gave them a $3 billion tax credit; a tax advantage justified solely because you would like them to buy more equipment and modernize, in the hope they would put more people to work, even though many times by the time they get through improving their machinery they have less people working rather than more people working.

Sometimes a tax credit is given to put people out of work rather than to provide jobs, but they were calling it a provision to provide jobs. I have seen cases where a man tells me they have a modernization program going on and that they are going to spend $100 million improving the plant. I ask, "How many more jobs will be provided?" By the time they get through they will have one-half of the jobs that they had before but they will have a better plant.

But here we are talking about providing a deduction for a housewife who is helping support a family so that she can go out and take a job and someone can come in the house to help her. I do not think anyone disagrees that the ordinary working mother should be able to deduct the child care expense that is paid. Even the House is willing to agree with us on that. But the way it used to be, when the mother brought someone in to the house when she went out to be the breadwinner, the tax service would say, "How much time did the woman spend washing dishes?" So they reduced the reduction for the time the woman spent washing dishes and separated it from the time she went around the house with nothing to do but care for the children.

Then they asked, "How much time was spent using the vacuum cleaner?" Then they deducted the time for the use of the vacuum cleaner. Then they were asked, "How much time did she spend cleaning up the bathroom and putting things in order around the house?" They reduced the deduction for the time spent there.

Now, when a businessman rents a strongbox down at the bank we do not go into that strongbox and say, "How many of these papers are business papers and how many of these papers are personal effects?" We do not do that to him.

I understand the Senator is not trying to extend this to working mothers without children to support. Is that correct?

Mr. TUNNEY. The Senator is correct.

Mr. LONG. It would apply only to working mothers with children to support, and she is not privileged to leave the dishes dirty until she gets back home because she has a child that must be cared for in that home; and if she is going to bring someone in to look after the home they might as well look after the whole place rather than be idle.

Mr. TUNNEY. That is correct, and I would like to point out that we have tightened the amendment of last year. Initially, I was not sure if I wanted to see it tightened down as much as we did. But later on, I thought that, in order to expedite consideration on the floor, it would be appropriate to allow the deduction only if both spouses are employed substantially on a full-time basis. I put that provision in with great reluctance, but was persuaded by the people at the Treasury Department that it was necessary. They felt it was essential. I put it in to expedite consideration of my proposal. I wish at times I had not, but I did put it in to give that working mother an opportunity to get that deduction.

I feel it is absolutely essential that she be given this right. We have been speaking during the last few days of this debate about how we want welfare mothers to work. The Senate now has a perfect opportunity to give welfare mothers an opportunity to go to work, make a decent living, and not have to pay all of her earnings to someone to take care of the children.

Mr. LONG. If the Senate's view prevails on the minimum wage bill, we will have extended coverage under the minimum wage. In a great number of such places people will no longer be able to afford domestic help so they will have to let domestic help go and thereby put people out of work; this will happen unless we provide them with the deduction which might make it possible to retain the help they have.

Furthermore, if the Senator's amendment prevails, and I am confident it will since the Senate voted for it before, then we will encourage mothers who are capable of finding jobs to find more remunerative jobs that pay $4 or $5 an hour. Those mothers will be paying taxes on their income, and if it a case where the husband is also working, that puts them in a higher tax bracket, and that will increase the overall tax being paid and the overall income the country is receiving. Those same people you would be hiring to help this mother take the job may well be people you will be taking off of welfare rolls.

Mr. TUNNEY. Exactly.

Mr. LONG. So that you tend to do what this Senator thinks you should do by making work more attractive than welfare, and doing it in the most dignified fashion, by allowing a working mother a deduction which has a parallel exemption in all sorts of businesses.

In the case of a businessman who has a secretary who prepares personal business letters for him as well as business affairs, we do not allocate to the extent that the secretary took dictation and sent out a personal letter, so why should that rule be applied to working mothers? The only way to justify that is on the basis that the Treasury Department cannot afford the tax loss. But in this bill we do so much for family people it is hard to say you should provide for the other situations that are provided for in this bill and deny a working mother that type consideration. As the Senator knows, I did support his amendment when it was offered on the tax bill. I think it is even more appropriate that it be offered on this bill. However, I do not speak for the committee.

Mr. TUNNEY. I thank the Senator.

Mr. BENNETT. Mr. President, will the Senator yield to me?

Mr. TUNNEY. I yield.

Mr. BENNETT. Mr. President, this colloquy has created the impression that now there is no relief, no tax relief for a woman who has to go out and work. The tax law now provides that if the net income of the family is less than $18,000, she may deduct the cost of child care.

That privilege is available to her now. This bill takes off the $18,000 limit, so it raises it, not necessarily to the millionaire class, but to everybody with an income above $18,000.

It does, also, one other interesting thing. It says that in addition to taking the standard deduction, the mother may take this deduction on top of it, so she can double her deduction. She can use as much of that cost for the standard deduction as she needs, and then put it on top of that.

I realize that I am on the wrong side of this issue emotionally, but I think to

create the impression that the people who are going to go off welfare are going to move immediately to an income above $18,000, and that, therefore, the existing law does not give these employers a chance to deduct that from their income, is fallacious.

The chairman and I do not disagree very often, but I do not agree with the argument that under the present law the Internal Revenue Service has to inquire into the activities of the person who is doing the child care in order to determine the amount of the deduction that will follow under this law, because the law does not say that this person would come in and do anything that is assigned.

So I think the basic question here is, Do you want to take the $18,000 limit off and let anybody with an income above that deduct for child care, and do you want those people to get a partial double deduction for the money they spend for child care?

It is that simple, and I am not at all impressed by the argument that under the present law a person who came off welfare would not be able to do that.

Mr. TUNNEY. Mr. President, I am prepared to have a vote on this amendment.

Mr. LONG. Mr. President, permit me to say that people who have higher incomes, to whom the Senator refers, do not take the standard deduction anyway. It is immaterial as far as those people are concerned. They itemize, anyway. As a practical matter, it is somewhat unfair to deny this benefit, if we are going to allow this deduction, to the low-income people who take the standard deduction.

Mr. TUNNEY. Sixty-eight percent of the people who have incomes of $10,000 or less take the standard deduction, and as a result they are not able to take any advantage of the law which now exists to deduct the costs of child care. By making this a deductible business expense—and that is exactly what it is; they would be able to take advantage of this deduction.

I just do not understand how the Senator from Utah can advocate disallowing the deduction for a mother who goes out to work and needs a babysitter to take care of her child, and yet allow it for a millionaire businessman who hires a secretary, in part to take personal dictation, in part to pour him his drinks after he has had a tough day at the office, and in part to do his business affairs.

I am prepared to yield back my time.

Mr. BENNETT. Mr. President, I would like to make one more comment, and then I will sit down. The inference is that these thousands of people who have an income under $10,000 who use the standard deduction are deprived from being able to use anything else. They have the same right as the millionaire does to itemize their income tax forms. So what we are really talking about now, since the law provides this deduction for couples or individuals whose earnings are under $18,000, is to open this up to anybody with an income above that to have the same privilege.

Mr. STEVENS. Mr. President, will the Senator yield?

Mr. TUNNEY. I yield.

Mr. STEVENS. Mr. President, my staff and the staff of the Senator from California have discussed this amendment, and I am pleased to be a cosponsor of the amendment.

I would like to call attention to one problem that is not covered by the amendment, and hopefully secure an agreement to modify the Senator's amendment along the line of an amendment that I had intended to send to the desk, which is to amendment 1653 offered by the distinguished Senator from California (Mr. TUNNEY). Amendment 1653 is a highly beneficial amendment which will permit the business expense deduction of certain expenses, those incurred for household services and dependent care. It accomplishes this by the addition of a new subsection (h) to section 162 of title 26.

There is, however, one small group of individuals who need similar care for themselves. These are those taxpayers so disabled either physically or mentally that they must incur expenses for the hiring of attendants, the purchase of special equipment, and similar items in order that they may be gainfully employed. These individuals are among the most courageous of our society. They refuse to become public burdens but insist upon paying their own way through life.

The identical policy urging the adoption of the amendment of the Senator from California (Mr. TUNNEY) also strongly argues for the inclusion of my amendment to assist these people. Just as we wish to assist taxpayers who must incur reasonable expenses for household services or for dependent care, so should we assist those people who must incur reasonable expenses for their own care in order to be gainfully employed. This amendment will permit the deduction of ordinary and necessary business expenses, such as special equipment and medical attendants, if the taxpayer must incur these costs to be gainfully employed. The purpose is to insure that these costs are deductible under this section as business expenses.

For instance, I know of one young lady who is entirely incapacitated from the shoulders down, as a result of polio. She has a brilliant mind. She has, in fact, written books. Although she types with a wand that she keeps in her mouth, she hires someone to get her out of bed in the morning, take care of her home, type her final manuscript, and she is doing quite well. She does not want to be on welfare. She has the capability of producing, but she must hire three people to enable her to do her job.

The amendment I had intended to offer would permit the deduction of certain expenses for the physically or mentally disabled, along with the people the Senator has suggested would be included in the Senator's amendment, which I have cosponsored.

Mr. TUNNEY. Mr. President, I have seen the amendment of the Senator from Alaska. I agree with him that a person who is disabled and who can only work if she or he is attended is deserving of the same of business deduction, because it is for that person an ordinary and necessary business expense.

So I accept the amendment, or if the Senator prefers, I will modify my amendment to include his language.

Mr. STEVENS. Mr. President, I am quite agreeable to having that done, and I send the amendment to the desk. It would extend the deduction to people who are disabled physically or mentally and who cannot work unless they can hire people to do necessary work, such as is true in the case of the young lady to whom I referred, who must hire people in order to be able to do her work at home.

I am most gratified that the Senator from California has agreed to accept my amendment. My staff and I have been in contact with groups representing disabled taxpayers and I am informed they strongly support this amendment. I know they will be most grateful also.

I ask unanimous consent that Senators GRAVEL and HUMPHREY be added as cosponsors to amendment No. 1653, as modified.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TUNNEY. Mr. President, I modify my amendment by the language of the amendment offered by the Senator from Alaska.

The PRESIDENT OFFICER. Without objection, the amendment is so modified.

The modification is as follows:

On page 5, line 19, strike the closing quotation mark. On page 5, between lines 19 and 20, insert the following:

"(4) Expenses of individuals physically or mentally disabled.—In the case of an individual who is physically or mentally disabled, the deduction allowed by subsection (a) shall include the reasonable expenses paid or incurred during the taxable year such as for the services of attendants if such expenses are ordinary and necessary to enable the taxpayer to be gainfully employed."

Mr. LONG. Mr. President, I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. LONG. Mr. President, in order to expedite the business of the Senate, I ask unanimous consent that the yeas and nays be ordered.

The PRESIDING OFFICER. Is there objection? If there is no objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from California, as modified. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from West Virginia (Mr. ROBERT C. BYRD), the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Louisiana (Mrs. EDWARDS), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Rhode Island (Mr. PELL), the Senator from Texas (Mr. BENTSEN), the Senator from Oklahoma (Mr. HARRIS), and the Senator from Virginia (Mr. SPONG) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE) is absent on official business.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PELL), the Senator from Louisiana (Mrs. EDWARDS), and the Senator from New Hampshire (Mr. MCINTYRE) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BAKER), the Senator from Delaware (Mr. BOGGS), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), the Senator from Ohio (Mr. SAXBE), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Delaware (Mr. BOGGS), the Senator from Oregon (Mr. HATFIELD), and the Senator from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 71, nays 8, as follows:

[No. 523 Leg.]

YEAS—71

Aiken	Gravel	Packwood
Allen	Griffin	Pastore
Anderson	Gurney	Pearson
Bayh	Hart	Percy
Beall	Hartke	Proxmire
Bellmon	Hollings	Randolph
Bible	Hruska	Ribicoff
Brock	Hughes	Roth
Brooke	Humphrey	Schweiker
Buckley	Inouye	Scott
Burdick	Jackson	Smith
Byrd, Harry F., Jr.	Javits	Sparkman
	Kennedy	Stafford
Cannon	Long	Stennis
Case	Magnuson	Stevens
Chiles	Mansfield	Stevenson
Cook	Mathias	Symington
Cooper	McClellan	Taft
Cotton	Miller	Talmadge
Cranston	Mondale	Thurmond
Ervin	Montoya	Tunney
Fong	Moss	Weicker
Fulbright	Muskie	Williams
Gambrell	Nelson	Young

NAYS—8

Bennett	Dominick	Jordan, N.C.
Curtis	Fannin	Jordan, Idaho
Dole	Hansen	

NOT VOTING—21

Allott	Eastland	McIntyre
Baker	Edwards	Metcalf
Bentsen	Goldwater	Mundt
Boggs	Harris	Pell
Byrd, Robert C.	Hatfield	Saxbe
Church	McGee	Spong
Eagleton	McGovern	Tower

So Mr. TUNNEY's amendment (No. 1653), as modified, was agreed to.

The PRESIDING OFFICER. The Chair recognizes the Senator from Minnesota.

Mr. MONDALE. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. MONDALE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

At the bottom of page 615, insert the following new section:

DISREGARD OF 20-PERCENT-INCREASE PROVISION ENACTED IN PUBLIC LAW 92-336

SEC. 306. (a) In determining the annual income of any person for purposes of determining the continued eligibility of that person for, and the amount of, pension payable under the first sentence of section 9(b) of the Veterans' Pension Act of 1959, the Administrator of Veterans' Affairs shall disregard, if that person is entitled to monthly benefits under the insurance program established under title II of the Social Security Act, any part of such benefits which results from (and would not be payable but for) the general increase in benefits under such program provided by section 201 of Public Law 92-336 or any subsequent cost-of-living increase in such benefits occurring pursuant to section 215(i) of the Social Security Act.

(b) Notwithstanding any other provision of law, in the case of any individual who is entitled for any month after August 1972 to a monthly benefit under the insurance program established by title II of the Social Security Act, any part of such benefit which results from (and would not be payable but for) the general increase in benefits under such program provided by section 201 of Public Law 92-336, or which results from (and would not be payable but for) any cost-of-living increase in such benefits subsequently occurring pursuant to section 215(i) of the Social Security Act, shall not be considered as income or resources or otherwise taken into account for purposes of determining the eligibility of such individual or his or her family or the household in which he or she lives for participation in the food stamp program under the Food Stamp Act of 1964, for surplus agricultural commodities under any Federal program providing for the donation or distribution of such commodities to low-income persons, for admission to or occupancy of low-rent public housing under the United States Housing Act of 1937, for subsidized mortgages or rentals under title II of the National Housing Act, or for any other benefits, aid, or assistance in any form under a Federal program, or a State or local program financed in whole or in part with Federal funds, which conditions such eligibility to any extent upon the income or resources of such individual, family, or household.

(c) The amendments made by subsection (a) of this section shall apply with respect to annual income determinations made pursuant to sections 415(g) and 503 (as in effect both on and after June 30, 1960) of title 38 United States Code, for calendar years after 1971. The amendment made by subsection (b) shall be effective with respect to items furnished after August 1972.

Mr. MONDALE. Mr. President, this is a simple amendment, which says this: The 20-percent social security increase that we granted recently cannot be taken away from senior citizens who are public housing tenants by rent increases, nor can food stamp eligibility be affected by the increased income derived from the social security increase.

On Thursday, September 28, I introduced a somewhat longer amendment to the social security bill to guarantee that the elderly receive the full benefit of the 20-percent social security increase.

Part of this serious problem was solved on Friday, when the Senate accepted modifications to the social security bill to prevent drastic cuts in old age assistance and medicaid—as a result of two programs—the 20-percent raise.

The amendment I am calling up today is meant to complete the work of protecting the 20-percent increase. It does this by preventing housing authorities from raising rents and the Department of Agriculture from cutting food stamp benefits as a result of the 20-percent increase.

We have all heard the terrible stories of how many of the poorest of our senior citizens are being cheated out of their long overdue social security raise. They are losing this raise because as their social security income goes up, other benefits—which they desperately need—are being reduced.

I am proud that I was a cosponsor of the 20-percent social security raise. I know that the Congress intended the full raise—every penny of it—to go to everyone receiving social security.

Because I think these elderly people should get every penny of this raise, I think our action to protect the raise should cover all benefits. We should protect the elderly who receive food stamps and public housing benefits as well as those receiving old-age assistance and medicaid. It is unjust and unfair that any of these other benefits should be reduced because of the 20-percent social security increase.

On Friday the Senate acted to meet the danger that old-age assistance and medicaid benefits would be lost as a result of the 20-percent increase. Senator CRANSTON's amendment, which was accepted by the distinguished Senator from Louisiana (Mr. LONG), will protect these types of benefits. Under the terms of the amendment, almost all social security beneficiaries in Minnesota will continue to get their old-age assistance benefits and will retain medicaid eligibility. This is very important.

But the Cranston amendment does not protect 15,000 elderly Minnesotans against an increase in public housing rents. Only passage of the amendment I am offering today will do that.

There is also a major problem of the erosion of food stamp benefits. Approximately 35,000 Minnesotans could either lose eligibility for food stamps or find their food stamp benefits cut, because of the 20-percent social security raise. For many of these people, this could be a disaster. A large chunk of their small social security raise would be swallowed up immediately by the rampaging rise in food costs.

My colleague from Minnesota (Mr. HUMPHREY) raised this food stamp question on the floor of the Senate when the Cranston amendment was accepted. The amendment on this subject which we are offering today would take care of this problem. I hope it can be accepted immediately.

Taken together, the rent increase, the loss or erosion of food stamp eligibility, and the loss of other benefits which may follow the 20-percent increase could make the whole 20-percent raise largely meaningless for many among the elderly. This must not be allowed to happen. My amendment completes the work of the Cranston amendment which was accepted on Thursday. It will guarantee full protection for the 20-percent increase. I urge that the whole of this package be approved by the Senate.

Now I am going to yield to the Senator from Connecticut in a moment, but, first, I ask unanimous consent that there be a time limitation of 1 hour on this amendment, to be divided equally between the proponents and the opponents.

The PRESIDING OFFICER. Is there

objection? The Chair hears none, and it is so ordered.

Mr. MONDALE. I yield to the Senator from Connecticut.

Mr. RIBICOFF. Mr. President, I commend my distinguished colleague for this amendment.

I wonder whether I could ask a few questions.

Do I correctly understand that the purpose of this amendment is to assure that as a result of the 20-percent social security increase, the recipient of that 20-percent increase is not worse off under the food stamp program, public housing program, and veterans programs than if he or she had not received that increase?

Mr. MONDALE. That is correct. But my amendment also goes further and insures that the 20-percent social security increase which Congress voted to protect the elderly from inflation—to give them a needed improved income—will actually go to those social security recipients and not be diverted to public housing rent increases in a sort of peculiar and cruel revenue-sharing program.

Mr. RIBICOFF. I wonder whether the Senator has some examples of situations in which the recipients could be worse off with a 20-percent increase than if they had not received it in the first place.

Mr. MONDALE. Mr. President, I will submit for the RECORD an article published in the Minneapolis Star of Thursday, September 1, and other articles which demonstrate how much people all over the country on social security were looking forward to this 20-percent increase. Instead they found that all or most of it is being taken away from them in many ways, and many times they end up worse off than they were before the increase.

This article in the Minneapolis Star cites one example. Mrs. Mary Freed will get a 20-percent increase in her social security on October 3. "Big deal," says the reporter.

Mrs. Freed's monthly check will go up $27, to $162, but because of that increase, her rent will rise from $26 to $33 on her efficiency apartment administered by public housing. Her disability payments of $32 a month will decrease. She will be over the limit set by the State as a maximum financial aid level. The medical assistance program will drop her. She will be reinstated, however, as soon as she spends $60 in medical costs. Then she would go on Medicaid again, but only for 6 months. She should spend that amount quickly, because she takes medication. In any event, her total expenses are going to run at least $42 a month because of a $27 incerase in social security. That is the kind of example referred to by the distinguished Senator from Connecticuit.

Mr. RIBICOFF. I am sure it was not intended—I know that in voting for the 20-percent increase in the Finance Committee and on the floor, I certainly did not intended—that the receipients of other social services or other programs should be deprived and be worse off as a result of our 20-percent increase in social security. This is certainly a situation we have an obligation to remedy, and I commend the Senator for bringing it to the attention of the Senate. I certainly shall vote for the Senator's amendment.

Mr. MONDALE. I thank the Senator from Connecticut.

Mr. President, I ask unanimous consent to have printed in the RECORD the article to which I have referred, together with an article published in the New York Times of October 3, entitled "Social Security Rise Becomes a Nightmare to Many Elderly."

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

SOCIAL SECURITY RISE BECOMES A NIGHTMARE TO MANY ELDERLY

(By David K. Shipler)

Like millions of other aged Americans, Marie Nashif of Denver will receive a 20 per cent increase in her Social Security check this month. But unlike most, she will not welcome the extra cash.

Mrs. Nashif is among the 187,000 or so elderly for whom Congressional election-year generosity has become a nightmare. The Social Security rise, voted by Congress June 30, has pushed her income just high enough to make her ineligible for the welfare and Medicaid benefits that she needs so desperately.

Mrs. Nashif, a smal, alert, 72-year-old woman, suffers badly from arthritis. Until now, her heavy medical bills have been paid fully by Medicaid. But when her monthly Social Security check rises from $138.40 to $166.10, it will surpass the $147 figure that Colorado uses to divide those who are eligible from those who are not.

In exchange for her $27.70 additional from Social Security, Mrs. Nashif will have to pay $5.80 a month in medical insurance premiums, 20 per cent of all doctors, bills, the first $68 a year in hospital expenses, $17 a day after 60 days in the hospital, and the total amount of prescription drugs.

Further, she will lose $7 a month in welfare payments, she will probably become ineligible for food stamps, and her rent will rise, since she lives in Federally subsidized housing where rents are tied to income.

"When I take all this into consideration," she said. "I'll be a darn sight worse off than I am now."

Congressional action could eliminate such hardships, and several bills addressed to the problem are now pending. Last Friday, the Senate voted a solution for welfare recipients by passing a measure that would force states to raise the eligible income limits for welfare by the same dollar amount as the Social Security increases. Prospects for the bill in the House are uncertain.

Even if the bill becomes law, it will not help people who now collect Medicaid and are not welfare recipients, and there are thousands of those in New York City alone who risk losing their medical benefits. The bill addresses itself only to welfare recipients.

ACTION BY STATES

Some states have already taken action on their own. Gov. William T. Cahill of New Jersey has ordered Medicaid benefits continued for 4,000 elderly who would otherwise become ineligible.

Delaware has allocated $1-million to raise the eligibility income maximums. Gov. Winfield Dunn of Tennessee has changed administrative regulations to keep 7,500 people on the welfare rolls. Nebraska, Missouri, Iowa, Florida and Wyoming are among the states that have increased the income levels that determine eligibility.

No action has been taken in New York. The state's Department of Social Services contends that it has no power to make the necessary changes without approval from the Legislature, whose regular session begins in January.

New York City has already sent letters informing 6,000 elderly people that their welfare benefits will be halted. This means that they will have to begin paying 20 per cent of their medical expenses.

In addition, many aged New Yorkers who are not on welfare and are not addressed by the Senate bill will be hurt by the Social Security increases.

The city's Office For the Aging estimates that 14,696 persons who now receive 80 per cent of their medical expenses from Medicaid will be cut off altogether. In addition, 22,434 who are not on welfare but are fully covered by Medicaid will have until they have spent all their income above the welfare maximum on medical bills. At that point Medicaid will pick up the full burden again. This totals about 43,000 elderly affected adversely in New York City alone.

The figures elsewhere are smaller, ranging from about 10,000 in California to 400 in Vermont. The United States Department of Health, Education and Welfare calculates that nationwide, 187,000 people will become ineligible for welfare and 93,000 will lose Medicaid.

Even many who do not lose will not gain from the Social Security increase, since some states apply Social Security income against welfare payments. As Social Security rises, welfare decreases; the beneficiary is not the individual, but the state.

"I'm all for the increase," said John Maros, administrator of the Wyoming Division of Public Assistance. "The more Social Security they get the less public assistance is needed." The State of Washington estimates that it will save $2.3-million in welfare payments by next June 30.

"The average pensioner in Alabama won't gain a dime as a result of the increase," said Ruben K. King, Alabama director of pensions and security.

BAN UNDER SENATE BILL

"This is a form of psychological deceit practiced upon senior citizens," said C. Christophor Brown, head of the law reform unit of the Baltimore Legal Aid Bureau. "The government is giving with one hand and taking away with the other."

This cannot happen if the bill passed by the Senate is approved by the House and signed by President Nixon; Under the measure states would be prohibited from reducing welfare payments in response to the Social Security increase.

The bill would also cost the states additional money by requiring them to raise the income limits for eligibility, not merely for those welfare recipients who are on Social Security, but for all disabled, aged and blind. In New York, many in the disabled category are narcotics addicts.

In most states, elderly people on Social Security receive only small amounts of money from welfare, and their removal from the rolls is less of a hardship in terms of direct welfare payments than it is in terms of the services that are corollaries to a welfare status.

In many states, for example, Medicaid—whose cost is shared by the Federal and state governments—is available only to those whose incomes are low enough to qualify them for welfare, even though the Federal guidelines allow Medicaid benefits for those with incomes up to 133 per cent of the welfare maximum.

Other benefits, such as food stamps, legal help and home-making services, are also often tied directly to welfare.

BRONX WOMAN HIT

Mrs. Elesabeth Miles of 1365 Finley Avenue, the Bronx, for example, faces the loss of a valuable homemaker because the Social

Security rise will make her ineligible for welfare. She is 62.

"The letter came last Wednesday," she said, "and now I have nothing. I have been a widow for 29 years and am completely blind in the right eye and partially blind in the left eye. My son is unable to take of me because he has eight children of his own."

Her monthly Social Security check, to rise from $133.10 to $159.70, will have to cover her $70.40 a month rent, as well as her food and other expenses.

"They say that they are giving me a 20 per cent in crease, but they been taking everything back and all I get is nothing," Mrs. Miles said. "We worked hard to take care of ourselves and they just don't care if we live or die."

In a small, sad room on West 86th Street, Joseph Wolfson, 80, a frail, asthmatic man spoke with fear. "Most of the time I am in the hospital because of asthma," he said. "I feel all right now, but who knows what can happen next week? I just can't live with that little amount of money and no Medicaid."

Eva Estelle Jackson, 70, lives alone in Montgomery, Ala., and has suffered from tuberculosis and ulcers. She now receives $132 a month in Social Security and $24 in welfare, but she has been told that the Social Security increase will raise her a few dollars above the welfare maximum she will therefore lose Medicaid, which paid several thousand dollars for three weeks she spent in hospitals last year.

"It's gonna hit me hard," Miss Jackson said. "If they'd just left me with a pension of $1 or $2, and Medicaid, I'd have been a lot better off. If I had some illness, I just don't know what I'd do. I'd just be in bad shape, because I've got nobody to fall back on."

Miss Jackson discovered that she will also have to pay a $2-a-month garbage collection fee to the City of Montgomery. Only those on welfare are exempted from the fee.

Another Montgomery resident, Emily Shepherd, 75, is now in the hospital, being treated for emphysema. When her $137-a-month Social Security check rises to $164, she will lose $66 in welfare from the state, ending up with $39 less a month than now, and no Medicaid.

At that point, her choices will be "either to go into a convalescent home or just go back to my apartment and die," she says. "It's the most ridiculous thing I ever heard of. They should have had a little forethought. They're just a bunch of meatheads in Congress."

In Las Vegas, the Social Security check of Henrietta G. Oberg, 78, will rise from $153 to $183 a month, but her $23 welfare payment will be eliminated as a result, leaving her $7 ahead, but without Medicaid. She is being treated for cancer. "What am I going to do?" she asked.

In Cedar Rapids, Iowa, Mary Wright also lost Medicaid. "It will take it all away from me," she said of the Social Security increase. "I can't afford it. I'm having it all canceled. I got to pay my rent, clothes and feed myself. There's nobody else to do it for me. You can't get any glasses, can't get any teeth—anything you need you can't get."

The difficulties have also affected some younger people. Lennell Frison, 40, a father of 10 in Portland, Ore., is a former foundry worker whose arthritis put him out of a job two years ago. He and his wife, who has diabetes, were told recently that the Social Security rise would mean the end of welfare and the end of medical payments.

"Without that aid to the doctor, man, I don't know how we're going to make it." His wife, he says, works sometimes as a janitor at night, making about $100 a week. They had planned to try to buy the six-room house they now rent, he said, "But we're probably gonna lose it."

Mr. Frison has considered sending his 17-year-old son to work, but he is torn by powerful doubts. "I hate to take my oldest boy out of school, because then he'd be where I am I think I'd go back to work and punish myself instead. I can't stand up too long. My legs won't hold me. But it gets you. A man ain't nothing if he can't feed his children."

In Hazelwood, Mo., a suburb of St. Louis, Mr. and Mrs. Russell French face similar difficulties. Mr. French suffers from heart disease and diabetes, she from arthritis and rickets. Two of their children, Charles, 15, and Lorraine, 12, have rickets, and a third, Russell, is diabetic.

"It's the Medicaid that counts," said Mrs. French. "I figure it would cost us $100 a month just to keep my husband supplied with medicine." Neither she nor her husband can work; their Social Security comes to about $400 a month.

The family's physician, who asked not to be identified, confirmed that the French family needed constant medical attention. "Of all my families, this is the one that is probably the most in need," he said.

When Mrs. French was 10 years old and living in Corning, Ark., she recalled, her mother died because she could not get medical help. "If anyone thinks things have changed, they haven't," she said, "because the same thing probably will happen to us."

Social Security: When a Raise Is Not

(By Joe Blade)

Along with 29 million other Americans, Mrs. Mary Freed will get a 20-percent increase in her Social Security payments Oct. 3.

Big deal!

Mrs. Freed's monthly check will go up $27 to $162.40. Because of that increase:

Her rent will rise from $26 to $33 on her efficiency apartment administered as public housing in an old building at 1706 Stevens Av.

Her aid-to-the-disabled payments of $22 a month will cease. She will be over the limit ($78 plus rent) set by the state as the maximum financial aid level.

The medical assistance (Medicaid) program will drop her. She will be reinstated, however, as soon as she spends $80.40 on medical costs. Then she would go on Medicaid again, but only for six months.

She should spend that amount quickly because she takes medication for diabetes, a heart condition, pains in her legs, a steel ball in her shoulder and, not surprisingly, "nerves." Her total expenses are going to run at least $42.80 a month more because of that $27 increase in Social Security.

"Why in hell when a person gets to 65 and no good don't they take a person out and shoot him instead of torturing him to death?" she said. "I would if I was running things."

Mrs. Freed is a 65-year-old widow. She is one of millions of Americans who will benefit only slightly or not at all from the largest Social Security increase in history.

The reason: When an electioneering Congress approved the 20-percent boost with an eye on the elderly vote, it failed to make adjustments in other assistance programs.

It is the poorest of America's elderly who face tragedy as a result. It is they who most need extra income from Social Security as well as aid from other programs.

But because those benefits are based on income, they will lose much—or all—of that 20-percent boost. Some will lose the other assistance as well. It works like this:

Old Age Assistance such as aid to the disabled and to the blind must be cut virtually dollar-for-dollar as the recipient's income increases.

In 1970 Congress exempted $4 of that year's Social Security raise from cuts in Old Age Assistance. There was no such action this year. And that $4 exemption expires on Dec. 31 of this year.

Food stamps will be lost by 1,269 of Hennepin County's 4,359 Social Security recipients who now purchase them. Their income will rise above the maximum of $180 for a single person and $245 for a couple.

Another 2,297 persons will pay more for their stamps. For example, one 72-year-old man whose Social Security is going up $30 to $178.50 a month will pay $26 for $36 worth of stamps. He had been paying $24.

Public-housing rent is fixed at 25 percent of income after deductions for certain expenses. When a tenant's income goes up, a quarter of the increase is added to the rent.

Some tenants may be pushed above maximum incomes of $4,300 for single persons and $5,200 for couples, again figured after certain deductions.

But the extra income will not be a basis for eviction until the tenant's regular two-year eligibility review, promises James Lemley, director of management at the Minneapolis Housing and Redevelopment Authority.

Medicaid, or medical assistance for the poor, will be lost by about 700 of 1,700 Hennepin County Social Security recipients who now receive it.

Almost all of these persons will be returned, welfare department officials believe, after a "spend-down." If six months' income over maximum levels—$145 for individuals and $202 for couples plus a $4 "pass-through"—goes for medical expenses, they become eligible for the next six months.

Veterans pensions for impoverished veterans and their dependents also are reduced as income increases. However, the reduction is less than dollar for dollar and is least for recipients with the lowest incomes.

Furthermore, none of these pensions will be changed until the end of the year, giving Congress time to act.

The buck stops with Congress if the rules are to change. The state Legislature could raise the outdated standards in Old Age Assistance, but the Legislature does not convene until 1973.

A variety of bills have been introduced in Congress to eliminate taking back money through one program that was handed out through another.

Minneapolis Rep. Donald Fraser is one of 55 co-sponsors of a bill that would require the entire Social Security increase to be disregarded by other programs.

The problem is that the November election, which was a major cause of the problem, now is so near that Congress may adjourn before cleaning up the conflicts.

Social Security

(By Robert T. Smith)

Well, for those on Social Security we have good news and bad news today. First the bad news:

As you may know, President Nixon, who is up for reelection, ordered a "rent watch" the other day on housing of senior citizens on Social Security.

He said he wanted to make sure rents were not "illegally" raised because of the 20-percent increase in Social Security benefits that was to show up in checks Tuesday.

But it doesn't affect the 9,679 older people who live in public housing in the Twin Cities. Housing controlled by federal, state, or local governments is specifically excluded from the "rent watch."

Those in public housing, the poorest of the senior citizens, will have to live with the raise in rent that went into effect with their first check that included the raise in Social Security.

It doesn't make any sense, but those in public housing are in the minority and, therefore, aren't going to tip any elections one way or another.

Now for the good news:

It does affect the 106,000 elderly who live in private housing in the Twin Cities. That is 65,000 in Minneapolis and 41,000 in St. Paul.

If any of you feel your rents have been raised illegally, you can complain to the Internal Revenue Service (IRS). Just call: 725–7124.

The IRS has been ordered to check any rent complaints of Social Security people throughout Minnesota. Said Richard C. Voskull, IRS district director.

"We are urging landlords not to raise rents unless they are certain such increases are legal. In many cases landlords already have raised rents this year and must wait until 12 months have elapsed since that increase before raising rents again."

This does not include landlords with less than four units.

Landlords cannot raise rents beyond a maximum of 2.5 percent a year, unless there are improvements or increased taxes or services. A tenant must receive a detailed 30-day notice of any increases.

So what can the IRS do? They can order that illegal rents be stopped, that overpayments be returned and that the landlords be fined. The fine can be up to $5,000 under earlier wage-price stabilization guides.

Although anyone can be the victim of an illegal rent increase, the IRS is giving priority to those on Social Security.

Sen. Walter Mondale, who's also up for reelection has proposed a bill to Congress to prevent rent raises for Social Security recipients in public housing. But that may take some time.

Daphne Krause, director of the Minneapolis Age & Opportunities Center, long a fighter against giving the elederly raises and their taking them away, said:

"It's excellent that something is being done to protect those in private housing. Now let's get to work on the public housing. All a raise does for those people is help catch them up on the rising cost of living" Amen.

Mr. MONDALE. I also ask unanimous consent to have printed in the RECORD a series of pathetic letters from Minnesotans that show the cruelty of a situation in which elderly people expected the social security increase and then found that because of the way the law is written public housing rents went up, the food stamp entitlement disappeared, veterans pensions were reduced, they became ineligible for medicaid, and old age assistance was reduced. In one way of another, they found that all or most of the increase was taken away from them; and many found, as in the example I cited, that they end up losing a great deal of money through this increase. It becomes the cruelest form of revenue sharing—the money going through the hands of these old folks and being siphoned off by local governments.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

MINNEAPOLIS, MINN.,
July 28, 1972.

SENATOR MONDALE: I am very thankful to get our raise in Social Security. But I think when we get this raise that some of us will not be able to buy any more food stamps, and I think the Minneapolis Housing will raise our rents.

So I don't know if the raise will do some of us senior citizens any good. And the young people that are working will have to pay so much more taxes from their wages and I do not think they should have to pay any more taxes.

Let some of the rich people pay more taxes. Why all the loop holes for some. And I want to ask you some questions please answer these. Where do you stand on amnesty? The rights of the homosexual? And what do you think about the people who want to legalize marihuana? Please answer soon.

Sincerely,

MRS. E. M. HAND.

U.S. SENATE,
Washington, D.C., August 17, 1972.

Mrs. E. M. HAND,
Minneapolis, Minn.

DEAR MRS. HAND: Thank you for your message concerning the DFL platform.

As you may know, I have expressed my reservations about this platform on several occasions. In addition, I am concerned that because of the struggle over the controversial planks, the DFL was unable to take a position on many of the vital issues affecting most Minnesotans and most Americans. For example, I believe the Convention should have focused its attention on such crucial issues as tax reform, health care, environmental protection, housing, jobs, preservation of the family farm, financial security for the elderly, and consumer protection.

When the DFL Central Committee meets in the near future, I am hopeful that we will clearly state our party's position on these and other crucial issues.

In the meantime, I will continue to speak out on what I believe to be the most urgent concerns and needs of the people of Minnesota.

I am proud to have been a cosponsor of the 20 percent increase in Social Security benefits, which passed the Senate on June 30th and has now become law.

This measure, which also provides for regular cost-of-living increases to protect social security recipients from the destructive effects of inflation, should greatly improve the situation of elderly and handicapped citizens in Minnesota and throughout the nation.

With warm regards.

Sincerely,

WALTER F. MONDALE.

MINNEAPOLIS, MINN.,
September 1, 1972.

SENATOR WALTER MONDALE: I have already read my notice. That my rent is to be raised $8.00 a month starting Oct. 1st. So I will have to pay $41.00 a month for my one room efficiency. I would be better off with out the Social Security raise. I have been getting $122.90 SS less $5.80 for Medicare. Then I need $34.53 pension. Now I will be receiving $147.20 SS.

That is what the Minneapolis Housing wrote in my letter when they wrote to tell me my rent would be raised and I will receive my $34.53 pension but I will be losing my food stamps. As one is only allowed an income of $78.00 a month to be able to buy Food Stamps. So the way I figure it I would be better off without the raise when I moved into this building. I paid $30.00 rent. Then when we received our last SS raise my rent was raised to $33.00 and now to $41.00. At first I paid $18.00 for $28.00 worth of Food Stamps. Then I paid $22.00 for $32.00 worth I think it was. But the last time I paid $22.00 and received $36.00 in FS. And I can do the same for Sept. But I don't think after Oct. that I will be able to buy F.S.

Sincerely,

MRS. E. HAND.

SEPTEMBER 7, 1972.

Hon. WALTER MONDALE,
Washington, D.C.

DEAR SIR: To identify myself. My husband was known in Crosby-Ironton. as "Charlie" the Telephone Man. He passed away Sept. 8th 1970. We had four daughters. Minnie. Annie. Evelyn, Fern, who attended school & graduated from high school there except Fern.

I am writing you concerning the increase in social security. Which actually is no increase at all. It was a great shock to me to be informed that the increase would be deducted from my old age assistance.

I have been receiving $115.10 in social security. And $30.00 in old age assistance. Giving me a total of $145.10.

My expenses is rent $80.00. Telephone $7.13, groceries $25.00, personal needs $25.00, insurance $5.00.

I understand that there is just one phase that. Makes this necessary to deduct from old age assistance. Or a veteran's pension.

This makes the most rediculous joke of something that is so vital to the life line of our elderly. Who are in need.

Respectfully,

Mrs. LYDIA M. TRIERWEILER.

MINNEAPOLIS, MINN.,
August 7, 1972.

Senator W. F. MONDALE,
Old Senate Office Building,
Washington, D.C.

HONORABLE SENATOR W. F. MONDALE: Why when you get a raise in Social Security does housing or "welfare" takes it from you, or if housing leaves your rent, off it comes from welfare. As it stands now I'm worse off than before the Social Security gave the 20% raise. I'm on *A.D.*

Figure up 70.40 and 58.00 leaves 128.00. Have been paying 45.00 rent. Takes most of the $58.00 "stamps." Clothing shoes are so expensive. I don't get a paper, *no TV. No Radio. No Phone.* I can't afford them. Housing offers trips to Duluth, Winona. I can't go they are to expensive. I hope and pray you can stop welfare from taking the 20% off. God Bless you, if you can work out some way to prevent the taking away of the small amounts we get in Social Security.

I thank you most kindly,

Miss CORNELIA M. ELLIOTT.

MINNEAPOLIS, MINN.,
August 8, 1972.

SENATOR MONDALE: Thank you for answering my letter. The raise we will get in S.S. will do some Senior Citizen some good but for me I am not so sure. As I think it will put me just a few dollars over the limit for buying food stamps or our rent will be raised again I am sure. Please do not write to the Mgh. Housing but the last raise we got in SS we had our rent raised. My rent was only raised $3.00 a month but this $36.00 a year would buy me a new dress. And I sure wish I could buy Food Stamps after we get the Oct. raise in SS. But thanks anyway.

Sincerely,

Mrs. E. M. HAND.

CAMBRIDGE, MINN.,
September 17, 1972.

SENATOR MONDALE: I am much disappointed with what is taking place with our raise in S.S. My husband is 90 yrs. and a patient at a nursing home. I am 80 and living in a small apt. at public housing. Our S.S. for the two of us will amount to $310.30. I was paying $60.90 to the home in order that he would get some medical assistance. Beginning Oct. 1st I'll be paying $100.30. I am now paying $55.00 rent here and will be raised $11.00. So when I used to have $147.00 left I'll have $136 left if my figures are correct. What is the government doing to us old people? I appreciate what you are trying to do for us.

Sincerely,

ELLEN BIRCH.

Sen. Walter Mondale this week sent a letter to President Nixon urging the federal government to quit taking back "with one hand what we have given with the other." Specifically, Mondale called for release of $130 million authorized by Congress to meet the operating costs of public housing. The delay in releasing such funds has forced local public housing agencies to raise the rent of housing for the elderly.

But the biggest problem is lack of coordination among the agencies that are nib-

bling away at the elderly. Medicare, Old Age Assistance, the Minneapolis Housing Authority, the U.S. Department of Housing and Urban Development, state medical assistance, all are more or less operating as if the others didn't exist.

It's a terribly complicated mess, and there's no wonder that the elderly are confused and disappointed when they see their raises eaten up before they can buy an extra can of soup.

CUSHING, MINN.,
September 5, 1972.

Senator WALTER MONDALE.

DEAR SIR: I am enclosing the notice we got from the Morrison County Social Service office, Little Falls, Minn. Our social security checks are, Mr. Oothoudt $90.60, mine $61.90 and we each get $40 from welfare. Now we are advised that our Oct. payment will be reduced in the am't equal to the increased benefits. Senator I just haven't been able to keep up as it is and now to get a cut in our checks. Living is so terrible high, every thing is so very high, we pay taxes, insurance. We have payments.

We don't begin to have what is needed. Mr. Oothoudt is 79 yrs. old. A cripple from arthritis, can not do one thing, with a walker and wheel chair all to gather, for myself I am 69 yrs. and have a heart condition which means we have to hire so much work done and far more expense than one planned or expected. We have a 1961 Ford which is our only means of transportation and the car too needs repairs. Every week I take Mr. Oothoudt into Little Falls for shots for his legs which is added expense, instead of a decrease we need an increase in our checks.

I just cannot make the checks reach, not through no fault of ours. I am behind on my bills. We are two people that just don't like to beg or be on welfare, we have no other income, just our Soc. Sec. checks and welfare. I understand by this enclosed notice it would do us no good to go to our county welfare board about this matter.

I am taking this way in writing you for advice and what can be done, if our soc Sec checks were more in the first place and than a raise but we are in lower paym't of Soc Sec & I just don't know how I can manage—for us we aren't getting no raise give more on Soc Sec checks & taking less on Welfare—I would like to have this notice returned to us.

Thanking you so very much for your time & would appreciate any help you can give us.

Sincerely,

Mrs. V. A. DOTHFUDT.

IMPORTANT NOTICE, AUGUST 31, 1972

If you are receiving a Social Security payment, this Notice is to inform you that your October Public Assistance payment will be reduced in an amount equal to the increased benefit you receive from Social Security.

Public Law 92-336 which increases the Social Security benefits does not provide that these benefits can be passed along to the recipients of Public Assistance.

The County Welfare Board has no authority in this matter and *must* reduce Public Assistance payments in the amount of the Social Security increase.

JAMES A. ATKINSON,
Director, Morrison County Social Services.

ST. PAUL, MINN., *September 15, 1972.*

President RICHARD M. NIXON,
The White House,
Washington, D.C.

MR. PRESIDENT: I am a 67 year old handicapped widow subsisting on Social Security and a railroad pension. My husband worked for 38 years for the Northern Pacific Railway and paid a high price for what he believed would be our nest egg, our guarantee that we would be comfortable and self-sufficient in our later years. This was to be separate and in addition to Social Security. My husband died at age 51.

When I became old enough to apply for Social Security, I immediately took a 33⅓% cut in my railroad retirement benefits. Now we are to receive a 20% increase in Social Security. Because of this increase, I am to be penalized by a further cut in my railroad retirement benefits. I understand that this raise in Social Security does not have the same effect on other pension plans such as that received by the telephone workers.

Should we who believed our wages were being taken for our own benefit and welfare, now be penalized again? Is this to happen again and again until our hard worked for nest egg is entirely gone?

It is a meager living as is with rising taxes, medical expenses going up all the time and promised rent raises. The 20% increase is eaten up and I will certainly not gain, but lose again!

Sincerely,

Mrs. PEARL LAGERSTEDT.

DULUTH, MINN., *September 23, 1972.*

Hon. WALTER F. MONDALE,
Washington, D.C.

DEAR SIR: With the increase in Social Security we thought we would be able to keep up with the rising cost of grocery, fuel, garbage, and other necessities, but now we get a letter my husband's Old Age Assistance will be cut—maybe entirely—because of the raise in Social Security.

My husband gets a low social security. We sold our home years ago and live in an old trailer on some land we had left.

I am 61 but too ill to work anymore.

We do hope our democratic lawmakers will help us. A person hates to say too much—they might take everything away. I'm sending this clipping from the paper.

We hate charity, but we have worked hard all of our lives and paid our bills.

This social security boost was to help pay for the increase in living. I can't understand what they are trying to do to old people.

I trust you, Mr. Mondale and hope you will try your best to see that they won't cut us off this help.

Sincerely,

Mrs. HAROLD STARK.

KARTH SAYS ELDERLY BEING SHORTCHANGED

(By Lee Egerstrom)

WASHINGTON.—A 20 per cent increase in social security benefits approved by Congress this summer and a 10 per cent increase approved a year ago will mean no increased income for the elderly under several state welfare programs, a Minnesota congressman charged this week.

Rep. Joseph Karth, D-Minn., and fellow members of the House Ways and Means Committee have been besieged by senior citizens wondering what went wrong.

"All too often the Congress has found that when it raised the level of benefits for senior citizens the increase was eliminated by reduced state benefits," he said.

"It is totally contrary to the will of Congress and the will of the people for state legislatures to require their state welfare departments to reduce old age assistance benefits as the federal government raises them."

States that have de-escalating old age assistance benefits pull back state services as federal payments increase. In several states, including Minnesota, senior citizens can actually lose more in state benefits than the federal increase Congress intended to provide.

Karth said Minnesotans have informed him that the additional income from this summer's 20 per cent increase has pushed elderly people into higher income brackets, causing them to lose food stamp and state assistance benefits.

It has also required elderly persons to pay higher rents in federally assisted housing, he said.

"This is contrary to the purpose of the 20 per cent increase," Karth added. "Minnesota, I regret to note, is an unfortunate example of this kind of irresponsible action."

Karth and Rep. Donald Fraser, D-Minn., have introduced legislation with others that would direct both state and federal assistance programs to ignore the new social security hike.

The intent of the new legislation was to improve social security benefits and not offset other state or federal assistance reductions.

The Ways and Means Committee will hold hearings on the legislation next week, and committee members are confident that Congress will hurriedly pass correcting legislation before adjournment sometime this fall.

Aides of Chairman Wilbur Mills, D-Ark., are currently compiling a list of states where the 20 per cent increase is resulting in a reduction of state benefits and increased charges of other federal assistance programs. The list, as the committee checks around the nation, is growing longer.

Most states with old age assistance programs that are a prerequisite for medicaid benefits will jeopardize medicaid payments to senior citizens whose incomes are increased by the hike.

A Minnesota Welfare Department spokesman said his state's program, more liberal than in most states, won't jeopardize the medicaid benefits for most senior citizens on old age assistance.

But he acknowledged that Minnesota, like many states with county-administered old age assistance, will reduce county payments of assistance in ration with the social security increase.

"The unjust part is that persons with incomes high enough so they aren't on old age assistance will in fact get a social security raise," he said. "But persons on old age assistance, who really need the increase, will find that their total income has stayed the same."

Karth said his proposed legislation would require states to maintain current levels of assistance to senior citizens.

This provision would be, in governmentese, a "hold harmless" or "pass through" provision "grandfathering" in state benefits similar to program grants protected in the newly-passed federal revenue sharing bill.

A second part of the Karth legislation would protect the elderly from losing benefits or having increased charges in federally assisted programs.

Karth, who is as outspoken as Chairman Mills, said the senior citizen "is given an increase by one hand and has it taken away by another."

In a slap at Minnesota state legislators, he said that "many states apparently cannot be trusted to pass on the same level of benefits to their senior citizens when federal benefits are raised."

While Karth was unhappy about the effect on the social security increase in his state, the Ways and Means Committee reports that checks with the Department of Health, Education, and Welfare (HEW) would indicate states that do not have medical programs would most adversely affect senior citizens.

RICHFIELD, MINN., *September 25, 1972.*

Hon. RICHARD M. NIXON,
White House,
Washington, D.C.

DEAR PRESIDENT NIXON: I am enclosing the column of Robert T. Smith, Minneapolis Tribune, dated September 15, 1972.

As many others are, I am greatly concerned over the plight of the senior citizens in our great country—you will note, John Stenen, referred to in the article, received a $9. a month raise in Social Security benefits about a year ago—then living in public housing his

rent went up $5. a month—Medicare cost rose $1.40 a month—The Old Age Assistance people gave him $5. less a month—they would have eaten the whole $9.00 but for the "pass-through" law that prevented them from taking the first $4. of the raise. You will note the article further states "it didn't prevent the other from taking it, however."

Further—this man ended up paying $2.40 more than the $9. raise for the same benefits.

We are now on the threshold of another raise in the Social Security benefits—please, for goodness sakes, let everyone have the proper compassion for our elderly citizens and let them experience the joy of having a RAISE—people in Government employ get their substantial raises without having it systematically taken away from them—with all the pious attitudes of doing more for Social Security recipients—let those in the position to do so make it possible for them to keep the little extra—in some cases it is perhaps the only joy they have.

Sincerely,

DORA M. KNUDSON.

ST. PAUL, MINN., *September 25, 1972.*

DEAR SENATOR MONDALE: I read in the St. Paul Dispatch of the bill you were introducing to assure that all Social Security recipients received the full benefit of the 20 per cent increase in benefits. I certainly commend you for this.

That same day my mother who is receiving a small monthly allowance of $9.00 from Old Age Assistance, received a letter from their office stating her monthly allowance would cease as of October 1st as her income would otherwise be increased.

I hope you will be successful in getting this legislation passed.

Sincerely,

MRS. ROBERT O'BRIEN.

PAYNESVILLE, MINN., *September 28, 1972.*

Hon. SENATOR WALTER MONDALE,
Washington. D.C.

DEAR SENATOR: I would like to call your attention how Senior Citizens are being treated now that we get a 20% raise on Social Security. Other benefits are cut off, now, why do you not watch that the other benefits are kept up, we need much in our old age, as we are on a fixed income. Of years back our expenses and living is in this bracket. How do you think we keep going? If we would have an income like you folks high wages, we would not complain at all. Now in my own case I was in the hospital this spring about 3 weeks. Medicare cut me off on some of what they should pay because it was based on 1971 scale. This was a doctor's bill that raised their charges in 1972. But Medicare only paid on 1971 bases, so it cost me an extra $75.00. Now why can the doctor charge more after the scale was set.

See how we get beat! Hope you will look into this matter.

Sincerely,

EDWIN MANZ.

ALBANY, MINN., *September 9, 1972.*

Hon. WALTER MONDALE,
U.S. Senate,
Washington, D.C.

DEAR MR. MONDALE: This is urgent! Unless Congress acts at once, those Senior Citizens on Old Age Assistance who get the 20% increase in Social Security on their October 3rd. check, will have that amount taken off their October 1st. Welfare Check. This is a deplorable situation for our elderly!

Unless the law is changed during this session, the Veterans on pension will also lose this 20% increase on their pension checks in January, 1973.

Any help you can give our Senior Citizens in regard to this, will be greatly appreciated.

My sincere thanks for all you have done for our elderly. Best wishes for your success in the coming election, I am,

Sincerely,

MRS. WARREN WEBER,
Stearns County Coordinator on Aging.

MINNEAPOLIS, MINN., *August 1972.*

Hon. WALTER F. MONDALE,
U.S. Senate, Old Senate Office Building, Washington, D.C.

DEAR SIR: Will our grants be lowered when we receive our 20% increase in Social Security. They have always taken away before, was wondering if they will now—I hope not.

Also I'm in a Mpls Housing Project for Senior Citizens and I'm paying more than ¼ of my Total Income for Rent. I thought ¼ was the limit. Can anything be done to correct this. Thanking you kindly for your trouble.

I remain,

Miss CORNELIA ELLIOTT.

COON RAPIDS, MINN.,
September 13, 1972.

Mr. MONDALE: Will you help with the bill Don Fraser introduced in Congress to help us keep the small emergency help & our small S.S. raise we'll get Oct. 1st, Anoka Co. welfare wants to cut off my $12 assistance, my State & County Health card (food stamps), snow removal from my roof & drive way in winter. I fell off my roof trying to repair space between chimney block and tile. I hurt my left arm badly. Then last Feb. I fell on Anoka St. & injured my right arm. It ached all last nite. Medicine for my aching arms are very expensive & I need my health card for this. Nixon asked for this cut on the older people (I'm over 72) who can lease afford these cuts. With S.S. raise I'll be getting $156 which isn't enough to keep up home pay high taxes & taxes on my fuel oil light bill & many of Life's necessities. I hope you, Fraser, Frenzel & Humphrey will get busy & pass Fraser's bill so we can keep the little assistance ($12). I get & our small S.S. raise too. I'm writing these other Congressmen. Will you answer the $164 question for me? If the Fed Gov't donates ½ toward my assistance, the State gives ¼ & Anoka Co. donate only ¼ of assistance, why are they allowed to put a lien on my home for the full am't.?

My home is badly in need of repairs; I haven't had a refrigerator for 3 yrs, have no kitchen light or a decent bed to sleep in, they (A.C.V.) knows these facts but won't go over a certain State budget. This budget is so miserably low one can hardly exist on it. It's sub standard living. I have to hitch hike 5 miles to Anoka to get groceries.

Why can't we have a home program here like Sargent Schriber was head of to get people here to go help people, all over the world. I can't think of name of it right now. Why couldn't something like this be organised here to help older Sr. citizens keep their homes repaired and help them in many ways they can't afford to pay for this? This help has to pass and reach us before Oct. 1st.

When an older person needs to buy a home under Federal Housing program what, are some of the requirements to buy one? I'd rather be dead than live here this winter, the house is damp. Plaster or wall board is off ceiling of both bedrooms & heat goes out thru roof. I use too much fuel oil. Have no heat in kitchen so can't use bathroom.

Water pipes in kitchen froze up twice in last two years.

Please work with Frazer's bill, with Humphrey & Frenzel to help us forgotten Sr. citizens keep this little help we get & our S.S. too. Pres. Roosevelt said were all entitled to freedom from want & worry & agree with him.

That was Peace Corps which Sargent Schribber head. He was asked to give up his job opportunity position as he held two-Govt. jobs and he refused & kept both jobs for a long time.

MINNEAPOLIS, MINN.,
September 20, 1970.

DEAR SENATOR MONDALE: Why does every one write to you, because you at least try to do something about things.

Here's my problem. The 20% increase to old people. Because of it many are forced to pay it right back, plus losing perhaps benefits from old age assistance or medical.

I plead with you to try to do something about it.

My Mother is one, she had security till now knowing her medicines and all her Doctor & Hospital would be taken care of by Medical Assistance. When she went on it she had too, as her savings of around $9,000.00 were all gone. She had liver cirrhosis was tapped around 85 times by Dr. Proshek. Medical records show this. She desperately needs all her medicines, pain pills, ucler & etc. She lives with us and thank God my Husband is good to her, but I only have an upstairs room no bathroom, meaning a commode to take care a necessity. She's on a special diet which means special food, so this totally runs to quite a bit.

We charge her $100.00 now but she was going to give us $125.00 which hardly takes care of her needs. The druggist totaled her acct. it runs around $25.00 or $28.00 a month. So she is to get $152.00 deduct that theres nothing, she was told to drop Minn Blue Cross when assistance took over. Now she doesn't even have that. She has around $225.00 in a saving after my Dad Died. What can she and other do.

Because she is $7.76 over she can not get medicine. I think this very unfair. Please bring this up and do something for these Dear old Senior Cits, and Country folks.

Certainly Congress could do something besides let them worry themselves to death. Ive had to give her nerve pills every day and thank God Im here or I dont know, but what of those that are without any one to love them.

It seems the young get all and old get nothing but bare necessities.

Please ans. somehow.

Sincerely,

MRS. S. ANDERSON.

SEPTEMBER 18, 1972.

DEAR SENATOR MONDALE: You know I got the letter receiving a increase in Social Security which is real good, but also they raised my rent & food stamps are less.

Now Saturday I received a notice from the finance Department of Welfare which I'm on Medicare. I was just getting ready to have my teeth extracted on account of when I had the cardiac arrest my mouth was so closed so tight that they broke off all my bottom teeth & my upper are nothing but roots.

Now they say I won't be eligible for Medical assistance & my case will be closed starting Oct. 1, 72 & I have heart medicine which is I suspect & asthma water pills & valium I got to take protein on account of clogging in my blood.

Also certain Medicine from the Dermatologist for my legs that my vein's broke & itch & I have had blood clots & ulcers. I need this medicine badly. If I pay for all this I won't be able to eat. I need boots & shoes so badly for winter. Also I have a bad upper respiratory trouble & Christian Weber describes which at the time is no cure. What

are they trying to do to us? We get a little raise & all this comes up. I don't know what to do.

I have to have my medicine. I carry it where ever I go in case if I get short of breath & can't breath.

This raise does not seem to help matters its going to make things worse.

President Nixon should be in some of our shoes. Please tell me what to do.

Thank you so much. God bless you & I hope we go all the way I mean democratic way in Nov.

Please as soon as possible. I haven't had any rest just worrying what is ahead of us. from Mae E. Nulsen, 2728 Franklin 55406 over apt. 2003.

I'll get $151.10 in Oct. My rent raised 6.00 & less food stamps. I also pay for like aspirin & vaper rub, Listerene & all other medicines except what the Dr. prescribed & it has upset my health.

I'm so nervous which hasn't helped my asthma any.

My medical bill runs pretty high especially the heart medicine. I'll have less money then I ever did to get along on.

Thank you for listening.

MRS. MAE NULSEN.

SEPTEMBER 26, 1972.

Hon. WALTER MONDALE,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MONDALE: The Minneapolis Senior Worker's Association, a group of profession Social Workers serving the elderly of greater Hennepin County, wish to express our wholehearted support of the current efforts to disregard the recent Social Security increases when computing eligibility for and benefits from other Federal programs.

We can't believe the intent of the recent Social Security increase was to work to the detriment of the poorest and most needy of our population.

Please exercise whatever influence you can to right this injustice being perpetrated against those who built this great Country.

Sincerely,

MINNEAPOLIS SENIOR WORKER'S ASSSOCIATION,
(Representing over 50 agencies providing services to older adults).

SEPTEMBER 23, 1972.

DEAR SIR: I think the elderly should be able to buy Food Stamps because of the increase in S.S. lot of people won't be able to buy them.

And on medicare they should get glasses and dentures, also reduced rates on travel like the students get they have these whole life ahead of them.

The unwed mothers get A.C.D. all medical bill paid and care buy food stamps.

Sincerely,

F. A. NIVALA.

CITY OF MINNEAPOLIS,
September 28, 1972.

Hon. WALTER F. MONDALE,
Old Senate Office Building,
Washington, D.C.

MY DEAR MR. MONDALE: The Minneapolis Board of Public Welfare, at its meeting September 22, 1972, unanimously concurred in the attached resolution adopted by the Minneapolis City Council September 22, 1972, urging the Congress of the United States, the Minneapolis Housing Authority and other involved agencies to change any policies which tend to negate the recent increase in Social Security benefits.

Further, the Board of Public Welfare directed its Secretary to communicate this Board action to all U.S. Congressmen from the State of Minnesota and to the members of the Minneapolis Housing Authority.

Sincerely yours,

ROBERT S. ERVIN, *Secretary.*

RESOLUTION

Urging the Congress of the United States, the Housing Authority and other involved agencies to change any policies negating the increases in Social Security benefits.

Whereas, Social Security benefits were recently raised to help keep pace with the higher cost of living; and

Whereas, as a result of these small increases in Social Security the rent in public housing is being raised; and

Whereas, a large number of persons receiving the higher Social Security benefits will lose other benefits such as Medicaid and Aid-to-the-Disabled; and

Now, therefore, Be it Resolved by the City almost exactly the same amount as the income was raised by Social Security; and

Whereas, the end result is that a great number of Social Security recipients will actually lose more than they gained from the recent "increase";

Now, therefore, Be it Resolved by the City Council of the City of Minneapolis:

That the Congress of the United States, the Housing Authority in and for the City of Minneapolis, and any other involved agencies be strongly encouraged to take immediate action to change their policies which would unfairly negate the small increases in Social Security which were intended to keep step with the cost of living.

Be it Further Resolved that a copy of this resolution be sent to each member of the U.S. Congress from the State of Minnesota and to the members of the Minneapolis Housing Authority.

Adopted by the Minneapolis City Council, September 22, 1972.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS,
Minneapolis, Minn., September 25, 1972.

Re: Program for aging.

Hon. WALTER MONDALE,
U.S. Senate Office Building,
Washington, D.C.

DEAR SENATOR MONDALE: I am writing to urge you to do what you can to assist the elderly Social Security recipient in realizing a real gain in his most recent increase.

Currently, the increase will have an adverse effect on many who are borderline eligible for food stamps, Medicaid and O.A.A. They will also have their rent raised if they reside in subsidized housing.

Please do what you can to enact legislation to prevent this injustice.

Sincerely,

RICHARD A. FLESHER, ACSW,
Coordinator, Program for the Aging.

MINNEAPOLIS INTERNAL MEDICINE ASSOCIATES, P.A.,
Minneapolis, Minn, September 22, 1972.

Senator WALTER MONDALE,
U.S. Senate, Senate Office Building,
Washington, D.C.

DEAR SENATOR MONDALE: Much has been written in the newspapers recently regarding the inequities experienced by our senior citizens as a consequence of a raise in their social security benefits. In our practice we have many such patients. Enclosed is a copy of a letter written on behalf of one such patient. She will be penalized by being deprived of certain benefits and thus this so-called raise turns out to be no raise at all.

I would like to add my voice in protest against this injustice and I hope that the members of the legislature will tackle this prickly problem now and not postpone it until after the elections.

Yours truly,

WILLIAM B. TORP, M.D.

MINNEAPOLIS INTERNAL MEDICINE ASSOCIATES, P.A.,
Minneapolis, Minn., September 21, 1972.

Re: Mrs. William (Ellen) Hall.

HENNEPIN COUNTY WELFARE DEPARTMENT,
Minneapolis, Minn.

DEAR SIR: Mrs. William Hall told me that she recently received a letter from you stating that her medical assistance for drugs will be discontinued as of October 1st. She states that this letter indicated an increase in social security was the reason for this. I do not know the amount of money involved in her increase in social security but I do know that along with this she is also getting an increase in her rent.

Mrs. Hall uses a large amount of medicine each month, the amount of which exceeds the amount of her social security increase.

I respectfully request that you reconsider the patient's case as I think she should be eligible for aid to cover her prescription drugs.

Yours truly,

WILLIAM B. TORP, M.D.

PAYNESVILLE, MINN.,
September 29, 1972.

Senator MONDALE.

DEAR SIR: Please work hard to defeat any bill that will deprive lower income senior citizens of their right to receive low income housing, food stamps, medicare, etc., etc., which they now have.

Thank you,

Respectfully,

MRS. HORACE SHELDON.

MINNEAPOLIS, MINN.,
September 15, 1972.

Senator WALTER MONDALE,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MONDALE: I am a World War I veteran's widow, which allows me a widow's pension according to my income.

As you are aware, beginning October 3 there is an increase in Social Security which I desperately need in the face of the inflationary cost of living; and naturally have been happily anticipating.

But there is a cloud over the picture, because of the underlying fear that much of that increase will be lost unless the income allowance for veterans widows is increased accordingly.

I will be most grateful if you will please give this matter your attention.

Thank you.

Sincerely,

MRS. HAZEL E. BRUHN.

STATE OF MINNESOTA, COUNTY OF HENNEPIN

RENT UP $10

Rudy Boeser, being first duly sworn, deposes and says the following:

My name is Rudy Boeser and I live at 3125 Grand Avenue, South Minneapolis, Minnesota. I am 65 years old. I believe I am affected by the recent 20% increase in social security benefits in the following way:

Gross income before increase, $143.00; after increase, $171.00.

Rent before increase, $108.00; after increase, $118.00.

State Medical Assistance Program before increase, yes, all medical bills paid; after increase, none, until I spend down $26.00 per mo.

Estimated medical expenses per month before increase, $63.00; after increase, $63.00.

Net income, before increase, $35.00; after increase, $27.00—net loss, ($8.00).

In addition I have been notified that I will lose my Medical Assistance identification card that assures vendors of medical goods and services that they will be paid. I fear I will have difficulty obtaining some medical goods and services in the future without this identification card.

The social security increase as it now operates will take money away from me, not give me more money. The increase under these circumstances constitutes a taking of my property without due process of law. I therefore request the Social Security Administration cease and desist from taking money from me by giving me this increase.

RUDOLPH F. BOESER.

RENT UP $10

Hilda Sherf, being first duly sworn, deposes and says the following:

My name is Hilda Sherf and I live at 2019 16th Avenue, South Minneapolis, Minnesota. I am 85 years old. I believe I am affected by the recent 20% increase in social security benefits in the following way:

Gross income before increase, $148.00; after increase, $162.00.

Rent, before increase, $33.00; after increase, $36.00.

State Medical Assistance Program, before increase, none, until I spend down $3.00 per mo.; after increase, none, until I spend down $17.00 per mo.

Estimated medical expenses per month, before increase, $18.00; after increase, $18.00.

Net income, before increase, $112.00; after increase, $109.00—net loss ($3.00).

In addition I have been notified that I will lose my Medical Assistance identification card that assures vendors of medical goods and services that they will be paid. I fear I will have difficulty obtaining some medical goods and services in the future without this identification card.

The social security increase as it now operates will take money away from me, not give me more money. The increase under these circumstances constitutes a taking of my property without due process of law. I therefore request the Social Security Administration cease and desist from taking money from me by giving me this increase.

Dated: September 22, 1972.

HILDA N. SHERF.

RENT UP $7

Grace Mulroy, being first duly sworn, deposes and says the following:

My name is Grace Mulroy and I live at 2728 East Franklin Avenue, Minneapolis, Minnesota. I am 62 years old. I believe I am affected by the recent 20% increase in social security benefits in the following way:

Gross income, before increase, $146.20; after increase, $175.00.

Rent, before increase, $33.00; after increase, $40.00.

State Medical Assistance Program, before increase, yes, all medical bills paid; after increase, none, until I spend down $30.00 per mo.

Estimated medical expenses per month, before increase, $40.00; after increase, $41.00.

Net income, before increase, $113.20; after increase, $105.00—net loss, ($8.20).

In addition I have been notified that I will lose my Medical Assistance identification card that assures vendors of medical goods and services that they will be paid. I fear I will have difficulty obtaining some medical goods and services in the future without this identification card.

The social security increase as it now operates will take money away from me, not give me more money. The increase under these circumstances constitutes a taking of my property without due process of law. I therefore request the Social Security Administration cease and desist from taking money from me by giving me this increase.

GRACE L. MULLOY.

Dated: September 22, 1972.

RENT UP $7

Helen Lohmar, being first duly sworn deposes and says the following:

My name is Helen Lomar and I live at 1700 East 22nd Street, Minneapolis, Minnesota. I am 67 years old. I believe I am affected by the recent 20% increase in social security benefits in the following ways:

Gross income, before increase, $148.00; after increase, $185.00.

Rent, before increase, $35.00; after increase, $42.00.

State Medical Assistance Program, before increase, yes, all medical bills paid; after increase, none, until I spend down to $40.00 per mo.

Estimated medical expenses per month, before increase, $38.00; after increase, $38.00.

Net income, before increase, $113.00; after increase, $103.00—net loss ($10.00).

In addition I have been notified that I will lose my Medical Assistance identification card that assures vendors of medical goods and services that they will be paid. I fear I will have difficulty obtaining some medical goods and services in the future without this identification card.

The social security increase as it now operates will take money away from me, not give me more money. The increase under these circumstances constitutes a taking of my property without due process of law. I therefore request the Social Security Administration cease and desist from taking money from me by giving me this increase.

Helen J. LOHMAR.

Dated: September 22, 1972.

EFFORT TO ASSIST SENIOR CITIZENS

Daphne Krause, being first duly sworn, deposes and says the following:

I am the Executive Director of the Minneapolis Age and Opportunity Center, Inc., located at 1715 Stevens Ave., Minneapolis, Minnesota 55403. Our organization's purpose is to assist Senior Citizens to remain living independently by providing to them medi-supportive services. Our services are presently classified in eleven elements:

Home Delivered Meals Program;
Employment Services;
Homemaker Services;
Chore Services (Handyman);
Transportation Services;
Legal Services;
Counseling Services;
Information and Referral;
Volunteer—Social—Education;
Health Services; and
Advocacy.

Virtually all the Senior Citizens we serve have gross incomes below recognized poverty levels under both State and Federal standards. This being so they have qualified for assistance under various assistance programs including the Federal food stamp program, the State old age assistance program, State and Federal subsidized housing programs, Aid to the Disabled, and Aid to the Blind, and the State medical assistance program.

Many of the poorest Senior Citizens will be adversly affected by the 20% increase in social security benefits the Social Security Administration proposes to force upon them. The eligibility requirements for the above mentioned programs are not the same nor do they dovetail. This being the case the present 20% increase will in many instances make individuals no longer eligible for some programs and reduce benefits from others resulting in a net raise in income of less than 20% or no net change in income at all—a dollar given by one hand, a dollar taken away by another hand—or an actual loss in net income.

Those Senior Citizens receiving State Old Age Assistance grants are finding that the State law requires the amount of the raise in Social Security benefits be deducted from their Old Age Assistance grant starting October 1, 1972. In addition, the $4.00 Senior Citizens were allowed to keep (exempt from State determination of gross income) from their last Social Security raise through the "Pass-Through" bill will also be deducted after December 1972 when the effect of that bill expires. It should be noted that the standard of need of this assistance is now two years old, in spite of the increase in the cost of living.

Because of the Social Security raise Senior Citizens living in Minneapolis Housing and Redevelopment Authority highrises or other subsidized housing are now receiving notices that their rents will be increased by slightly less than one-quarter of the Social Security raise effective October 1, 1972.

There are approximately 4,200 Senior Citizens receiving Food Stamps in Hennepin County. With the Social Security raise approximately 1,400 of those Seniors already on Food Stamps in Hennepin County will find they are no longer eligible.

The State Medical Assistance program is available to Senior Citizens with incomes of less than $145.50 a month for a single person or $202.00 for a couple. Medicare does not cover many of the costs of obtaining health care, and in effect prevents many Senior Citizens from seeking all the health care they need because of its requirement that Senior Citizens pay the first $68.00 of hospital costs and the first $50.00 of doctor's and out-patient costs in any given year and to pay percentages of other costs. For Senior Citizens without the ability to pay these small, but to them significant sums, this becomes a barrier towards obtaining medical care. The result of the social security increase is to make many Senior Citizens now ineligible for medical assistance.

The state administered aid to the blind and aid to the disabled programs have their own requirements. These social security increases will raise the income of some persons so as to make them ineligible for these programs.

A typical Senior Citizen who will actually lose money as a result of the social security increase has the following circumstances. He lives alone in subsidized housing. His previous income (social security only) was $140 per month; his rent was 25% of that or $35.00; he qualified for medical assistance and all his medical bills were paid thereby; his medical expenses were about $23.00 per month. With the 20% social security increase his income will be $168.00; his rent will be $42.00; he will not qualify for medical assistance until he has "spent down" his gross income over a period of time to below $145.00. His net cash situation since he now is "able" to pay all his medical bill is worsened by $2.00.

Aside from the harsh blow this decrease in net income has to Senior Citizens in general, those who lose their medical assistance eligibility will lose their identification cards that enabled them to obtain medical goods and services from vendors without question as to payment. Now many vendors will be wary of providing goods and services knowing the Seniors may not be able to pay and knowing they have no legal recourse if that turns out to be the case.

Since these increases have the effect on some individuals of actually reducing their net incomes and in decreasing the availability of medical assistance to others we feel there is a taking of property without due process of law.

DAPHNE H. KRAUSE.

Dated: September 22, 1972.

Mr. MONDALE. I yield to the distinguished Senator from Massachusetts.

Mr. BROOKE. Mr. President, I associate myself with what the Senator has said.

Mr. President, I am pleased to join Senators MONDALE and HUMPHREY in cosponsoring amendment No. 1675 to H.R. 1, the "Social Security Amendments of 1972."

On June 30, the Congress upheld its obligation to 28 million Americans who had found that social security was not providing them security. We rightly spunoff the social security increase from the measure before us and enacted a 20-percent across-the-board social security benefits increase.

Those who benefited have expressed their gratitude in thousands of letters I have received and I think in the hundreds and thousands of letters that many of my colleagues have received.

Yet many beneficiaries rightly point out that the Federal Government is taking away with one hand what it is providing with the other.

Elderly beneficiaries who need old-age assistance to supplement their meager social security check, find that their OAA payments are cut back proportionally to this increase. The intent of Congress to provide additional security was thus threatened, but last Friday we headed off this threat with the adoption of Senator CRANSTON'S amendment—for those who live in public housing and, as my colleague from Minnesota has just pointed out, who pay rent under the so-called Brooke amendment formula who find that their increased benefits are eroded by upward revision in their rent. Senators will recall that that amendment set a 25-percent limitation on rents, as we found persons who had been paying as much as 50 to 60 percent of their income for rent.

Enlightened legislation was reported by the Committee on Banking, Housing, and Urban Affairs, on which my colleague serves as a very distinguished member and who is very much interested in and has performed a great service in this field, to protect those paying more than 25 percent of their income for rent. But now, social security recipients are being assessed more money as a result of the increase in social security, which certainly is contrary, I think, to the spirit if not the letter of the law.

Mr. MONDALE. Mr. President, we have had many examples of such rent increases where housing authorities have been under heavy financial burdens, partly because the funds appropriated under the Brooke formula have not been released by the Office of Management and Budget to the housing authorities who produce the housing. As a result, the housing authorities rush to raise rents and many of the public housing recipients receive notices increasing their rent before they receive the check increasing the social security. This is the cruelest form of revenue sharing that I have ever heard of, to take money from the poor that way. As the Senator knows, they use the Brooke amendment as an excuse to take the maximum rent rather than the minimum, which is totally wrong.

Mr. BROOKE. The Senator is right. Many charges are made in the mail that I receive, and I am sure the same is true of other Senators in this field, that we are giving with one hand and taking back with the other.

Let me say that I commend the administration for initiating its "rent watch" to prevent landlords from taking advantage of the social security increase. Should not we in the Congress conduct our own rent watch and make sure that local housing authorities do not take advantage of the few extra dollars their elderly tenants are now receiving? The answer is clear: I think that we should.

For veterans, who now receive assistance based on their service to our country, the dilemma is the same. What extra income they receive under social security will be undone by a decrease in their veterans' pensions.

Those who now receive food stamps are threatened with a loss of eligibility for this essential assistance. In effect, they may lose more than they have gained by the increase in social security. So it is a net loss to them rather than a gain, as we had expected when we voted the social security increase.

The amendment proposed by the Senators from Minnesota (Mr. MONDALE and Mr. HUMPHREY), which I am privileged to cosponsor, expands on the earlier amendment of Senator CRANSTON. It simply seeks to carry out the previously expressed intent of Congress to increase the monthly cash incomes of social security beneficiaries. Our amendment proposes to disregard for the purposes computing veterans' benefits, Brooke amendment rent levels, and food stamp eligibility, the individual income derived from the social security increase. That is a simple amendment which I think is clear and should be well understood.

Mr. President, this amendment is consistent with and necessary to carry out our intent to increase the incomes of 28 million Americans. Without this amendment, millions will find the widely acclaimed benefits increase was, in effect, an empty promise. I urge Senators to favorably consider this amendment, and I commend the distinguished Senators from Minnesota (Mr. MONDALE and Mr. HUMPHREY) for proposing it.

Mr. MONDALE. I appreciate the very fine comments of the Senator from Massachusetts. They are most helpful.

Mr. HARTKE. Mr. President, will the Senator from Minnesota yield?

Mr. MONDALE. I yield.

Mr. HARTKE. Is the provision for the veterans still in?

Mr. MONDALE. I will shortly move to modify my amendment to delete that provision because, as the Senator knows, under the leadership of the Senator from Indiana, the Veterans' Committee has reported an alternative measure. With that in mind, I will modify my amendment accordingly.

Mr. HARTKE. I want to pay my respects to the Senator from Minnesota for bringing this up. The only reason the Veterans Committee preferred to work in a different fashion referred to the administration of veterans pensions, where the method by which we will provide is somewhat different.

Let me address myself to the basic concept. The whole reason for the 20-percent increase in social security was to provide more money for those on social security.

Mr. MONDALE. Precisely.

Mr. HARTKE. It was not the intention at this time to penalize anyone. In fact, it was not the intention to put anyone in a worse situation. We were trying to make sure that everyone would be adequately provided for and that we would have the increase in the cost of living also taken care of.

Now here we find a paradoxical situation, which recurs time and time again, because of a worn out welfare system, and a worn out housing approach. The whole system of social programs created in the 1930's are now out of date and worn out. They do not serve their purpose any more. They are not breaking the welfare cycle. Here we see a situation where a social security amendment is being utilized to put these people back further behind than they were before.

I want to congratulate the Senator and all those who have joined in this measure. There will be some opposition to it because they will say we are amending some other law. The law needs a lot more amending than being amended by this amendment, including our housing laws and food stamp laws—and anything else.

What we should do is that those people in charge of these projects should review the situation and come back at the next Congress and give us an up-to-date system which makes those who are presently on welfare, against their wishes, have some dignity.

The trouble with this bill—and I repeat it to the distinguished chairman of the Finance Committee—H.R. 1, is that it does not break the welfare cycle. No wonder people are fed up with it. The people paying the bill, they are mad at it. The people receiving the money under the bill, they are mad at it. That is just about everyone. When everyone is fed up, it is very much time for a change. So I endorse the Senator's amendment and commend him for his efforts.

Mr. MONDALE. I thank the Senator from Indiana for his leadership on this issue.

I now yield to my colleague, Mr. HUMPHREY.

Mr. HUMPHREY. Mr. President, this amendment is simple, elemental justice. The case for it has been stated brilliantly and poignantly by my colleague, Mr. MONDALE, and the Senator from Massachusetts (Mr. BROOKE).

What we did in the interest of social security was to offer with one hand a 20-percent increase and what we believed would be cash benefits for literally hundreds of thousands and millions of Americans. We took out the 20 percent and more by denying them under present rules and regulations benefits which they could get under medicaid, benefits which they could get under public housing, benefits which they could get under food stamp programs.

Congress has no intention of doing that. As has been stated here, this whole series of assistance programs for the needy needs to be reviewed.

Social security comes to people as a right.

It is an insurance program, and that insurance program ought not in any way to diminish the assistance which we give the needy, the sick people, the people that are disabled.

I joined the Senator from California (Mr. CRANSTON) in his amendment which applied to those on old age assistance, to the disabled, the blind, and the deaf, so that benefits that they deserve would be coming to them without having those benefits diluted or removed because of rules and regulations in the fields of medicare, medicaid, housing, and food stamps.

What we are seeking to do here is to help those on social security, as distinguished from those on old age assistance, to see to it that those who are to get the 20-percent increase that was legislated by this Congress will get it and that they will not lose in the process.

Frankly, I got to the point where I thought, in view of what was happening, that we ought to give people who are on social security a choice as to whether they want the 20-percent increase or whether they want to reject that increase. The fact is that many who would get the 20-percent increase would be much worse off than if they had never received it at all.

My senior colleague has made the case. He has called our attention to several articles and has had them printed in the RECORD, so I shall not ask that it be done.

The New York Times article to which my colleague referred is very revealing as to what the 20-percent increase has done to so many older Americans. The article in the Minneapolis Star reveals a story of hardship and of disillusion that took place in the State of Minnesota when our people thought they had a 20-percent increase in social security and ended up by being worse off.

Mr. MONDALE. Mr. President, in the case of Mrs. Freed, who received a 20-percent increase in social security:

> Her total expenses are going to run at least $42.80 a month more because of that $27 increase in Social Security.
>
> "Why in hell when a person gets to 65 and no good don't they take a person out and shoot him instead of torturing him to death?" she said. "I would if I was running things."

Mr. HUMPHREY. Mr. President, I cannot help feeling that the Senate will overwhelmingly support the amendment. I realize that there is a jurisdictional problem. Some will say that it should have gone to another committee. The public does not care about that. What the public wants is simple justice. The public wants us to do what is right and does not want us to worry about committee jurisdiction.

I compliment my senior colleague on the diligent work he has done with respect to this matter as he has with respect to so many other matters that are related to the needs of our people.

Mr. President, last week I offered my amendment that would exclude the 20-percent social security increase given to recipients of both social security and food stamps from being counted as income when calculating the amount of bonus stamps a recipient can receive. In order to expedite action on this important matter I have joined with my colleague Senator MONDALE in cosponsoring the amendment.

Mr. President, when I was back home in Minnesota, some of my constituents contacted me about the social security increase—an increase that faded away due to rules and regulations that consumed every dollar of increase in social security payments. Here is why:

Rent increased;

Disability and old age payments were dropped;

People became ineligible for food stamps, because they now had too much money;

Some tenants in the public housing and elderly housing were pushed above the maximum incomes;

Medicaid assistance would be lost; and

Veterans pensions reduced.

Mr. President, no matter how you cut it—getting a social security increase for some and then seeing overall benefits reduced for others is wrong and cruel.

The least we can do is to provide that the social security increase will be passed through—without affecting eligibility for other critical programs.

Mr. President, many newspaper articles in recent days have described the predicament of older Americans resulting from this so-called social security increase. These articles clearly show the plight of our elderly. For example, just in Hennepin County alone, 1,269 of the county's 4,359 social security recipients who purchase food stamps will lose the right to purchase these stamps. Another 2,297 elderly persons will pay more for the stamps.

I am aware that the Senate Finance Committe's bill has a social security disregard provision—increasing the benefits to old age, blind, and disabled recipients. I applaud the committee in taking this step. And I also joined with the distinguished Senator from California, Senator CRANSTON, in an amendment that provides for increasing the standard of need for aged recipients of both public assistance and social security.

However, we are faced with a hard, difficult problem. The social security increase goes into effect now—the Senate Finance Committee's bill and the Cranston-Humphrey amendment will come into being at a later date—sometime after the first of next year.

Mr. President, I believe that we simply must act now—to preserve the recipients rights to purchase food stamps, to protect the reality of his social security increase, and to show our faith and trust in elderly Americans.

Some have argued that it is inequitable to have different standards of food stamp purchase prices for social security old age recipients, and other welfare recipients. Mr. President, that is a problem. But, it is a problem that I believe can be solved easily by the Department of Agriculture if they would only use a little imagination and move with speed to meet a serious problem.

The Department of Agriculture can adjust its purchase requirements—it does so all the time. And, we here in the Congress have just given the Department a boost in its food stamps budget. So I say, take some of that money, and make the necessary adjustments to cover the elderly, the blind, and disabled I am talking about here.

Mr. President, I say that we must do this. We should ask ourselves—if we do not do it, then we at least ought to give those social security and old age assistance recipients the right to refuse a social security increase.

After all, it is not their fault that we passed a social security increase. It is not their fault that we are penalizing them.

How ironic it would be—an increase that really is not. An attempt to lift some of the financial burden off the elderly only puts more of a financial burden on them.

I say let us place the burden on the agencies that can and should respond. Let us place the burden in the departments that have the means and ability to solve this problem.

I ask that the Senate support this amendment to allow older Americans to keep their food stamps.

Mr. MONDALE. Mr. President, I am most grateful to my colleague.

Mr. President, I yield to the Senator from Maine and will then yield to the Senator from Wisconsin.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Mr. MUSKIE. Mr. President, I compliment the distinguished Senator from Minnesota for offering this amendment. I have listened to the debate. I think the issues have been eloquently and fairly covered. I suspect, from the examples that each of these Senators has brought to the attention of the Senate, as well as the examples which exist in my own State, that what we are talking about are not isolated cases. We are talking about the results of this increase that spreads across the country and hits tens of thousands of elderly people.

Three basic points have been made this morning that bear repeating. First of all, it was the intent of the Congress to increase the income of these elderly people. The increase resulted, in many instances, in a decrease. The second point that needs to be made clear is the point raised by the distinguished junior Senator from Minnesota, namely that these people are given no choice as to whether they will get the benefit of an increase that results in a net increase. I think that is unconscionable.

I would then like to touch upon the other point. It is said that this amendment will be opposed, and I gather that it will be opposed because of the legislative and statutory action and the jurisdictional problems involved.

While we preoccupy ourselves with this problem of legislative neatness and work out all the entangled jurisdictional lines that result from the social security increase, thousands of elderly people will suffer. That was not the intent of Congress. Why do we not act together to straighten out these tangled legal and jurisdictional lines with a view to doing that which was expressed by the Senator from Minnesota. We need to take all possible steps to assure justice

for the elderly who have been disillusioned by the action of a generous Congress.

The article in the New York Times to which the Senator referred has this statement:

"This is a form of psychological deceit practiced upon senior citizens," said C. Christophor Brown, head of the law reform unit of the Baltimore Legal Aid Bureau. "The government is giving with one hand and taking away with the other."

Yesterday I visited briefly in a community center in Buffalo, N.Y., where I spoke with many senior citizens. All of them looked forward to the social security increase which Congress has legislated. Many of them will now be bitterly disillusioned by the consequences of that generous act of the Congress. I say it is the responsibility of Congress to right this injustice which has been unwittingly and unintentionally visited upon so many thousands of our elderly citizens.

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield to the distinguished Senator from Massachusetts.

Mr. BROOKE. Mr. President, we are not talking about welfare recipients. We are talking about people who have worked all of their lives and put aside some little portion of their income as savings in the hope that as they got older they would be able to enjoy some of the necessities of life. They had no idea that we could be in a period of inflation, as we are at present.

What has happened is that as prices have increased, the cost of food, rent, clothing, and other things has escalated, while at the same time the value of a dollar has gone down. So the people who are most affected by this are those who are living on fixed incomes, mainly social security, pensions, and the rest.

So we in Congress recognized that we did not have any way to provide a built-in cost-of-living increase. So we finally came up with a 20-percent increase in social security. These people had every reason to believe that if they got a 20-percent increase in social security, it would mean that they would have a little more money to pay for the increase in rent, food, clothing, and the other things.

These people never really get the luxuries of life, because they have precious few, if any, luxuries of life. They are barely living.

We come along and say, "All right. We will give you a 20-percent increase in social security. However, at the same time we will increase your rent and cut back on the other benefits that you can possibly get." As has been well pointed out time and time again, this results in a net loss rather than in any increase.

I am sure that when the junior Senator from Minnesota suggested that he was even thinking of an amendment which would give them an opportunity to accept or reject the 20-percent increase, he thought it would be a good suggestion, because at least those who would lose by virtue of receiving a 20-percent increase could reject it. That suggestion was not facetious at all. It makes a lot of sense. Unless we correct these inequities, we are compounding the problem for the very people that we have been trying to help by the 20-percent increase. Is that not basically what this is about, no more, and no less?

Mr. MUSKIE. Mr. President, what we have done—unwittingly as I said before—is not to realize that there will be an inflationary pressure that will now explode because of this increase and there will be an increase in the cost of housing and food, against which we were hoping to insulate them by our action. The Senator is so right. I can see that there is not a neat legislative answer to the problem. However, there is an answer, and that answer is the amendment of the Senator from Minnesota.

Mr. BENNETT. Mr. President, will the Senator yield? I have a committee meeting that I am scheduled to attend.

Mr. MUSKIE. Mr. President, I had promised to yield next to the Senator from Minnesota.

Mr. NELSON. That is all right. The Senator may proceed.

Mr. MUSKIE. Mr. President, I yield to the Senator from Utah.

Mr. BENNETT. Mr. President, it seems to have been my day to be Don Quixote. And I know that I will probably get run over again on this amendment. However, I think the RECORD should show that the amendment has a very interesting effect. Even though public housing rent under the present law is increased as a person's income increases, since the rent paid for public housing is determined not by the space a person occupies, but by the relation of income to that value, this amendment provides that if a person is in public housing on September 1, then this social security increase of 20 percent cannot be reduced to reduce the rent, which would be possible under present law. That is very interesting, and I can understand the humanitarian reasons for supporting it.

But if one was not in public housing on September 1, but moved in on September 2, then the present law applies.

Those who were in public housing on September 1 are forever free of any increase in their rent because of an increase in social security; and since there will be automatic increases in social security, there will be no decrease in their rent because of food stamps.

So we are setting aside one group of people in public housing because they were lucky enough to be there on this date and we say, "Your rent cannot be reduced, but if you moved into public housing thereafter, the present law applies and your rent can be reduced."

This has another interesting side effect. There are not enough public housing units to go around for everyone. This is going to say to those lucky people, "You stay in there, no matter how high your income goes, so long as it comes from these two sources you will not be required to leave public housing because your income exceeds the maximum." But the man who was not there that day and his income does exceed that amount. he can be required to move out.

So we will be saying these people who were so fortunate to be in public housing that day will be able to stay there, while others who have not been able to get into public housing, and their need may be much greater, and there is no room, can be kept out.

Mr. President, that is the statement I want to make. I know the amendment will be accepted, but the RECORD should show it is creating an interesting situation for a very fortunate group of individuals, who were fortunate to be in public housing on that date.

Mr. MONDALE. Mr. President, I must say that is not my understanding of the amendment. I have a different understanding of the meaning of the amendment. The amendment states:

(b) Notwithstanding any other provision of law, in the case of any individual who is entitled for any month after August 1972 to a monthly benefit under the insurance program established by title II of the Social Security Act, any part of such benefit which results from (and would not be payable but for) the general increase in benefits under such program provided by section 201 of Public Law 92-336, or which results from (and would not be payable but for) any cost-of-living increase in such benefits subsequently occurring pursuant to section 215(i) of the Social Security Act, shall not be considered as income or resources or otherwise taken into account for purposes of determining the eligibility of such individual or his other family or the household in which he or she lives for participation in the food stamp program under the Food Stamp Act of 1964, for surplus agricultural commodities under any Federal program providing for the donation or distribution of such commodities to low-income persons, for admission to or occupancy of low-rent public housing under the United States Housing Act of 1937.

It is clear this amendment applies not to date of occupancy of a public housing unit, but the treatment of money given by way of a social security increase.

Mr. HUMPHREY. If the Senator will yield, and the date of increase in social security. From that time, the 20 percent and cost of living shall not be considered for other public assistance programs provided under the law. That is the point of the amendment.

Mr. MONDALE. In other words, it is not the date of public housing occupancy. That date is in there solely to identify increased social security money that cannot be taxed for public housing rent increases, or to reduce food stamps.

So I disagree with the Senator.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 3 minutes remaining.

Mr. LONG. Mr. President, it was once by privilege to serve on the Committee on Banking, Housing and Urban Affairs, and to serve on the Subcommittee on Housing. Back at that time I suppose I could be expected to be an expert on housing problems. I regret that was some time ago. It was at least 10 years ago and probably more like 20. This Senator has not had the opportunity to be an expert on housing problems, as are those who serve on the committee. From time to time he protested to the Committee on Banking, Housing and Urban Affairs when they were proposing to act on something that appeared to come under

the jurisdiction of the Committee on Finance; and he has protested to the Committee on Labor and Public Welfare when they proposed to go into a matter that appeared to come under the jurisdiction of the Committee on Finance.

In this case, if I had my preference, or as the saying goes, if I had my druthers, I would like to stay out of the jurisdiction of other committees.

In other words, I would say, "If you will get your committee together and your people on the Committee on Banking, Housing and Urban Affairs and agree what you think should be done about a housing problem, for lack of a better answer I will agree to it on the face of it, with the prima facie presentation," such as has been made here. In the case of the Committee on Agriculture, which initiated the food stamp program and would like to get it agreed to on a bill from the Committee on Finance, I would say, "Just tell us what you want to do about food stamps." If they want to come back on top of our bill, that is all right. "Tell us what your committee wants to do about this, and we will try to cooperate with you. If you want to use the Finance Committee bill to solve that problem, we will cooperate." For lack of a better answer I would say the same thing with respect to the Veterans' Committee, whose jurisdiction once was in the jurisdiction of the Committee on Finance.

Here is our problem, Mr. President. When we undertake to raise the income of people under social security, of course, a great deal of the purpose is to eliminate poverty and to lift people out of need, so they will not find it necessary to seek public welfare assistance, and so they will not find it necessary to seek some of the other need-related programs for the poor.

For example, it was the Senator from Louisiana who proposed to the committee that we should say for all the old people who have been working under social security coverage that they would get at least $200 a month. Just because they were poor all of their working years does not mean they have to be poor all of their lives. Many people live a long life between now and the time that God calls them home and hopefully they would be out of poverty at some point. Hopefully a man and his wife would be able to get $300 a month. Sometime before the good Lord calls them home the grandfather should be able to take the grandmother out to a steak dinner, or in some other area perhaps a lobster dinner or perhaps a chicken dinner, the Senator from Arkansas suggests. The Senator from Arkansas seems to think that is the best of all.

But in any event, provide enough income so that even if someone never did have a job providing good wages, at some point in his retirement years he would be able to live beyond the poverty level and enjoy those things we would like to have for all Americans at a minimum. When we do that we lift people out of poverty, and we do that in this bill.

Included in this bill are people 65 years of age and over. We will move almost all of them out of poverty under this bill, and leave it to the capability of every State in the Union if they want to, with the windfall they will have under their State budgets, to take care of the small proportion that we failed to move out of poverty with this bill. With their windfall that the States will receive when this bill is in operation, there is no reason why any aged person in America should be left in poverty. It costs a lot of money to do that.

But then we get into other problems that arise. For example, here is a family in public housing. We proceed to lift that family up to the point where they are no longer eligible for public housing. But if we are going to disregard their social security increases, they will remain eligible.

When we do that, then we are being asked to disregard the income that those people receive by the additional social security and social security-related benefits to the point where they would remain in the public housing area and would continue to get food stamps, even though they are no longer in poverty.

Up to now, for example, we do have people who cannot get public housing benefits even though they are entitled to them, because there is only so much public housing to go around. There are not enough public housing units to go around, and it is only the relatively fortunate who are able to get public housing.

One of the problems this would tend to create is that of increasing the benefits of the needy and increasing the benefits of the low-income beneficiaries. It would ignore those increases so that those who would be eligible because they do not have that much income could not move into public housing units because those who have more income will stay there, even though their income has been advanced to the point where they no longer need it, by the definition of the law. In other words, we would be asked to disregard the income of these people.

This is a matter that I would cheerfully relinquish to the Committee on Banking, Housing and Urban Affairs, which has the jurisdiction to solve this matter. How would the distinguished Senator from Alabama, chairman of that committee, for example, solve it? If he and his committee can get together, even by a margin of one vote, I, for my part, would be willing to go along with the answer the Senator's committee would suggest.

Would the Senator care to comment?

Mr. SPARKMAN. Mr. President, I was just getting up to say that this is a complicated problem. I do believe that something ought to be done, but just what it ought to be, I do not know. However, let me say that I have had many complaints, and I am sure all Senators have, to the effect that the 20-percent increase in social security really did not help because it was immediately taken away in other charges. It is true that it increases the income measured by dollars, but, as a matter of fact, if I understand it correctly, most of the increases in social security—I think this applies to the 20 percent; certainly it applies to the cost of living—have been put in because the cost of living has gone up, and it does not become an increase in income if immediately these benefits that have been extended to them in other programs are taken away or if the charges are increased.

I do not know what the solution is, but I have had a great many complaints. I have had some people tell me—I am sure they were not correct, but nevertheless they had the feeling—that they would be better off without the 20 percent increase. I do not think that that is correct.

Mr. MONDALE. Mr. President, will the Senator yield?

Mr. SPARKMAN. Let me just finish.

I am not sure that the Senator from Minnesota has the solution, but I do think there is some good in what he proposes. I just wonder if it could be possible for the manager of the bill to take this amendment to conference and get his experts to try to work out these complications and decide on it in the conference committee.

Mr. LONG. Mr. President, if that is what those on the Banking, Housing and Urban Affairs Committee want us to do, I suppose I will go along with that, but all I want to say is, please understand, Senator, this is a matter in your committee's jurisdiction.

Mr. SPARKMAN. Only in part. That is what I say it is so complicated, because it involves so many different things.

Mr. LONG. I just want to to be understood, if we accept the amendment—and I cannot speak for the Senator from Utah; I think he maybe opposed to it—as far as I am concerned, if we agree to the amendment and the Senate goes along with it, that there is at least a mild protest on the part of those of us who do not have jurisdiction of this matter that those who have jurisdiction have not studied it and have not found the answer and are asking us to take it and for us to try to find the answer for them. Ordinarily, as committee chairman, I would oppose having someone else take a matter over which we had jurisdiction and try to find an answer for us.

Mr. SPARKMAN. Let me say, as chairman of the Committee on Banking, Housing and Urban Affairs, that I certainly am not raising the question of jurisdiction. I am not protesting. I think the Finance Committee has jurisdiction more than any other one, because that committee has complete jurisdiction over social security payments and social security benefits.

I repeat, it is complex, it is complicated, but I should think that the very able staff that is available to the Finance Committee and to the House Ways and Means Committee can work out something that will be fair.

Mr. LONG. Let us be clear that, as far as I am concerned, I am willing to go along with the amendment and try to work this matter out in conference between the Senate and the House; but I want to make it clear that this is a housing amendment. If this were introduced as separate legislation, it would not go to the Finance Committee. It would go to the Banking, Housing and Urban Affairs Committee, for a very good reason—that

committee has jurisdiction over public housing legislation and over legislation that would provide terms and conditions under which a person would be eligible under the public housing program. If they were to bring out a bill, the Senator from Louisiana probably would not even ask a question. He would probably ask the chairman of that committee what he intended to do, and it would not even be on the record, but in a private conversation, and he would go along with it, because there have been many conferences on this matter. The Senator from Louisiana once served with the Senator on the Housing Subcommittee, long before the Senator served as chairman of the committee, and he knows how fair the Senator from Alabama is on these matters, and he would be happy to accept his judgment.

Mr. SPARKMAN. Mr. President, I would like to say that our committee has brought legislation to the floor from time to time that has dealt with rental payments in public housing. We adopted an amendment, which was sponsored by the Senator from Massachusetts (Mr. BROOKE) that provided for a payment of not more than 25 percent of the income of those low-income people in public housing. But now comes another phase we do not have jurisdiction over, and that is welfare payments. Undoubtedly, there are others. I did not follow all that the Senator from Minnesota included. That is what has complicated the matter.

I want to make it clear that I shall be very glad to abide by what comes out of the joint conference on this matter, because I know the Senator has experts there to work that matter out, and that it can be worked out by them on a fair basis.

Mr. LONG. I wish I had as much confidence as the Senator has in those of us who would try to work this matter out in conference, but as far as the Senator from Louisiana is concerned, if those who have jurisdiction of this matter seek to do this, I would be willing personally to agree to the amendment and hope that we could work it out. I want it clearly understood that I do not guarantee that we can work it out. I would cheerfully suggest to the Committee on Banking, Housing and Urban Affairs and to the members of it that they ought to assume jurisdiction of this matter and look into is as expeditiously as they can, and try to provide us the best answer that they can to the problems that have been discussed here, because those on the Committee on Banking, Housing and Urban Affairs have jurisdiction that I do respect. I respect the competence, the ability and integrity, and the devotion to public service of those Senators, and their interest in these people.

Mr. MONDALE. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. MONDALE. I have just heard from the distinguished chairman of the Committee on Banking, Housing and Urban Affairs (Mr. SPARKMAN) and the Senator from Massachusetts (Mr. BROOKE), who is one of the key members on the Housing Subcommittee, on which I serve. I think it is clear that we all believe action must be taken now on this bill.

I do want to say one other thing: I have been around my State a great deal recently, and I have not heard anything that has caused more comment, more resentment, or more bitterness than this problem we are discussing. These social security receipients who are public housing tenants are being preyed upon and their few dollars of social security increase is being cut up. That is what is happening. Senators ought to read the letters. Here is a lady who writes and says:

> I don't get a paper, I don't have television, I can't afford a radio, I don't have a phone, I can't afford any of it . . .

And we are going to say, "Let's take eight bucks from her."

I say we certainly have the ingenuity to act now to help these people, and that if we cannot hold this kind of measure in conference with the House of Representatives, if we cannot keep the respect of decent Americans like that, trying to live off their social security checks in those pathetic circumstances, then I do not know how we explain our situation.

I yield to the Senator from Wisconsin.

Mr. NELSON. First, I ask unanimous consent that my name be added as a cosponsor of the amendment of the Senator from Minnesota.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NELSON. I just want to make one observation: I do not think anyone in either House of Congress has addressed himself more thoughtfully and with more dedication to the problems of children and youth and the problems of the elderly than the Senator from Minnesota (Mr. MONDALE). I want to commend him for his thoughtful proposal here, which seeks to do something about a very serious problem.

Mr. MONDALE. I thank the Senator. I ask unanimous consent that the names of Senators MONTOYA, RANDOLPH, KENNEDY, CHILES, MUSKIE, MCINTYRE, and TUNNEY be added as cosponsors of this amendment.

The PRESIDING OFICER. Without objection, it is so ordered.

Several Senators addressed the Chair.

Mr. MONDALE. I had promised that I would modify my amendment, and if the Senator from Louisiana will yield me a minute, I will do so.

Mr. LONG. Yes.

Mr. NELSON. Mr. President, did the Senator include my name as a cosponsor?

Mr. MONDALE. I thought the Senator had already asked. I ask unanimous consent that the name of the Senator from Wisconsin again be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MONDALE. Mr. President, I modify my amendment by deleting the language appearing on page 2 between lines 3 and 15, inclusive, dealing with veterans' benefits, and the language appearing on page 3, beginning on line 17 and ending with the period after "1971" on line 21. That is the veterans' pass-through amendment, which we are deleting reluctantly, but because the Veterans' Affairs Committee has acted and has an amendment pending.

Second, I modify my amendment by deleting the language appearing on page 3, beginning with the phrase "or for any other benefits" starting on line 11, and ending at the end of line 16. This is a "catch-all" phrase which might create confusion so I want to take it out.

I modify my amendment to that extent. I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. TUNNEY). The Chair informs the Senator that to modify his amendment requires unanimous consent.

Mr. HUMPHREY. Mr. President, will the Senator yield me 1 minute?

Mr. MONDALE. I yield.

Mr. HUMPHREY. The distinguished Senator from New Hampshire (Mr. COTTON) spoke to me in reference to modifying the amendment on page 3, line 5, by adding the word "or" at the end of the line, so as to make it read "or for surplus agricultural commodities," and so on.

Mr. MONDALE. Yes. I accept that modification, and I ask unanimous consent to modify my amendment accordingly.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MONDALE. Mr. President, I ask for the yeas and nays. Have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. MONDALE. I withdraw the request.

Mr. President, I move the adoption of my amendment.

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. LONG. I yield back the remainder of my time.

Mr. MONDALE. I also ask unanimous consent that the name of the Senator from New York (Mr. JAVITS) be added as a cosponsor of my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered. Does the Senator from Minnesota yield back the remaider of his time.

Mr. MONDALE. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. TUNNEY). All remaining time having been yielded back, the question is on agreeing to the amendment (No. 1675) of the Senator from Minnesota, as modified.

The amendment, as modified, was agreed to.

Several Senators addressed the Chair.

Mr. HUMPHREY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MONDALE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KENNEDY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

Mr. STEVENS. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. STEVENS. We have an amendment which was to precede the Mondale amendment. I would like to have unanimous consent that ours may follow the Kennedy amendment. I refer to our amendment No. 1676, as modified. I ask unanimous consent that the consideration of that amendment follow the amendment of the Senator from Massachusetts, that we have a half-hour time limit, to be equally divided between the Senator from Louisiana and myself, and that that limitation apply to all amendments, and that no amendment not germane to our amendment be considered.

Mr. LONG. Mr. President, I do not believe we can agree to that at this point, because there may be a proposal to amend the amendment.

Mr. STEVENS. I will be happy to agree to any time limitation, but I want an agreement that we have our amendment follow that of the Senator from Massachusetts.

Mr. LONG. I am happy to agree to that, but what would the Senator do about amendments to the amendment?

Mr. STEVENS. I would leave it to the Senator from Louisiana.

Mr. LONG. Then I would suggest that there be a half-hour on each amendment to the amendment.

Mr. NELSON. Mr. President, reserving the right to object, I have been standing here for an hour and a half waiting to have a brief colloquy. I object to Senators walking in here and taking up their amendments ahead of me, when I have been waiting an hour and a half. So I ask unanimous consent that my 3- or 4-minute colloquy may precede the request of the Senator from Alaska, at least. I do not care when, but I do not want to wait another 2 hours on top of the time I have been waiting around here.

Mr. LONG. Mr. President, if the Senator has an amendment, can we agree on a time? Does the Senator want to offer it after this amendment?

Mr. NELSON. That is all right with me, but I have been here an hour and a half, and everyone is coming in, in succession, and getting the floor, and getting agreements for consideration of their amendments. I object to that. I want to get the floor a few minutes at some point. It will only take about 4 minutes, and I do not want to spend another 2 hours around here while another amendment is debated waiting for 4 minutes.

Mr. LONG. Will the Senator tell us what amendment he wants to offer, and, if so, ask that that amendment might be considered next?

Mr. NELSON. Yes, I have an amendment on the 20-percent full payment requirement on behalf of those who get health care and are not required to go to the hospital for 3 days. I believe the Senator has looked at that amendment, and has no objection to it.

Mr. LONG. Well, could we gain unanimous consent that the Senator could offer his amendment?

Mr. KENNEDY. Mr. President, I would be glad to—I know the Senator from Wisconsin has been here. I was in here right after the cloture vote, too, when Senator MONDALE had indicated that they had some amendments that were supposed to be agreeable. Then Senator MONDALE was here, and I think all of us were trying to get the floor. But I will be glad to yield.

I have probably three amendments, each cosponsored by 15 or 18 Senators. I would be glad now to let the Senator from Wisconsin and the Senator from Alaska proceed. Since my amendments are related, I would like to take them one after the other, I will be glad to do that and try to gain the floor in 45 minutes or so and then take up those amendments, because they are related, rather than take up one and then proceeding to another Senator's amendment.

If it is acceptable to the membership, I would like to do that, rather than hold up the Senator from Wisconsin and the Senator from Alaska.

Mr. STEVENS. Ours was one of the two amendments to precede the Mondale amendment; but because of something that developed, we stood aside to let Senator MONDALE proceed.

I want an understanding. I understand that the amendment is going to be accepted. I say to the Senator that I have been waiting 3 days to have this amendment called up, and we have worked it out with the manager of the bill. I just want to get in line. I will be happy to arrange any circumstance that the two Senators want to arrange. I think we have an agreement with respect to unanimous consent on time and everything else.

Mr. LONG. I suggest this: I believe that the Senator from Massachusetts has indicated that he would be willing to let us take up the amendment of the Senator from Wisconsin, and we could do that, and then we could agree that after the Kennedy amendment has been disposed of, we could consider the amendment of the Senator from Alaska.

Mr. STEVENS. That is perfectly agreeable to me.

Mr. NELSON. I just do not want to stand here as other agreements are reached and wait here 2 or 3 hours, when I can do something else. I do not mind proceeding after the Senator from Alaska, if we are going to have unanimous-consent agreements.

(At this point Mr. ROTH assumed the chair.)

Mr. TUNNEY. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield to the Senator, without losing my right to the floor.

Mr. TUNNEY. Mr. President, I have noticed that during the course of the day there has been a sign-up for recognition at the Chair, and there are quite a few names of Senators who have signed up, asking to be recognized in a certain order. When I was occupying the chair, I read the list, and the reason why I recognized the Senator from Massachusetts is that his name came up on the list.

If we are going to start asking unanimous consent to be recognized, it would be my hope that we would recognize that other Senators also have a desire to have the Chair's recognition in order to offer amendments, the Senator from California being one of them.

I do not know why the regular order could not be that if Senators have amendments they want to offer, they go to the Chair and indicate to the Chair that they have such a desire, and sign up, and then we can proceed on an orderly basis.

Mr. STEVENS. We relied on the statement made on the floor that we would precede the Mondale amendment, and we did not put our name on the list.

When the Senator from Minnesota told me that a question had been raised about our amendment, we agreed that he should go ahead and that we would eliminate the question. We have now eliminated the question; it is now a noncontroversial amendment.

I did not go to the desk to put my name on a list. I relied on the arrangement we had with the manager of the bill. I just want to see that we get back in order somewhere, in terms of having this amendment called up.

Again, I am willing to enter into any kind of unanimous-consent agreement as to order, but I wish to see that we get back in order. My colleague and I from Alaska, as the chairman of the Finance Committee knows, have been working with him and the staff for at least 3 days on this matter, and it has been worked out.

I am grateful to the Senator from Massachusetts for allowing us to get into this colloquy. I again renew my request. I ask unanimous consent that following the amendments of the Senator from Massachusetts, the amendment of the Senator from Wisconsin be taken up, and that following the Senator from Wisconsin's amendment, our amendment No. 1676 be in order.

Mr. TUNNEY. Mr. President, reserving the right to object—and I probably will not object, because the Senator from Alaska has stated that he had some sort of understanding with the Senator from Minnesota regarding the Senator from Minnesota's amendment—it would seem to me to be far more orderly procedure, if Senators choose to be recognized, to sign up at the desk, and not come in with unanimous-consent requests and move ahead of Senators who have been on the floor since the Senate went into session this morning.

Mr. STEVENS. I have been here every minute since the Senate went into session this morning.

Mr. TUNNEY. I will not object, but I will object in the future.

Mr. STEVENS. I thank the Senator.

Mr. NELSON. Mr. President, I will wait until the end of the bill to call up my amendments.

I should like to make this response to the Senator from California: The rule is that the Senator who is first on the floor is recognized. The list at the desk means absolutely nothing. We cannot run the Senate by having Senators come in here at 9 or 10 in the morning and putting themselves on the list. The first Senator up on the floor is the one to be recognized.

Mr. TUNNEY. I would agree with the

Senator on that point. However, when several Senators are seeking recognition at the same time, it seems to me that a Senator who has been on the floor for 4 or 5 hours deserves to be recognized before a Senator who has just come in from lunch.

Mr. NELSON. I was standing there longer than anyone else.

The PRESIDING OFFICER. Will the Senator from Alaska make his request?

Mr. STEVENS. I thought we had an agreement to my unanimous-consent request that following the amendments of the Senator from Massachusetts, the Senator from Wisconsin may call up his amendment.

Mr. KENNEDY. As I mentioned, I would much prefer to let the Senator from Alaska call up his amendment. I understand that his amendment is going to be accepted. I have three amendments which are related to each other, and I would like to consider them one after the other. I would prefer to proceed that way, and I am prepared to wait, if that is agreeable.

Mr. STEVENS. That is a very gracious offer. It is agreeable.

Mr. KENNEDY. Do I correctly understand that it is the intention of the Finance Committee to accept the amendment?

Mr. LONG. It is the intention of the manager of the bill to vote for the Stevens amendment, if I understand the amendment correctly. The Senator said that he had modified it. He has not modified it drastically.

Mr. STEVENS. The modification was checked out with the staff.

Mr. LONG. Then, the answer is "yes."

Mr. KENNEDY. Mr. President, I ask unanimous consent that after the consideration of the amendment of the Senator from Alaska, the Senator from Massachusetts be recognized.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

SOCIAL SECURITY AMENDMENTS OF 1972

The Senate continued with the consideration of the bill (H.R. 1) to amend the Social Security Act, to make improvements in the medicare and medicaid programs, to replace the existing Federal-State public assistance programs, and for other purposes.

AMENDMENT NO. 1676

The PRESIDING OFFICER (Mr. TUNNEY). The Senator from Alaska is recognized.

Mr. STEVENS. Mr. President, I call up my amendment No. 1676, as modified.

The PRESIDING OFFICER. The amendment, as modified, will be stated.

The amendment, as modified, was read, as follows:

SAVINGS PROVISION REGARDING CERTAIN EXPENDITURES FOR SOCIAL SERVICES

SEC. . (a) In the administration of section 1130 of the Social Security Act, the allotment of each State (as determined under subsection (b) of such section) for the fiscal year ending June 30, 1973, shall (notwithstanding any provision of such section 1130) be adjusted so that the amount of such allotment for such year consists of the sum of the following:

(1) the amount of the total expenditures, not to exceed $50,000,000, incurred by the State for services (of the type, and under the programs to which the allotment, as determined under such subsection (b), is applicable) for the period commencing July 1, 1972, and ending on the date of enactment of such section 1130, plus

(2) an amount which bears the same ratio to the allotment of such State (as determined under subsection (b)), but without application of the provisions of this section as the remaining period (as defined in subsection (b)), bears to a period of twelve months. *Provided, however,* That no State shall receive less under this section than the amount to which it would have been entitled otherwise under section 1130 of the Social Security Act.

(b) The term "remaining period" means a twelve-month period reduced by a number of days equal to the number of days in the period commencing July 1, 1972, and ending on the date of enactment of section 1130 of the Social Security Act.

Mr. GRAVEL. Mr. President, will the Senator yield?

Mr. STEVENS. I yield.

Mr. GRAVEL. Mr. President, I ask unanimous consent that after the Senator from Massachusetts finishes his three amendments, I be permitted to call up my three amendments.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. STEVENS. Mr. President, the modification we have made in this amendment, which is a proposed amendment to the social services sections pertaining to the revenue-sharing bill, will make certain that the effect of this amendment will not decrease the amounts that have been expended by any State prior to the date of the Social Security Act amendments in the revenue-sharing bill, and at the same time it will protect those States who are entitled to more.

This matter has been discussed with the staff of the Finance Committee, and I am hopeful that the chairman of the committee will be able to accept it.

What this amendment does is this: It says that in terms of the impact of the limitations in the Revenue-Sharing Act on social service, those States that have in fact spent more money than they would be allocated under the bill—the new bill—would be treated fairly, and they would be permitted to obtain 75 percent matching funds for those services up to the date of the new revenue-sharing bill. After that date they will be entitled to a pro rata share of the amount they are entitled to under the population formula. This, we think, is a matter of equity in dealing with a State such as ours in this field. Our State, for instance, has spent in excess of $6 million of the quota preceding adoption of the new act. Our allocation under the new act is $314 million. We would actually owe the social services fund administered by the Department of Health, Education, and Welfare money. We would not be entitled to anything until that accrued indebtedness had been theoretically repaid. We have a limitation in this, that no State will receive in excess of $50 million under this concept, except that no State will be reduced from the amount they are actually entitled to under the new formula.

The Presiding Officer now in the chair, the distinguished Senator from California (Mr. TUNNEY) is from a State that is entitled to more money under the formula than $50 million. That provision in the revised amendment as we have modified it is to protect States such as California and New York, so that their amounts allocated are not reduced by the amount we are seeking to put a limitation on, so that any small State could come in and all of a sudden spend more money. I am hopeful that the chairman will accept this amendment.

Mr. President, I ask unanimous consent that the names of Senators BOGGS, GURNEY, and ROTH be added as cosponsors of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. I am most pleased that

my colleague (Mr. GRAVEL) and I are able to present this amendment.

I yield now to my colleague (Mr. GRAVEL).

Mr. GRAVEL. Mr. President, my colleague, Mr. STEVENS has put the case very well. It is not the intention of the committee or any Member of this body to impose an unfair burden upon any State in the area of social services. But the result of the action taken in the revenue-sharing bill does hurt Alaska. The immediate impact would be to terminate 100-plus programs now in existence and to lay off immediately 2,000 people. I know that is not the intent of the bill, and I am very happy that the chairman of the committee will accept the amendment. I realize that it does no harm to any other State.

Mr. President, I ask unanimous consent to have printed in the RECORD several letters which I have received on this subject.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

STATE OF ALASKA,
Juneau, Alaska, September 21, 1972.

Hon. MIKE GRAVEL,
U.S Senate, New Senate Office Building, Washington, D.C.

DEAR MIKE: Please be advised that the current understanding in Alaska of the social services provisions of the revenue sharing bill leads us to the conclusion that its impact on social services in this State will be disastrous and amount to destruction of almost one hundred programs throughout the States related to actual current social services needs.

Alaska has not abused the Title IV-A and Title XVI Social Security Act provisions. If any state has done so, the Department of Health, Education, and Welfare can promulgate Federal regulations to correct any program abuse, but it is eminently unfair to sacrifice good programs which are helping people improve their lives as a purely expedient means of also eliminating the bad. Alaska has proceeded in good faith to develop and provide a manageable number of expanded social service programs always in consultation with Health, Education, and Welfare Region X staff to keep within Federal guidelines.

If the present Revenue Sharing Conference Committee provisions are adopted allowing Alaska $6 million plus $3.7 million for social services, this will represent a net loss or cutback of over $16 million in State-provided social services in an immedate, abrupt, and extremely damaging manner. The present utilization level of $22 million for social services would be substituted only with the presently proposed $2 million to the State and $4 million going to local governments under revenue sharing, and $3.7 million to the State for social services. There are no requirements nor indications that the $6 million revenue sharing money on state or local levels would be used for social services. The impacts of the Metcalf Amendment and the Alaska-Hawaii Cost-of-Living Amendment, if accepted by the Conference Committee, are not clear as yet or assured.

Paraded and alleged fiscal relief to this State would be, in fact, only actual fiscal pain and suffering for Alaska. The $6 million would only represent substituted money and the State of Alaska will wind up with a net loss of over $16.25 million in current program funding. Within the limited funds available to Alaska under social services provisions of $3.74 million, current staff matching apparently would come out as well as mandated services under current Federal regulations such as legal services, homemaker services, self-support services, information and referral services as well as other mandated services. The amount made available for Fiscal Year 1972 will barely cover expenditures already made in the first quarter of this year.

I cannot recommend that you support the final passage of the present version of the revenue sharing bill which is so misleading to the public, which again under the guise of being a help to a state actually withdraws aid to, and damages, tens of thousands of Alaskan citizens, closes 100 qualified major social services programs such as day care, family planning, homemaker services, alcoholism rehabilitation projects and scores of other social service programs and creates additional unemployment and suffering for approximately two thousand Alaskans whose jobs will be removed with the proposed action.

As you know, our strong recommendation has been to separate the basic revenue sharing fiscal relief measure from the Social Security social services under Title IV-A and XVI issue. This would have allowed public debate and hearings on the problematical, open-ended aspects of an appropriate ceiling for social services costs. As a minimum, the Governors' Conference position of a ceiling of $3.6 billion with hold harmless at current levels should be provided for the social services portion of the act if the two measures are to be combined.

The Congress should await receipt from the states of information as to the adverse impacts of this harmful measure before enacting it. Already states have been harmed by the veto of the Health, Education, and Welfare appropriations bill. We should not continue a pattern of shutdown of programs for assistance for the health and well-being of citizens actually in need. Please contact Illinois and New York delegations as to steps their state officials plan to take. We stand ready to assist in any way we can. Your strongest opposition to the current effort will be appreciated and in the best interests of Alaskans.

Sincerely,

WILLIAM A. EGAN,
Governor.

STATE OF ALASKA,
Juneau, Alaska, September 25, 1972.

Hon. MIKE GRAVEL,
U.S. Senate,
New Senate Office Building,
Washington, D.C.

MY DEAR SENATOR GRAVEL: The Governor's Commission for the Administration of Justice has noted with deep concern recent action on the part of a Congressional Conference Committee to limit expenditures for social services programs through amendment to the Revenue Sharing Bill now before the Congress. Under the provisions of the Amendment, Alaska would be forced to impose a cutback of over $16 million in social services programs. Many of these programs are providing direct and indirect benefits in areas in which this Commission is vitally concerned. Child care centers, delinquency and child abuse prevention programs, and alcohol and drug abuse programs have all benefited from the funding available through Titles IV and XVI of the Social Security Act. Withdrawal of more than $16 million in Federal funding from these programs will signal their termination. The local and state initiative which led to the orderly and responsible development of the programs will be destroyed and the short and long-range benefits which would have accrued to the criminal justice effort in Alaska will be lost.

The Commission strongly supports any effort to regain the funding necessary to continue these social services programs and urges Alaska's congressional delegation to vigorously seek restoration of these funds.

Very truly yours,

JOHN E. HAVELOCK,
Chairman, Governor's Commission for the Administration of Justice.

NATIONAL COUNCIL ON ALCOHOLISM,
Anchorage, Alaska, September 28, 1972.

Hon. MIKE GRAVEL,
U.S. Senate,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR GRAVEL: I know that you are doing everything possible to assist in the Title IV crisis, but I hope to add some ammunition to your arsenal.

I am aware that you have kept yourself well-informed on the dramatic progress of the National Council on Alcoholism, Alaska Region, in the past eight months, in spite of extremely trying finanical handicaps. However, you may not have been properly informed as to the scope of these handicaps.

Our so-called $10,000 "advance" payment, designed to tide us over until program billings began to roll, should have been paid the first of February but did not arrive until the *end of the first week of April.* All other payment of funds due have been constantly delayed in the "bureaucratic jungle" on an average of two months.

Bill Saville has done a yeoman's job of putting together a skilled and trained staff, directing the organization and gearing up to provide the increased services to the community as outlined in our contract, and providing these services on an escalating scale. All the while, he attempted to keep our head above water by obtaining advances on our Community Chest funds, using up a small savings account of the old Anchorage Council, obtaining temporary loans to meet payroll from the Greater Anchorage Area Borough, plus asking our creditors to continue to have faith in our integrity and the integrity of our government that the "snafus" would soon be straightened out and the cash flow would be running smoothly. As of this date, we are still waiting for funds billed for July services.

In other words, all personnel . . . office manager, secretary, counselors, volunteers, etc. . . . have pitched in, doing their own work, and more, to make the transition from a simple office which could provide only a few pieces of literature and a sympathetic ear to the few who were aware of our existence to the present organization of eight people which is providing out-reach counseling upon request for other financially struggling programs . . . public information through the media in news releases, public service announcements, speakers at schools, clubs, churches, a Newsletter, etc. . . . DWI Court School . . . and services to doctors, hospitals, other alcoholism councils and agencies throughout the state . . . to name a few of our major services.

Requests for help have increased fantastically since we have been able to publicize our referral counseling and information services. We have a variety of help resources available to which we could refer people seeking assistance, thus allowing the counselors to select a specific program best suited to the individual. Unfortunately, most of these resources are also dependent upon Title IV and have gone through the same growing pains as we have experienced and will undoubtedly have to close completely.

We are now in an excellent position to carry out our mission efficiently and had even made plans to further expand and refine our services next year . . . only to learn it might all go down the drain.

It seems to me that to scrap the various inter-related integrated alcoholism programs *just after they have really begun to function* and to provide the intended services would

be a *waste of public monies of the greatest magnitude.* If any of the programs are allowed to die and are later reinstated—*as they must be*—these programs would, in the main, have to begin from scratch thus duplicating all of the necessary start-up cost and time.

Naturally, I may be accused of bias, since my own job is in jeopardy. However, I have never been out of work for longer than two weeks in my life and I feel certain I could find something in my field in a relatively short time. Therefore, my prime concern is what I consider a waste of my money as a taxpayer and the tremendous social and economic damage this will inflict upon the State of Alaska.

Thank you for your concern and for all of your efforts in our behalf.

Sincerely,

EDWIN G. BEU, JR.,
Public Information Director.

Hon. TED STEVENS,
U.S. Senate, Old Senate Office Building, Washington, D.C.
Hon. MIKE GRAVEL,
U.S. Senate, New Senate Office Building, Washington, D.C.
Hon. NICK BEGICH,
House of Representatives, Longworth House Office Building, Washington, D.C.:

Effect of social service amendment to the revenue sharing bill will result in a loss of 44 jobs and over one-half million dollars to the city of Anchorage, when conference report is considered. Request you attempt to rectify.

ROBERT E. SHARP,
City Manager.

BRISTOL BAY AREA
DEVELOPMENT CORP., INC.,
September 27, 1972.

Hon. MIKE GRAVEL,
U.S. Senate, New Senate Office Building, Washington, D.C.

DEAR SENATOR STEVENS: It is indeed frightening to hear of the proposed retroactive cancelling of the Title IV and Title XVI funds for our State of Alaska.

We are deeply concerned in our Bristol Bay region, where we have already suffered a disastrous 1972 commercial fishing season.

Please reconsider within your powers to keep these funds available.

Sincerely,

JOHN J. KNUTSEN,
Regional Director.

ALASKA HOMEMAKER-HOME
HEALTH AIDE SERVICE, INC.,
Juneau, Alaska, September 22, 1972.

Subject: H.R. 16654.

Hon. SENATOR GRAVEL,
U.S. Senate, Senate Office Building, Washington, D.C.

DEAR SENATOR GRAVEL: Will you help Alaska's aging men and women and Alaska's aging men and women and Alaska's children to remain in their own homes with the assistance of Homemaker-Home Health Aides and Home Helpers?

Our Agency, which serves the aging, ill, disabled and children from Metlakatla to Point Barrow has received a thirty-day notice to discontinue service under state contracts that involve Titles IV and XVI.

Discontinuance of service will result in the removal of many aging, and children, from their own homes in the villages to nursing homes and institutions. Also, it will result in unemployment of approximately 200 men and women, chiefly Natives, in the villages.

Our Agency has applied for Title IV and XVI money to match Model Cities money appropriated to us for Senior Citizens services. The loss of the Federal matching funds for Model Cities programs will mean the loss of jobs for about 1,450 men and women in Juneau.

Do all in your power to save service to troubled human beings under these Titles. Certainly our Senators and our Congressmen have a moral obligation to review the agencies that serve under Federal money; but they have an equally important obligation to see that America's aging and children are served with loving care in their own home and that thousands are not unemployed at the beginning of winter.

Thank you.

Sincerely,

DOVE M. KULL, *Director.*

JUNEAU, ALASKA,
September 27, 1972.

Hon. MIKE GRAVEL,
U.S. Senate,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR GRAVEL: As an employee of the local Alcoholic Rehabilitation program, I urge you to do your utmost to fight for Alaska's retention of Title IV and Title XVI funding. The proposed cancellation can only result in grievous social and economic stress for nearly a tenth of Alaska's entire population.

If cancellation cannot be averted. I would plead circumvention at least until Alaska has an opportunity to develop other sources of funding.

Even with present funding, Alaska is in dire need of yet more and BETTER facilities to aid the alcoholics within her borders. To be forced to abandon efforts presently in effect will be disastrous. The social disruption, the human misery which will result is incalculable.

Respectfully,

MELVIN J. MURPHY.

NOME, ALASKA,
October 3, 1972.

Senator MIKE GRAVEL,
U.S. Senate,
Washington, D.C.

Title IV funding slated for rural Alaska was to be controlled by indigenous groups who were utilizing innovative methods to deal with crippling social problems. Over $500,000 was scheduled to impact on alcohol problems, provide badly needed pre-school programs, and to finance native planning efforts in human services. The backlog of health and social services needs remains staggering. Neither the State nor the land claims settlement can finance a program to meet these problems. We urge that funding be allocated on the basis of need rather than population. Your support amendments to that effect is required.

CALEB PUNGOWIYI,
Executive Director, Norton Sound Health Corp.

ANCHORAGE, ALASKA,
September 30, 1972.

Senator MIKE GRAVEL,
Washington, D.C.:

The Greater Anchorage Area Management Group on Drug Abuse is charged by the Borough Assembly with the responsibility of development, implementation, and coordination of all drug and drug related programs within the Anchorage Borough. The Management Group is appalled by the proposed cuts of Title 5 and 16 on the SSA. These cuts mean that needed services in our community will be virtually eliminated. Services which have just recently begun in the area of drug abuse will have to be closed. Additionally services which were being provided to individuals and families which in many ways serve to prevent other sociological and psychological difficulties from becoming drug abuse problems will also have to be discontinued. As a broad based community group which accurately reflect these sentiments of the citizens of the Anchorage community and which is involved and the development of much needed service, implore you to utilize the full resources of your office to prevent the projected discontinuation of vital social services within our community.

JACK RODERICK,
Chairman, Management Group on Drug Abuse.

ANCHORAGE, ALASKA,
September 25, 1972.

Senator MIKE GRAVEL,
Washington, D.C.:

The Alaska Federation of Natives, Inc., on behalf of its constituent regional natives associations, hereby goes on record strongly protesting the inclusion of a distribution system of H.E.W. title 4A and 16 monies on a per capita basis, in revenue sharing bill currently pending before the congressional conference committee.

To prevent a statewide chaos and crucial effect on the recipients of the services of the current and pending contracts under the current title 4A and 16, a concerted effort by all parties concerned to prevent such a bill passing in the conference committee is not only necessary, but a must. The passage of such legislation is contrary, to the national goal of improving human needs.

WILLIAM L. HENSLEY,
President, the Alaska Federation of Natives, Inc.

ANCHORAGE, ALASKA,
September 25, 1972.

Senator MIKE GRAVEL,
Washington, D.C.:

Title 4A contracts as of September total 22 million. Free conference revenue sharing bill allocates 3.7 million to Alaska. Over 100 social services programs and 2,000 jobs endangered. Impact on 90 day care centers disastrous. Do something to assure present contracts or funded services to 50,000 are at stake.

The Alaska consortium on early childhood education urge reconsideration of title 4 and 16 funds to Alaska. Reductions will drastically affect many needed programs that serve our bush areas. Bethel population 2,500 and approximately 40 outlying villages will dramatically feel results of negative discussion through elimination or reduction of alcoholism programs, day care centers, preschool programs.

SUSAN TAYLOR,
Director, Children Services Bethel Social Services.

KENAI, ALASKA,
September 22, 1972.

Hon. MIKE GRAVEL,
U.S. Senate
Washington, D.C.:

Rural Cap State Board of Directors recognize that any ceiling on title IV or title XVI Social Security Act funds below present level of state operation would have disastrous effect on social programs in Alaska. It would effect state government, city and local government, native association and private agency who run programs in the areas of day care, social planning alcoholism and social services. Thousand of jobs will be lost if title IV and title XVI funds are limited. It is imperative that you vote against any item to cut back on title IV and title XVI funds purpose in Congress.

ELMER ARMSTRONG,
President,
Rural Cap Board of Directors.

ANCHORAGE, ALASKA,
September 22, 1972.

Senator MIKE GRAVEL,
Washington, D.C.:

We are aware that the free conference committee is about to reach a decision on the revenue sharing bill. If title IV a funds are cut, approximately 1500 to 2000 people

will be left unemployed in Alaska hundreds of thousands will not receive needed care. We urge that this bill not be brought to the floor unless a save harmless clause for a limitation of appropriations that will meet the fiscal obligations that have already been incurred, be included.

BOARD OF TRUSTEES GREATER ANCHORAGE AREA COMMUNITY ACTION AGENCY

ANCHORAGE, ALASKA,
September 23, 1972.

Senator MIKE GRAVEL,
Washington, D.C.:

Title IVA funds pay salaries of 60 staff here and operation of child care programs in 30 villages for 370 children please don't pass revenue sharing bill without amendment to honor present contracts.

BAXTER WOOD OFFICE OF CHILD DEVELOPMENT ALASKA STATE OPERATIVE SCHOOLS

ANCHORAGE, ALASKA,
September 23, 1972.

Senator MIKE GRAVEL,
Washington, D.C.

The Long amendment to the reveneu sharing bill will eliminate /$3,593,300 in service to citizens of Anchorage being provided through some 20 agencies including family services to an estimated 1800 individuals plus 4000 families in need of services all services to 4000 alcoholics 12000 dependents will be curtailed by loss of 56 percent of their funds through combined local state and Federal funds Anchorage is near a comprehensive community service for alcoholics the Alaska Center for Alcohol and addiction studies University of Alaska, Anchorage is totally funded by title 4 this first year best estimate is that there will be an overall reduction of 50 percent in services to families the aged and disabled in the Anchorage area employment of over 150 persons in Anchorage will be affected local cost of $232,900 to gear up may not be recovered we have acted in good faith using available resources to provide needed services we have invested heavily believing that the Federal administration was acting in good faith also we ureg you to seek hold harmless relief for Alaska.

A. B. COLYAR, M.D.,
Medical Director Borough Health Department.

ANCHORAGE, ALASKA,
September 25, 1972.

Hon. MIKE GRAVEL,
U.S. Senate,
Washington, D.C.:

Effect of social service amendment to the Revenue Sharing Bill will result in a loss of 44 jobs and over one half million dollars to the city of Anchorage when conference report is considered. request you attempt to rectify.

ROBERT E. SHARP,
City Manager.

ANCHORAGE, ALASKA,
September 25, 1972.

Senator MIKE GRAVEL,
Senate Office Building,
Washington, D.C.:

The Association for Retarded Children of Anchorage objects strenuously to the cutback in title IV funding. The immediate result of discontinuation of these funds will be that fifty adults of all handicapped will be cancelled out of our various rehabilitation programs during the last thirty day period. Twelve handicapped persons were taken off state subsidies and placed in employment in the community. It is reasonable to assume that a portion of the fifty persons discontinued would also be successfully rehabilitated. The proposed cutback will be of little significance in terms saving monies as these people will undoubtably return to state and federal subsidies. In Alaska rehabilitation costs are much higher than in other states. A outback based on population rather than on actual need shows little consideration for the handicapped.

ASSCIATION FOR RETARDED CHILDREN OF ANCHORAGE.

JUNEAU, ALASKA,
September 27, 1972.

Honorable MIKE GRAVEL,
New Senate Office Building,
Washington, D.C.:

We urge you to continue your efforts toward extending the time frame for use of current funds for titles four and sixteen. A retroactive drastic cut in Alaska's funds will have a destructive impact on the lives of far too many Alaskans.

JUNEAU MENTAL HEALTH ASSOCIATION.

NOME, ALASKA,
September 26, 1972.

MIKE GRAVEL,
U.S. Senator,
Washington, D.C.:

Cutting of title 4 and XVI funds drastically affects the people of our region. You are aware of the passage of the Alaska Native Claims Settlement Act. This was a settlement for lands lost to the United States Government. We hope to use this to create a better economy to alleviate the use of public welfare and other services. We have not reached that point and will not for years. We are in great need of funds cut in title 4 and XVI. We urge you to work toward returning the monies to the fund.

JEROME TRIGG,
President, Bering Straits Native Association.

ANCHORAGE, ALASKA,
September 26, 1972.

Senator MIKE GRAVEL,
Washington, D.C.:

The proposed cut in the appropriation for titles IV and XVI of SSA are terrible. These cuts would have a tremendous effect on the State of Alaska we cannot afford. The loss of 2,000 jobs in an economy as unstable as the one presently existing in Alaska. I ask you to use all of the powers of your office to raise the appropriation to the level of spending for fiscal year 72. To allow the proposed appropriation to be implemented would only hurt the State of Alaska.

G. W. ECKLES,
Coordinator, Special Services Division, GAAB Health Department.

ALASKA HOMEMAKER-HOME HEALTH AIDE SERVICE, INC.,
Juneau, Alaska, September 25, 1972.

Hon. MIKE GRAVEL,
U.S. Senate,
Washington, D.C.

DEAR SENATOR GRAVEL: The proposed amendment to Title III of the Revenue Sharing Bill which seriously curtails funding available for social services under the Title IV and XVI of the Social Security Act will cause Alaska Homemaker-Home Health Aide Service, Inc. to drastically reduce service to the ill, disabled, aging and children of Alaska. With winter coming this reduction of service will be very hard on Alaskan Natives we serve in the villages, as well as the people we employ as Homemakers and Home Helpers.

Our Agency and the people we serve request your efforts in letting our problem be known to your fellow Senators.

Sincerely,

PATRICIA PRENTICE,
Assistant Director.

ANCHORAGE, ALASKA,
September 18, 1972.

Senator MIKE GRAVEL,
U.S. Senate,
Washington, D.C.

DEAR SENATOR GRAVEL: As a professional in the field of early childhood education, I appreciate the support you have given to comprehensive child care and hope you continue to support like measures in the future.

Senator Long's proposed amendment to the revenue-sharing bill deeply disturbs me. If families in stress are to become non-dependent, nuturing units in which children can thrive, we need to provide a complete range of services. To eliminate some services is to drastically reduce the efficacy of the remaining ones. Please do whatever you can to defeat this amendment.

Sincerely,

LINDA HARVEY.

ALASKA HOMEMAKERS HOME HEALTH AIDE SERVICE, INC.,
Anchorage, Alaska, September 18, 1972.

Hon. MIKE GRAVEL,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: The Long amendment, relating to provisions of Social Services, will have extremely detrimental effects on social services in Alaska, and particularly on Alaska Homemaker programs. We urge you to support the concept of the necessity of social services and to vote to ensure the continuation of purchase of services in Alaska.

Sincerely,

MARGARET WOLFE,
Chairman, South Central Advisory Board.

ALASKA HOMEMAKERS HOME HEALTH AIDE SERVICE, INC.,
Anchorage, Alaska, September 18, 1972.

Hon. MIKE GRAVEL,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: The Senate version of the Long amendment, proposing a ceiling on Title 4–A and Title 16, will have a detrimental effect on social services in Alaska, and especially on Alaska Homemaker programs. We urge your help in eliminating this ceiling.

Sincerely,

JEANNINE HANES,
Assistant Director.

JUNEAU, ALASKA,
September 18, 1972.

Mr. JAMES L. YOUNG,
Chairman, Federal Inter-Agency Regional Council, Seattle, Wash.

DEAR MR. YOUNG: I am writing to express my concern over the Health, Education, and Welfare revenue sharing bill pending before Congress and the effect it would have on the total Juneau Model Cities program.

As you are aware, this legislation would seriously curtail present funding levels of Title IV–A and of Title XVI of the Social Security Act. The Juneau program depends upon these sources for approximately $500,000, or about ninety percent of the total federal funds generated by our Model Cities Supplemental Fund grant. If the funds are not available, the Model Cities effort in Juneau would be severely crippled and many programs would have to be phased out completely. This could leave the poor and disadvantaged of the area with almost no resources since the OEO-sponsored programs in Alaska, such as Rural Alaska Community Action Program and Legal Aid, have used Model Cities funds to supplement effort they would otherwise be required to expend in Juneau to operate a balanced and equitable program throughout the state.

Because of this potential funding crisis, I am requesting that you immediately call an emergency meeting of the Federal Inter-Agency Council task force concerned with Juneau Model Cities.

I would ask that this task force render whatever technical assistance necessary to reprogram our efforts if Congressional action limits availability of Title IV–A and Title XVI funding. I would further request that the task force assist us in locating alternate sources of funding.

I appreciate your efforts on our behalf,

and I will look forward to hearing from you on this matter at your earliest possible convenience.

Sincerely,

JERRY L. MADDEN,
Director, Juneau Model Cities Agency.

ANCHORAGE, ALASKA,
September 26, 1972.

Senator MIKE GRAVEL,
Washington, D.C.

A resolution urging relief for Alaska from reduction of title IV funds by pending Federal legislation.

Whereas, the Federal Revenue Sharing Act reported by the free conference committee will affect Alaska by reducing funds available under title IV and title XVI of the Social Security Act from $24 million to $3.74 million; and

Whereas, the consequences to the greater anchorage area borough would cause cancellation of 18 contracts totalling $3,593,300; and,

Whereas, this loss of funds will deny benefits to at least 26,000 individuals and deny employment to over 150 persons, many of whom are already employed in the various programs.

Now, therefore, be it resolved that the greater Anchorage area borough assembly urge the governor to use all possible persuasion with the Alaska Congressional Delegation and Congress to provide relief for Alaska and other States whose family services will be eliminated or drastically cut; and that the governor be urged to communicate with governors of other States similarly affected and join with them in an appeal to Congress.

Be it further resolved that the assembly appeal directly to the Alaska delegation to use all means to assist in obtaining hold harmless provisions to assure Alaska the funding it needs to continue these programs.

Passed and approved by the assembly of the greater Anchorage area borough on this 25th day of September 1972.

BENJAMIN MARSH,
Presiding Officer.

Mr. LONG. Mr. President, I understand the problem involved here, that some States would be adversely affected by the abrupt cut in funds for social services. I want to make it clear that there is in the bill $800 million for child care. I believe that if it needs it, that could could be modified to make sure that the States would have thhat $800 mililon available to them to use as best they knew how. The bill provides additional relief for the future in the social services area, but this provision here is aimed at what the conference committee on the revenue sharing bill will seek to bring back before the Senate and House of Representatives, assuming that they would be agreed to, so that this amendment would be needed by Alaska and the other States similarly affected.

It does not help Louisiana because we do not have that problem, but I will be glad to cooperate and adopt what the Senator has suggested here.

Mr. STEVENS. We had discussed, through representatives of some of the smaller States, and through members of the Ways and Means Committee in the other body concerning this problem, and were led to believe they would accept this concept to prevent this inequity, for it really would stop the social services program and we would have no assistance whatsoever.

I am indebted to the Senator from New York. I understand that he has got a massive problem and this amendment has modified it so that it does not harm California or New York. It does not give them relief from their major problems, but we are indebted to the chairman of the committee for his approach, and I hope the amendment will survive in the conference.

Mr. JAVITS. Mr. President, I shall not stand in the way of this amendment which, as the Senator from Alaska (Mr. STEVENS) has stated, is a harmless provision which does not affect New York either way, with the modification he has made.

That is true of California. Had the amendment remained not modified, with the 50 million in it, it would have been a material loss to New York—we estimate 10 percent or more of the funds. The same would be true for California and other urbanized States. But we have no desire and have never had any desire to intrude upon the opportunity of the smaller States to enjoy the full benefits of this program.

So I am very much pleased that the Senator from Louisiana (Mr. LONG) is cooperating with the two Senators from Alaska. I want to express my appreciation to the Senator from Alaska (Mr. STEVENS) for accepting the modification which keeps us in the same position we were—although it is not a very good position, I might add.

I also express my appreciation to him for taking the initiative here, on behalf of his own State, but which is so important to all the States in a matter of such great importance to them as well as to us.

Mr. TUNNEY. Mr. President, I associate myself with the remarks of the Senator from New York. I had the same problem with the original draft of the amendment as offered by the distinguished Senator from Alaska. I appreciate the fact that he has modified the amendments so that it will not do violence to any of the other States. It is a good amendment for Alaska as written now, and it does not hurt California.

Mr. JAVITS. Mr. President, I do not wish any implication to be made that I am happy about the division of the money for the social services or the limitation by stating that I am not standing in the way of this amendment for the reasons I have stated.

I wish to make it clear that I still reserve whatever rights I may have to deal with this question in some other context and in some other way, but for the purpose of this amendment and what the Senator from Alaska (Mr. STEVENS) has done, and I think he rightfully asks for, and what the Senator from Louisiana (Mr. LONG) has agreed to, I interpose no objection.

Mr. ROTH. Mr. President, I am pleased to have this opportunity to support and cosponsor the amendment of the senior Senator from Alaska (Mr. STEVENS). While it is necessary to impose some sort of ceiling on social services spending, I consider it grossly unfair to penalize States which have obligated themselves in reliance upon the existing law.

As it is now drafted, the social services spending ceiling in the revenue sharing bill would impose an expenditure limit of $2.5 billion each year, with the money allocated among the States on the basis of population. Essentially, I consider these provisions sound and reasonable. However, at the same time, I believe it is grossly unfair to impose these spending limits retroactively. Many States, including my home State of Delaware, have relied upon the congressional authorizations and obligated themselves beyond their respective population allocations. This has occurred simply because some States were astute enough to recognize the potential of the social services program before some other States.

But as presently drafted, the revenue sharing bill would penalize these States for having taken advantage of a program enacted by Congress, continued by Congress, and expanded by Congress. Although Congress is finally awakening to its responsibility, the spending ceiling in its present form would make these States the scapegoats for congressional inaction. This I cannot accept.

As many of you know, I have supported attempts in the past to impose a ceiling on social services spending; I have, as a matter of fact, led two of those attempts. But in those instances, the proposals would have protected the States that were utilizing the social services program. In not one of those proposals—the $2.5 billion spending ceiling of June 27, the $2.5 billion ceiling of August 10, and $3.15 billion ceiling of September 12—would any State have received less than it did in fiscal year 1972. I personally ensured that these "hold harmless" provisos were contained because I thought Congress should temper action with justice. I believed that in June, and I believe that now.

The amendment of the senior Senator from Alaska would merely reinsert an element of equity—contained in earlier proposals, but absent now—in the social services spending ceiling. Its only effect is to make the ceiling prospective, rather than retroactive, thus allowing State governments to fulfill their contractural obligations. I see no need to elaborate further on the commendable explanation by the senior Senator from Alaska. I would only say that I wholeheartedly support his amendment and I hope that other Senators will do the same.

Mr. STEVENS. Mr. President, I yield back the remainder of my time.

Mr. LONG. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. HUGHES). All time on this amendment has been yielded back.

The question is on agreeing to the amendment of the Senator from Alaska (Mr. STEVENS).

The amendment was agreed to.

Mr. STEVENS. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. GRAVEL. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BOGGS. Mr. President, I commend the senior Senator from Alaska (Mr. STEVENS) for the initiative he has shown in preparing and introducing this amendment to ease the severe pinch that

States such as Alaska and Delaware will feel as a result of the social services ceiling in the Revenue Sharing Act.

I am pleased to join my colleague, Mr. ROTH, and both Senators from Alaska in this effort, which I think deserves the favorable consideration of the Senate on the basis of equity alone.

The Congress has now become well aware—somewhat belatedly, of course—that a ceiling of some sort is necessary on skyrocketing social services spending. I have supported such a ceiling in the past and I think, realistically, we must place a limit on what we can spend on these programs, necessary though they are.

But I do not think the Congress should penalize those States which, acting in good faith, have availed themselves of a program that Congress has authorized, and have entered into firm contracts under that program.

In my own State of Delaware, an abrupt cutback, as would be required by title III of the Revenue Sharing Act, would be a severe blow to the operation of many ongoing programs.

A few weeks ago, Dr. Herbert M. Baganz, Secretary of the Department of Health and Social Services of the State of Delaware, advised me that Delaware now has firm contracts totaling $30 million and requiring a $22.5 million Federal match. Yet, under title III of the Revenue Sharing Act, Delaware would be restricted to but $6.7 million for fiscal year 1973.

According to Secretary Baganz, actual ongoing expenditures will require some $9.6 million of Federal funds in 1973. If the $6.7 million limitation holds, he continues, Delaware will be forced to immediately cut back by $2.9 million of current spending and cancel or reduce contracts totaling $26.2 million.

The Stevens amendments would restore a needed degree of justice to the effort to control spending on the social services program. It would provide funding for those State programs already under contract from the beginning of the current fiscal year until the date of enactment of the Revenue Sharing Act.

It would, in short, remove the penalty of retroactivity which has been imposed on Delaware and other States by title III of the Revenue Sharing Act. I think simple justice requires that the Senate adopt this amendment; and I again commend the Senator from Alaska for the work he has done on this proposal.

Mr. KENNEDY. Mr. President, under previous agreement, I believe I am to be recognized. However, the distinguished Senator from Alaska (Mr. GRAVEL) has three relatively noncontroversial amendments that will not take a great deal of time. The amendments I intend to call up will take rollcall votes, and I will be glad to yield to him at this time for the consideration of his amendments.

The PRESIDING OFFICER (Mr. HUGHES). Without objection, it is so ordered.

AMENDMENT NO. 1674

Mr. GRAVEL. Mr. President, both my colleague from Alaska (Mr. STEVENS) and I thank the Senator from Massachusetts (Mr. KENNEDY) for his graciousness in this regard.

Mr. President, I understand that all three of my amendments are acceptable to the distinguished chairman of the committee, so at this time I call up No. 1674 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read the amendment as follows:

At the end of title II of the bill, add the following new section:

DETERMINATION (FOR MEDICAID PURPOSES) OF PER CAPITA INCOME OF ALASKA AND HAWAII

SEC. . (a) Section 1905(b) of the Social Security Act is amended by adding, immediately after the first sentence thereof, the following new sentence: "The term 'per capita income', as used in the preceding sentence, means, in the case of any State in which civilian employees of the United States Government receive an allowance under section 5941 of title 5, United States Code, the per capita income of such State (as determined without regard to this sentence) multiplied by a fraction the numerator of which is the per capita income of such State (as determined without regard to this sentence) and the denominator of which is such per capita income plus a per centum thereof equal to the per centum applicable, for the period in which any promulgation under this subsection is being made, in determining the amount of the allowance payable under section 5941 of title 5, United States Code, to Federal employees serving in such State."

(b) The amendment made by subsection (a) shall be applicable to promulgations (under section 1905(b) of the Social Security Act) made after the date of enactment of this Act.

Mr. GRAVEL. Mr. President, I think I can explain this amendment very briefly. It applies to the cost-of-living differential in the payment on the medicaid formula in the States of Alaska and Hawaii. This is nothing more than what the Senate accepted a week ago in the revenue-sharing bill with respect to housing. The cost-of-living differential is something that is generally accepted in legislation.

The cost of this new, calculated formula would be $640,000 for Alaska. Our commissioner of health and social services happens to be in town. And we just computed the cost.

Mr. TALMADGE. Mr. President, I have examined the amendment. I have conferred with the distinguished chairman of the committee and the ranking minority member of the committee.

The amendment would make an exception under the medicaid provision in existing law and would permit a State that now is receiving an allowance under the United States Code for—

The per capita income (as determined without regard to this sentence) multiplied by a fraction the numerator of which is the per capita income of such State (as determined without regard to this sentence and the denominator of which is such per capita income plus a per centum thereof equal to the per centum applicable, for the period in which any promulgation under this subsection is being made, in determining the amount of the allowance payable under section 5941 of title 5, United States Code, to Federal employees serving in such State.

The Finance Committee is perfectly agreeable to taking the amendment to conference to try to get the House to agree to it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alaska (putting the question).

The amendment was agreed to.

AMENDMENT NO. 1695

Mr. GRAVEL. Mr. President, I call up amendment No. 1695.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

On page 938, between lines 12 and 13, insert the following:

STUDY BY SECRETARY AS TO FEASIBILITY OF RELATING BENEFITS UNDER THE SOCIAL SECURITY ACT TO PREVAILING COST OF LIVING IN VARIOUS AREAS

SEC. 522. (a) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") shall conduct a study of the various programs established by and pursuant to the Social Security Act with a view to determining the feasibility of relating the various dollar amounts set forth therein (whether in the form of benefits, deductibles, conditions of eligibility for benefits, or otherwise) to the prevailing cost of living in the various States (and localities within States) in which such programs are operative.

(b) In carrying out such study, the Secretary shall—

(1) develop a comprehensive cost-of-living index which reflects the average cost-of-living for each State as a whole (and not just the urban or other areas therein;

(2) include an evaluation of the effects which would be produced among the various States, including the advantages to recipients, if the benefits (and other dollar amount related criteria) in the Social Security Act were adjusted in accordance with differences in the average cost-of-living in the various States;

(3) give consideration to the feasibility of applying such a cost-of-living adjustment only in those States where the cost-of-living is significantly higher than the cost-of-living in the Nation as a whole; and

(4) analyze existing sources, within the Federal Government, from which data relating to the cost-of-living is available, with a view to determining the need for improved sources of such data, within the Federal Government, under which such data would be made available on a regular basis and in a more analytical, comprehensive, and suitable form.

(c) The Secretary shall complete such study and shall submit to the Congress a full and complete report thereon, together with the recommendations of the Secretary with respect to the matters included in the study, not later than January 1, 1974.

(d) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

Mr. GRAVEL. Mr. President, I modify that amendment so that it is in line with the changes affected in H.R. 1 as of yesterday. At the end of page 1, I add the following language, "at the end of part (B) of title IV, insert the following new section."

The PRESIDING OFFICER. The amendment is so modified.

Mr. GRAVEL. Mr. President, this amendment simply asks that a study be made of the cost of living as it affects the entire United States. We in Alaska are sometimes criticized for asking for something more than other people be-

cause of the cost of living we have in Alaska.

This problem is not a unique one that applies to Alaska alone. It is something that we should focus national attention on.

The PRESIDING OFFICER. The Parliamentarian informs the Chair that the amendment is not properly directed. It is placed in a part of the bill that has already been stricken. There is a substitute for it. It is, therefore, not open to amendment.

Mr. GRAVEL. Mr. President, I was under the impression that the modification I just stated to the Chair would have taken care of that problem.

The PRESIDING OFFICER. The Parliamentarian informs the Chair that if the Senator from Alaska modifies his amendment so as to place it at the end of the bill, it would be acceptable.

Mr. GRAVEL. I so modify the amendment.

The PRESIDING OFFICER. The amendment is so modified.

Mr. GRAVEL. Mr. President, that is the intent of the amendment. I understand that the chairman of the committee is in agreement with it.

Mr. TALMADGE. Mr. President, I have examined the amendment and have conferred with the distinguished chairman and the distinguished ranking member of the Finance Committee.

This amendment simply directs the Secretary of HEW to make a study of the feasibility of relating the social security benefits to the cost of living differentials.

Under those conditions, we are perfectly willing to take the amendment to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alaska, as modified (putting the question).

The amendment was agreed to.

Mr. GRAVEL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GRAVEL. Mr. President, on the prior amendment, amendment No. 1674, I had modified the language but I failed to read or secure a modification. Could I get a ruling from the Chair as to whether that amendment is in order with respect to the stricken portion of the bill?

The modification I would have made was at the top of page 2 of that amendment. I would have added the language, "At the end of title II, add the following new section."

The PRESIDING OFFICER. The amendment is drafted properly.

Mr. GRAVEL. Mr. President, then I need not ask for a modification of the amendment.

The PRESIDING OFFICER. The Senator is correct.

Mr. GRAVEL. Mr. President, I thank the Chair.

AMENDMENT NO. 1696

Mr. GRAVEL. Mr. President, I call up amendment No. 1696.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

On page 579, line 24, strike out "and".

On page 580, line 4, strike out the period and insert in lieu thereof "; and".

On page 580, between lines 4 and 5, insert the following new paragraph:

"(5) in the case of Natives of Alaska, shares of stock held in a Regional or a Village Corporation, during the period of twenty years in which such stock is inalienable, as provided in section 7(h) and section 8(c) of the Alaska Native Claims Settlement Act."

On page 699, line 2, strike out "and".

On page 699, line 10, strike out the semicolon and insert in lieu thereof a comma.

On page 699, between lines 10 and 11, insert the following new paragraph:

"(D) in the case of Natives of Alaska, shares of stock held in a Regional or a Village Corporation, during the period of twenty years in which such stock is inalienable, as provided in section 7(h) and section 8(c) of the Alaska Native Claims Settlement Act; and".

Mr. GRAVEL. Mr. President, I modify this amendment because of the changes that occurred in the legislation on yesterday. I modify it on page 2, to strike all of the material from line 8 to the bottom of the page. That would be to strike out lines 8 through 17.

The PRESIDING OFFICER. The amendment is so modified.

Mr. GRAVEL. Mr. President, I will just explain the amendment very briefly. In determining eligibility for payment under H.R. 1, there are certain items excluded in calculating the resources of an individual. We have added one other item to these exclusions. It relates to the ownership of the stock that the natives of Alaska have as a result of the Native Land Claims Settlement. This stock is not transferrable for 20 years. And in point of fact, the stock has no liquid value to the person who holds it. We propose to exclude that stock as a resource to determine eligibility.

Mr. TALMADGE. Mr. President, I understand that the Natives of Alaska receive no income from the ownership of this stock at the present time, but merely hold it for 20 years.

Mr. GRAVEL. The Senator is correct. The Natives cannot receive income from the sale of this stock for the 20 years during which it is inalienable.

Mr. TALMADGE. Mr. President, I have examined the amendment and have conferred with the distinguished chairman and the distinguished ranking minority member of the Finance Committee. This amendment simply exempts from income to the aged, the blind, and the disabled, certain stock held in trust by Alaskan Natives to which they will not have access for a period of some 20 years.

Under those circumstances, we have no objection to the amendment and are perfectly willing to take it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alaska (putting the question).

The amendment was agreed to.

Mr. GRAVEL. Mr. President, I thank the Senator from Massachusetts. I indicated that it would take me 5 minutes to dispose of these amendments. I have taken 6 minutes. I thank the Senator.

AMENDMENT NO. 1703

Mr. KENNEDY. Mr. President, I call up amendment No. 1703.

The PRESIDING OFFICER. The clerk will report the amendment.

Mr. KENNEDY. Before getting into these amendments, I want to indicate my high regard for many of the excellent provisions of H.R. 1 in the area of health care. The extension of medicare to the disabled under medicare and the coverage of drugs for the chronically ill are great steps forward, and respond to particular glaring needs.

There are also excellent provisions in the bill aimed at controlling costs and assuring quality of care under medicare. The public disclosure provisions throughout title II will also help assure quality.

I commend the committee on these provisions, as well as on the clarification of nursing home benefits and waiver of beneficiary liability in certain situations. I could name a long list of excellent provisions as well.

My purpose today is to raise some basic policy issues in the medicaid area which I feel the entire Senate should vote on.

Mr. President, I offer this first amendment, No. 1703, on behalf of myself, Mr. MOSS, Mr. PERCY, Mr. BROOKE, Mr. CRANSTON, Mr. HART, Mr. HUMPHREY, Mr. JAVITS, and Mr. TUNNEY.

The legislative clerk read as follows:

On page 348, strike out lines 4 through 8.

Mr. KENNEDY. Mr. President, if I might have the attention of the Senator from Georgia, I intend to talk about two amendments that I hope the Senate will agree to. These are to strike section 230 and section 231, both of which are related. The question here revolves around the development of comprehensive health programs for the medically needy. Hopefully we will get to the consideration of one or both of these amendments shortly.

Mr. President, both amendments merely return to existing law.

Current law requires that the States develop a comprehensive medicaid program by July 1, 1977. Each year States were required to move toward that goal.

Section 230 of H.R. 1 would strike the requirement that States move toward the development of comprehensive health programs. I think it is important that we continue to have the States across the length and breadth of this country move ahead on the development of comprehensive medicaid programs.

The amendment I just sent to the desk would return to existing law and assure continuing progress toward the development of comprehensive programs. The related amendment concerns section 231 and would also merely return to existing law. This would assure a maintenance of effort on the part of the States who would only be permitted to cut back on services after meeting conditions designed to assure the State made every effort by efficient management to stretch Federal and State dollars and to cover the critical range of services.

Neither of these amendments require

any additional expenditures of resources. It is my understanding from reading their report that the Committee on Finance does not believe that the several States are going to cut back their medicaid services. What we would be doing here is to go back to the existing language which would permit the States to cut back, but only after there is a utilization review by the Secretary of Health, Education, and Welfare.

So what we would do with both amendments is to go back to existing law. Neither of these amendments, if adopted, would require any additional expenditures. The acceptance of both amendments would assure that the States continue to move in the direction of developing comprehensive medicaid programs. It would also assure a maintenance of State effort in the medicaid program and would only permit a reduction of services for the State after a finding by a management or utilization review board.

I would hope that both amendments would be accepted by the committee. I think they are important. I think they are essential in the march toward providing more comprehensive health care for the American people.

Finally, we are attempting to relieve some of the financial burdens on the States. Title III frees up $1 billion, and the revenue-sharing bill would return even more money.

Both amendments are important and move toward the goal of achieving comprehensive health care for the American people.

One last note on the proposal to strike section 231: We have to realize that when the States have had the option of cutting back on their medicaid programs, a number of them have taken advantage of that option. These States have been successfully brought to court and blocked from cutting back because of the existing law. Many people believe that if we strike out one section that requires maintenance of State efforts, a number of States would cut back, as 12 States tried to do; there would then be a serious reduction in the range of services available under medicaid.

Mr. President, I would be interested in the reaction to these amendments.

Mr. TALMADGE. Mr. President, I will rise in opposition to the pending amendment. I understand the pending amendment is amendment 1703, is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. TALMADGE. Mr. President, when Congress voted the medicaid bill back in the 1960's in that bill we mandated certain services to become effective by 1975. Growth of the proposal was progressive and became more and more expensive each year. It must be recalled that the Medicaid program is a joint program financed by the States and by the Federal Government. It does not come under social security provisions. It is a matching program whereby the Federal Government matches the States in accordance with a certain formula. A number of years ago we had hearings with Governors of the respective States. They said they were unable to balance the budget; that the mandate of Congress was requiring so much in the way of medical services that they could not provide the services; they did not have the resources to do so; that their legislatures were rebelling about raising new taxes, and they did not have adequate funds to do so.

I remember particularly the State of New Mexico and others that complained bitterly about Congress putting them in a strait-jacket and requiring the States to do things they had no particular desire to do.

It will be recalled that we never did go to conference with the House on the welfare reform bill in 1970. The House conferees refused to go to conference with the Senate in the last days of a dying session. But this year, in H.R. 1, the House sent us the identical provisions that the Senate Finance Committee had agreed to some 2 years ago. They sent to us the identical provisions that the U.S. Senate agreed to some years ago.

The question which this body must decide is simply this: Does the Senate of the United States want to require the 50 sovereign States to maintain programs at the expense of those States that the State Governors and the State legislatures might not want to maintain for themselves?

Any medical program, of course, is vastly popular with the people. No Governor, no legislator of the 50 States, would like to curtail and restrict health care and medical programs if that could possibly be avoided, but the States are crying for help. They are crying for aid. This year we passed a 5-year revenue sharing bill, providing more than $30 billion, on the theory that the States, the municipalities, and the county governments did not have the revenue to carry on programs they are carrying on at the present time.

So why should we, under those conditions, come in and mandate the States to do something that the States themselves do not want to do? That is simply put, but that is the issue facing the Senate at the present time, and it is a matter of such grave importance that it will be necessary to have a yea and nay vote on this particular amendment.

I, therefore, suggest the absence of a quorum, and notify the attachés to request that enough Senators come to the floor in order to have the yeas and nays ordered.

Mr. KENNEDY. Mr. President, will the Senator withhold that request?

Mr. TALMADGE. I will withhold that request temporarily.

Mr. KENNEDY. I would like to direct the attention of the Senator to page 201 of the report. It refers to section 230 of the bill, but it is under section 1093(e). It reads:

Section 1903(e) of the Medicaid statute requires that each State make "a satisfactory showing that it is making efforts in the direction of broadening the scope of the care and services made available under the plan and in the direction of liberalizing the eligibility requirements for medical assistance.

All we are asking is that the States do continue existing law, which was a recognition by and a finding of the Congress that what we were really attempting to do was work in partnership with the States to establish health services in the medicaid and medicare field.

That has been part of the act until this year. The Congress is either interested in developing a comprehensive program for health services or it is not.

So I ask the Senator what he finds objectionable. I would be interested in learning why it is so objectionable to him when it was accepted in the past. Why was it not objected to in the past? I would be interested in knowing why the Senator finds objectionable the words "a satisfactory showing that it is making efforts in the direction of broadening the scope of care and services."

Mr. TALMADGE. As the Senator knows, this is a Federal statute that mandates the States to do certain things. It requires them to increase their programs of aid for medicaid year by year, getting more expensive with each succeeding year. Originally there was a target date that this must be done by 1975. In 1969 Congress postponed it from 1975 to 1977.

The problem involved here is that we are requiring the States to do more than they have the revenue to do, and the committee thought we ought not to mandate the States to do things that they themselves do not desire to do. I read from a portion of the committee report:

The committee has been concerned with the burden of the medicaid program on State finances.

I will point out that when this program was originally adopted, the estimated cost was $238 million above the existing cost at that time, and in 1 year's time that was the exact cost increase—but for six States only. My recollection is that the Department of Health, Education, and Welfare underestimated the cost of this program, and that has concerned the Senate Finance Committee.

I continue reading from the report:

The expansion of the medicaid program and liberalization of eligibility requirements for medical assistance which is required by section 1903(e) could increase this burden and may result in States either cutting back on other programs or their considering dropping medicaid.

After we passed this program we found some States were so irresponsible that they actually permitted families with incomes of $6,000 a year to get free medical treatment. If my memory serves me correctly, the States of New York and California were two of them. We found that burden was so excessive and such a drain on the Federal Treasury that it was necessary for Congress to step in and to set some ceiling on such an open-ended authorization.

I continue reading from the report:

The committee agrees with the action of the House repealing section 1903(e). When the operations of the State medicaid programs have been substantially improved and there is assurance that program extensions will not merely result in other medical costs inflation, the question of expansion of the program can then be reconsidered.

The medicaid cost, I will point out to the Senator, for the fiscal year 1973 is $5 billion on the part of the Federal Government and $4 billion on the part of the State governments, making a total cost of $9 billion a year; and if these programs

continue to increase in cost, that will be just a drop in the bucket compared to what it will be in 1977.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. TALMADGE. I yield.

Mr. KENNEDY. Could the Senator tell us what he thinks the cost of this amendment is? There is no financial cost either in this amendment, which repeals section 230, or section 231. The committee's proposal to remove that requirement will not result in large-scale cutbacks.

We all agree that the cost of medicaid is exceedingly large, but I do not see why the Senator thinks that is affected by these amendments. That certainly does not apply to either one of these amendments. The only requirement would be the development of a plan under section 230. The committee does not believe that the removal of the maintenance of effort requirement will result in large-scale cutbacks in expenditures. I want to make sure that what the Finance Committee says is written in the law.

The Senator from Georgia can talk all afternoon about the increased costs of medicaid and medicare. We are not talking about the increased costs. We are talking about the conclusions of the Finance Committee. My next amendment is closely related to this one, but it assures that there are not any further cutbacks.

That is why I ask the Senator from Georgia why we are talking about increased costs when neither of these amendments will result in increased costs.

Admittedly we will not achieve a fully effective and equitable health program unless we enact a national health insurance. But all we are asking under the amendment introduced here is that we continue toward the goal that has been a part of this health care system up to this year by requesting the States to meet the deadline of 1977 with respect to the provision of comprehensive services. If that is too soon, I would be glad to modify it to the year 1979, or 1980. I think it is just important that we continue in the direction we are moving and not retrench.

But I fail to see, in either of the two amendments I am talking about as to section 230 and 231, why these amendments will cost the Government any additional money. I find the case to be quite the contrary.

Mr. TALMADGE. There is no way to put a firm dollar cost on what the future will bring. What this amendment addresses itself to is the fact that the States would be mandated both by Federal law and HEW regulations to improve their medical services under medicaid each year, to make it more and more costly. All we need do to consider the future is see what has happened in the past.

If my memory serves me correctly, when they came before the Finance Committee to testify on the cost of medicaid for the first year, the figure was some $200 million to $400 million, above the then current costs as an estimate. Mr. President, the first year alone, we found they were off base. Now we have seen that figure progressively increase year after year. The original cost was trivial compared to the cost for this fiscal year. The cost for this fiscal year, on the Federal level, is $5 billion. The cost for this fiscal year on the State level is $4 billion. The combined total of the two is $9 billion, and if we continue to require the States to provide more medicaid than they can finance, the cost will escalate still further, and instead of coming in and asking us to pass a $30 billion revenue-sharing bill, the next revenue-sharing bill may be $60 billion, $90 billion, $100 billion, or no one knows what.

The issue, to me, is very fundamental. The U.S. Government ought not to pass a law compelling States to do things in providing functions for their citizens that the legislatures of the States themselves do not want to provide. That is what this issue is all about.

We have had Governors come before our body and testify that they cannot finance these provisions: "The legislature will not finance these provisions, for God's sake, give us some relief."

That is what the Senate Finance Committee, on two separate occasions, has provided. That is what the Senate, by an overwhelming vote, in 1970, voted. That is what the Ways and Means Committee in 1972 voted. That is what the House of Representatives in 1972 has voted. That is what we are asking the Senate to vote on right now, not to compel the States to do it. They say they cannot afford it, and do not want to do it. That is what this issue is all about.

I suggest the absence of a quorum.

Mr. KENNEDY. Mr. President, will the Senator withhold that?

Mr. TALMADGE. I withdraw it.

Mr. KENNEDY. Mr. President, the point that I think has been missed in this discussion is the fact that what we have done here in Congress and in the Senate in the passage of medicare and medicaid has increased the demand for services without increasing the supply. The point of the Senator from Georgia is well taken about the even increasing cost of medical services, but the only way we will ever get a handle on that, I believe, is to have a comprehensive health security act that, for the first time, will put a ceiling on the cost of health services. That is what we really have to do. That is what we really need.

All we are asking, in these two amendments, is that while Congress considers that legislation, the States not go out and cut back on services for people who are poor, disabled, disadvantaged, old, lame, and blind. That is what we are talking about. All we are asking here in section 231 is that the States do not cut back any farther. We are not mandating that they increase it. We are just saying, "Don't cut back any farther." And it is the conclusion of the Committee on Finance, at least they believe, i tis their judgment, the most of the States will not cut back.

I say if it is their judgment that the States will not cut back, we ought to make sure they do not cut back on these services for people who are in desperate need.

The only other requirement under section 230 is that we develop a comprehensive plan and program of health services for the poor people, that we establish that as a goal.

That was recognized as a principle and a concept back in 1969. If it is not a good idea to mandate the States in 1972, why was it a good idea in 1969? If this argument about States rights is good in 1972, why was it not good in 1969?

We know about the whole question of the crisis in health. This is something that our health committee has been interested in and concerned about for some period of time. But you do not get around trying to meet the crisis in health by cutting down on services to the poor and disadvantaged people of this country. If we want to do something about it, we should try to do something about the profits of the health insurance companies which are escalating.

To hear the talk on the floor of the Senate this afternoon, it sounds like all our problems have been put on our backs by the poor and disadvantaged people of this country and that they are the ones who are exploiting us. But we had better realize now that the ones who have really been reaming the taxpayers are the insurance companies, and that is what we ought to be doing something about, and not cutting back on the services to the poor and disadvantaged.

Mr. TALMADGE. Mr. President, just a brief reply, and then I shall suggest the absence of a quorum.

The entire matter of public health is one of the things that the Congress of the United States must deal with next year, and it will be one of the highest priority items. The Ways and Means Committee has already held some public hearings in this field. Chairman MILLS of that committee has announced that it will be one of the highest priority items of the next session of Congress. I agree with that. It will be one of the highest priority items of the Senate Finance Committee, and of the Congress, next year.

All of the States have had problems with this matter. In 1969, the Senator's own State of Massachusetts had to consider a $120 million bond issue to meet the cost of medicaid and the welfare operating deficit. And Massachusetts was not an isolated case. All the States have had the same problem, and that is the reason why they have asked the Finance Committee, the Ways and Means Committee, and Congress to give them some relief.

The Ways and Means Committee has responded in the affirmative. The House of Representatives has responded in the affirmative. The Senate Finance Committee, on two separate occasions, has responded in the affirmative. And just 2 years ago, this body, by an overwhelming vote, responded in the affirmative.

We ought not to be mandating States to do more and more when they cannot do what they are undertaking at the present time, and come up here to this body on bended knee, begging for a $30 billion revenue-sharing program, which we have given them simply because they cannot carry out the functions of Government that we have already assigned and requested that they do.

Under those conditions, it seems ab-

solutely intolerable to me that the U.S. Senate will say, "Yes, we know you are broke. We are broke, too. Our budgetary deficit for 4 years has been over $100 billion. The taxpayers are crying for relief; they cannot pay the taxes. But even under those conditions, we are going to make you do more and more and more," instead of letting the 50 States say for themselves what they want to do.

Mr. MOSS. Mr. President, will the Senator yield?

Mr. TALMADGE. I yield.

Mr. MOSS. Is it not true that the Kennedy amendments do not call for any more efforts from the States; they simply restrain the States from cutting back?

Mr. TALMADGE. The existing law that the Senate Finance Committee repealed, the Ways and Means Committee repealed, the House repealed, and the Senate repealed 2 years ago, requires them to do more and more and more and more, and we are seeking to repeal the law that requires them to do more and more.

Mr. MOSS. I understand, from reading the amendments and listening to the Senator from Massachusetts, that the purpose of this is simply to inhibit the States from cutting back on their efforts, repealing the requirement of maintenance and the maintenance of effort; and it seems to me it would be ill-timed now to repeal any requirement on the States, especially as the Senator from Georgia, as did the Senator from Massachusetts, has pointed out that this body and the House of Representatives will be debating further a health care and health maintenance bill next year. Certainly, we ought to await that, to see whether we are going to repeal what is required now.

Mr. TALMADGE. The Senator is addressing himself to another amendment of the Senator from Massachusetts which is at the desk and is not the pending business. The pending business is amendment No. 1703, to which the Senator from Georgia has addressed his remarks, and that is a provision in the medicaid bill that makes States do more and more and more sucessively each year, until the target date 1977.

Mr. MOSS. Does the Senator from Georgia have any estimate as to the cost of the amendments? I think the Senator from Massachusetts has been talking about two amendments.

Mr. TALMADGE. I responded to that earlier, to the Senator from Massachusetts. There is no way to estimate the cost, because we do not know what will be required. We do not know what the HEW regulations will be.

But we know that the cost to date has been going up at such a fantastic rate that the cost to the Federal Government this year is $5 billion and the cost to the State governments this year is $4 billion, for a combined cost of $9 billion for fiscal 1973 only.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. TALMADGE. I yield.

Mr. KENNEDY. The point of the Senator from Utah is that there is no clear cost in the two amendments we are considering, if we follow the conclusions of the Finance Committee on 230.

The Finance Committee has concluded that the States are not going to cut back. So there really is not a cost factor.

With respect to the second amendment, No. 231, the conclusion of the Finance Committee is that the States are not going to cut back their programs. We want to write that into law.

I am curious why the Senator from Georgia, rather than talking about increasing costs of medicare and medicaid, as a whole, talks as if there are cost implications to either of these amendments.

Mr. TALMADGE. This amendment does not address itself to medicare in any manner whatever. Nothing the Senator from Georgia has said relates to medicare. This is the medicaid program entirely.

There is no way of estimating the cost, because it will depend upon the zeal of HEW in compelling the States, year after year, to progressively increase the cost. That is why the Finance Committee, the Ways and Means Committee, the House of Representatives, and the U.S. Senate have heretofore taken action in this regard—to mandate HEW, "Please don't go out and make these States spend more money that they don't have." If this provision of the Finance Committee is agreed to, HEW cannot go out and mandate the respective States to spend more and more and more each year. That is what the States have requested us to do. That is what the Senate has done. That is what the Finance Committee has done. That is what the House has done. That is what the Ways and Means Committee has done. They have responded to the pleas of the 50 States: "Please save us from having to spend more money that HEW bureaucrats are making us spend."

Mr. MOSS. Mr. President, will the Senator yield?

Mr. TALMADGE. I yield.

Mr. MOSS. Presumably, if people are getting medical care, they have some need for the medical care. Are we compelling States to squander, to throw away, medical care?

Mr. TALMADGE. HEW has been doing that. They have been compelling and mandating States to spend money they do not have to spend, money that the legislatures do not want to spend, money that the governors do not want to spend. HEW is saying, "But you must."

Mr. MOSS. But what about the little fellow who has a liver ailment or a crooked back or some other disease and needs help and cannot get medical help? We say, "We will take it out on you and let the States save the money."

Mr. TALMADGE. Every indigent citizen in America is covered at the present time under medicaid. We are now spending $9 billion a year on medicaid.

Mr. MOSS. I would still like to know how all the medical service is wasted, then, if there is no illness that it was directed toward.

Mr. TALMADGE. Before the Senator came into the Chamber, I stated that New York State was at one point mandating free medicine to families earning $6,000 a year. The Finance Committee had to step in and correct that. What we are trying to do now is to protect the States from spending money they do not want to spend; and HEW bureaucrats have been roaming the country and making them spend it, whether they like it or not.

Mr. LONG. Mr. President, will the Senator yield?

Mr. TALMADGE. I yield.

Mr. LONG. I ask the Senator if this type of situation does not seem to be the problem: We put a program into effect that provided that we would match the States at the Federal level, so that States could provide a generous program of medical care for people, even those not eligible for welfare cash payments. Then the States, seeing this generous Federal matching, went ahead and put on people, as New York did, who were making more than $6,000 a year. Having done that, they run into court decisions and into great numbers of applications for benefits that they never anticipated. So we find the costs bankrupting them on their share. The Federal Government is matching them; but those who would provide the greater benefit would like to assume that the finances of the Federal Government are limitless, that all we need do is run off more money on the printing presses to pay for these programs.

Those who would proceed on that assumption then find that the State, having been overly generous and having attracted far more business than they thought they were going to attract, cannot put up their end; they are broke. Meanwhile, they are confronted with a provision in the law that requires that every year they provide even more services than the year before.

Mr. TALMADGE. The Senator is eminently correct.

Mr. LONG. The only thing that makes any sense at all is that, having been generous far beyond one's own ability to be generous, a State whose services are far more liberal than the other should cut back toward the common level. Instead, we have a provision in the law so that, having been generous to the extent of being absolutely foolhardy, the State cannot come back to the point of common sense and get their program back within costs.

Various welfare administrators have approached the Senator from Louisiana and have said, "What can you do to protect us against this billions of dollars of further increases in the cost of medicaid?"

One of the things we can do is to give the States the authority and the power to back away from some of the unjustified generosity they could not afford in the first instance. There are all kinds of ways that a State could reduce the cost of the program back to something they could afford.

If we are not going to pay for it, the option should be left to the State, so that they can reduce some of the generous benefits.

With regard to the idea of going ahead and spending on the theory that the Federal Government can pay for everything, I should tell the Senate I am on notice that if the bill includes the spending

which the Senate has already put in and it reaches the President's desk, he will probably have to veto it because it so greatly exceeds what the President estimated the bill would cost when he sent it down here to begin with.

Mr. TALMADGE. The Senator from Louisiana has stated it superbly. In 1966, the first year, the medicaid program cost $1 billion. The second year it cost $2.5 billion. The third year it was $3.7 billion. The fourth year $4.3 billion. The fifth year $5.4 billion. Next year $6 billion. It has been compounding at the rate of more than 20 percent a year. We know that compounding interest escalates rapidly when we compound it at the rate of 20 percent a year.

Mr. LONG. The provision the Senator from Massachusetts seeks to keep in the law, that provision that says notwithstanding the fact that the State may already be broke they have to have an ever more elaborate program. It goes up and up.

Mr. TALMADGE. More and more and more. That is the tenor of it.

Mr. LONG. It goes ever upward and onward higher and higher——

Mr. TALMADGE. Exactly.

Mr. LONG (continuing). Hoping that the State might survive until 1977, at which point we might have some money left to keep it pyramiding.

Mr. TALMADGE. No matter higher prices, no matter what, let it go higher and higher. That is what it would mean.

Mr. President, I now ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KENNEDY. Mr. President, finally and briefly, if we are to follow the line of argument urged on us by the Senators from Louisiana and Georgia, we will not have more and more; we will have less and less. We should recognize that at least 50 percent of the cost of medicaid programs is financed by the Federal Government. What we have been attempting to do under medicaid is work toward Medicaid programs that provide minimum standards of good health care in every State, so that it would not depend on being born in Georgia, in Alabama, or in Massachusetts. Why should the accident of birth determine whether one can be treated for sickness or illness? We want to work toward a basic standard for everyone. The only thing we are talking about, so far as these two amendments are concerned, is that we are not going to set aside this goal, or cut back any further than where we are now.

Mr. CRANSTON. Mr. President, I ask unanimous consent that John Steinberg of my staff may have the privilege of the floor throughout the consideration of H.R. 1 today.

The PRESIDING OFFICER (Mr. ROTH). Without objection, it is so ordered.

Mr. LONG. Mr. President, we on the committee recognize that there are additional costs involved in medicaid and we will have to find ways to provide more health care for people. We know that. The Senator has his health insurance ideas which would cost far more than what has been recommended—several times more. But even health insurance that this Senator would recommend would increase the cost $3 billion at the minimum over what we have in the bill now. This is about a $20 billion bill now, I think. We know that the cost of medical programs will increase in the next Congress. The chairman of the Ways and Means Committee has announced that it will be a priority item with them to be considered in that committee, and his members expect to fashion a proposal in the health care area which will provide for more health care.

We on the Finance Committee expect that we will be recommending legislation providing for additional health care. But this is not the answer, to pass an act of Congress to force the States to bankrupt themselves. If we are going to provide——

Mr. KENNEDY. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. In 1 minute—if we are going to provide proper health care for people, we should provide it and provide funds ourselves here to pay for it. It is no answer to pass an act of Congress requiring the States to go into bankruptcy because the people refuse to put more taxes on themselves.

I would think we will undoubtedly find other ways for providing more health care and paying for it next year. But the Senator from Massachusetts does not provide for that. All he provides for is to force the States to bankrupt themselves and that is something that should not be forced on the States of this Union by an act of Congress.

I am happy now to yield to the Senator from Massachusetts.

Mr. KENNEDY. I am wondering what provision the Senator is talking about. He is not talking about the two amendments I have been discussing about bankrupting the country, because I have drawn upon the conclusions of the committee, contained within its report on the bill. And it has been the conclusion that there should not be any significant cutback in services. So, obviously, he is not talking about my two amendments.

Mr. LONG. The Senator has several amendments here. I think probably the Senator is referring to the one not presently pending. We are talking about amendment No. 1703. That is the one that would threaten to bankrupt the States. The Senate and the House and both committees on both sides, having studied it, decided we should not require the States to provide more benefits next year than they provided this year, more benefits the following year than they provided the previous year, and so on.

Mr. KENNEDY. The Senator is not talking about my amendments. All mine apply to is the development of a comprehensive plan for services, but there is no requirement placed on any State. All it does is, it reverts back to the language of the act put in in 1969 requiring the States to develop the plans and programs.

Mr. LONG. Under section 1903(e), which is what we are talking about, HEW has required the States to move ever onward and upward with benefit requirements. That is the section the Senator would retain as is.

Mr. KENNEDY. It says a satisfactory showing, that is, making an effort. There is no requirement that they do more than make a satisfactory showing. It has existed in the act up until this year, just a satisfactory showing.

Mr. LONG. HEW, under that provision, says:

> What are you doing? Give us a satisfactory showing that you are moving ever onward and upward, that it is a more expensive program.

That is what 1903(e) is being used to say. So far as they are concerned, it is not a satisfactory showing you are thinking about, but a satisfactory showing that you are spending more money and providing more services to the people than you had the year before. So it is that provision in the law which HEW is relying on to force the States as a condition of receiving any Federal matching funds to make a satisfactory showing that they are spending more money this year than last.

Mr. KENNEDY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. (Mr. ROTH). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, as I understand the parliamentary situation, the yeas and nays have been ordered on the amendment.

The PRESIDING OFFICER. The Senator is correct.

Mr. KENNEDY. Mr. President, I am prepared to vote on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from West Virginia (Mr. ROBERT C. BYRD), the Senator from Texas (Mr. BENTSEN), the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Louisiana (Mrs. EDWARDS), the Senator from South Dakota (Mr. McGOVERN), the Senator from New Hampshire (Mr. McINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Rhode Island (Mr. PELL), the Senator from Oklahoma (Mr. HARRIS), the Senator from South Carolina (Mr. HOLLINGS), and the Senator from Virginia (Mr. SPONG), are necessarily absent.

I further announce that the Senator from Wyoming (Mr. McGEE), is absent on official business.

On this vote, the Senator from Rhode Island (Mr. PELL) is paired with the Senator from Louisiana (Mrs. EDWARDS)

If present and voting, the Senator from Rhode Island would vote "yea" and the Senator from Louisiana would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BAKER), the Senator from Delaware (Mr. BOGGS), the Senator from Nebraska (Mr. CURTIS), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Delaware (Mr. BOGGS) and the Senator from Texas (Mr. TOWER) would each vote "nay."

On this vote, the Senator from Oregon (Mr. HATFIELD) is paired with the Senator from Nebraska (Mr. CURTIS). If present and voting, the Senator from Oregon would vote "yea" and the Senator from Nebraska would vote "nay."

The result was announced—yeas 33, nays 45, as follows:

[No. 524 Leg.]

YEAS—33

Aiken	Hughes	Ribicoff
Bayh	Humphrey	Saxbe
Beall	Jackson	Schweiker
Brooke	Javits	Scott
Burdick	Kennedy	Stafford
Case	Mathias	Stevens
Cooper	Mondale	Stevenson
Cranston	Moss	Taft
Gravel	Muskie	Tunney
Hart	Pastore	Weicker
Hartke	Percy	Williams

NAYS—45

Allen	Fannin	Montoya
Anderson	Fong	Nelson
Bellmon	Fulbright	Packwood
Bennett	Gambrell	Pearson
Bible	Griffin	Proxmire
Brock	Gurney	Randolph
Buckley	Hansen	Roth
Byrd, Harry F., Jr.	Hruska	Smith
	Inouye	Sparkman
Cannon	Jordan, N.C.	Stennis
Chiles	Jordan, Idaho	Symington
Cook	Long	Talmadge
Cotton	Magnuson	Thurmond
Dole	Mansfield	Young
Dominick	McClellan	
Ervin	Miller	

NOT VOTING—22

Allott	Eastland	McIntyre
Baker	Edwards	Metcalf
Bentsen	Goldwater	Mundt
Boggs	Harris	Pell
Byrd, Robert C.	Hatfield	Spong
Church	Hollings	Tower
Curtis	McGee	
Eagleton	McGovern	

So Mr. KENNEDY'S amendment (No. 1703) was rejected.

Mr. KENNEDY. Mr. President, I send to the desk an amendment, on behalf of myself and Senators MOSS, PERCY, BROOKE, CRANSTON, HART, HUMPHREY, JAVITS, and TUNNEY.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read the amendment, as follows:

On page 348, strike out lines 20 through 22.

The language proposed to be stricken out is as follows:

REPEAL OF SECTION 1902(D) OF MEDICAID

SEC. 231. Section 1902(d) of the Social Security Act is repealed.

Mr. KENNEDY. Mr. President, I ask unanimous consent that minority counsel from the Labor and Public Welfare Committee, Mr. Cutler, be permitted the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, for the benefit of Members of the Senate, I do not think this amendment will take very much time. I intend to take only 3 or 4 minutes. We have had an opportunity to talk about this amendment with the chairman of the Finance Committee and also with the Senator from Georgia during his absence from the debate on the previous amendment. There are just a couple of points I would like to make at this time.

First of all, the amendment really does not cost anything at all. The thrust of the amendment is to require that the States not cut back on providing services that they are already providing, and, as reflected in the committee's report on page 245, the Finance Committee does not feel that there will be a reduction of services by States under medicaid. I read the language of the committee report:

The committee does not expect that removal of the maintenance of effort requirement will result in large-scale cut-backs in benefits under the Medicaid program.

All this amendment tries to do is to take that idea and make sure that the effort will be maintained. We are not writing anything new. The provision has been in effect since 1969. All we are trying to do is go back to the existing law, which is to require that the maintenance of effort be maintained and that we do not get the kind of large-scale withdrawal which I fear will come to hundreds of thousands of persons, most in need of health services.

The Finance Committee does not think there will be a significant withdrawal, but it is really to guard against the possibility of States withdrawing that we have offered this amendment.

Finally, let me say that if a State is able to demonstrate to the Secretary of Health, Education, and Welfare that, as a result of utilization review, that there will be an undue burden on it, it will be able to receive the waiver for which it would have been eligible under the act as previously drawn. So this proposal provides definite flexibility for those States that feel the kind of program that has been developed is particularly burdensome to them. They will be able to have studies made and go to the Secretary of Health, Education, and Welfare and be granted a waiver. But the thrust of this amendment is to assure that there will not be further cutbacks by the States in the range of services that are being provided.

It seems to me it is important that we continue these efforts, particularly when we recognize that approximately $1 billion is being returned to the States under title III of the bill, and also that resources will be returned to the States under the revenue-sharing program, and health care certainly is one of the areas of priority under that program.

So I hope the amendment is adopted.

I ask unanimous consent that the Senator from Connecticut (Mr. RIBICOFF) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, the amendment the Senator is offering was offered before the Senate in 1970, and the Senate voted against the amendment of the Senator from Massachusetts in 1970, and I think it would do so now for reasons I would like to explain.

As the Senator has so well said, we do not anticipate that the States will make significant cutbacks in their medicaid program, but we have seen situations when Senators from certain States come to us pleading for relief to help the State's fiscal situation. For example, a Governor of a State might think it desirable to provide particular benefits and raise the eligibility requirements so that people making $10,000 or $12,000 could enjoy the benefits of medicaid. And when they do those things, far more people than they anticipated come in asking for the benefits, and then the State finds they cannot afford it.

Without the maintenance of effort provision we could say, "Simply cut back on your generosity," and everything would be fine.

It was the Senator from Louisiana who started this maintenance of effort thing. In years gone by, I used to advocate a $5 or $10 increase in grandma's old-age pension check, and then the State would economize and only pass half of it through to them. So this Senator formulated the theory that when the Federal Government would make an increase we would require a maintenance of effort, so that we could guarantee the people would get the benefit.

Then that procedure was, you might say, perfected by the Department of HEW by what is now known as the maintenance of effort provision, which works out in some instances as Congress never intended—so much so that one would wonder whether we had our sanity when we passed it.

A situation occurred in the State of New Mexico, and we had to pass a law to allow them to retreat, the only alternative being that the Federal Government pay for an unwise decision on the part of the State from which the State would like to retreat.

The same thing happened in the State of Tennessee, where the very liberal former Senator from that State, Mr. Gore, himself had to come before Congress and plead for us to relieve Tennessee from the generosity which they could not afford to continue.

If we are going to make them continue for all time to come to maintain an effort and a burden once they assume it, then it inhibits and prevents the Governor from doing something for the benefit of his people which he believes would be a good idea, for fear that he will not be able to keep it up.

All the welfare administrators are telling us right now that they are very fearful of what will happen to their States' budgets when we pass this bill, because they will be under pressure to make large numbers of aged and disabled people eligible for medicaid who are not eligible today, because we have expanded

the cash benefits program for those people.

They say they are going to be confronted with a real fiscal crunch, you might say, and they want to know where the help is going to come from to pay for it. Undoubtedly the help will come from here.

We in Congress will provide a more generous set of benefits in terms of health care next year than this year. That will be one of the main items of consideration in the next Congress.

The most inexpensive thing along that line that I know of is one that is being proposed by me. It would cost about $3 billion extra. The Senator from Massachusetts has a proposal that would cost about $50 billion extra. Others have proposals varying in between. In any event, we are going to provide for a lot of additional health care next year, somewhere between $3 billion and $50 billion worth of it, and, if a State needs some help to carry this burden, we will provide it.

But meanwhile, if the States find they have been more generous than they can afford, and cannot keep it up, why should they not be permitted to cut back somewhat in what they were providing, especially when a court decision or a decision of HEW makes them provide benefits for more people than they felt they would have to provide for?

I yield to the Senator from Utah.

Mr. BENNETT. Mr. President, I am glad the Senator mentioned New Mexico, because there is another chapter in the New Mexico story which I think this amendment would affect.

The New Mexico doctors organized a review organization, and reviewed all the medicaid cases, and they discovered that about 20 percent of the service provided were either unnecessary or could be provided more economically. Under this amendment, they would have to go on throwing money out when, as a matter of fact, they might not have the need, and the Governor would not be allowed to save the money that the review made possible. This saving was not going to hurt anyone.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. KENNEDY. The Senator is not talking about my amendment. The Senator has completely misinterpreted and misconstrued it, and is not referring to my amendment at all.

Of course they would be able to save money or resources by any kind of investigation which showed error or fraud. Of course they would. The Senator distorts the thrust of the amendment by his explanation.

Mr. BENNETT. If maintenance of effort means spending the same amount of money, and that is the way I understand it, then I do not see how the Governor could save the money. He has got to spend it on medicaid, even though he does not have the demand for services that he thought he had before the matter was reviewed.

Mr. LONG. That is a part of the problem. Under careful professional standards review, as called for in the amendment developed by the Senator from Utah—which I think is a tribute to the statesmanship of the Senator from Utah where the State of New Mexico used the approach recommended in this amendment and carried out a proper review, so that they could provide more medical service and better service at less cost—in New Mexico they did exactly that. By using the kind of review the Senator from Utah (Mr. BENNETT) had been recommending, they thoroughly reviewed what they were doing, and they were able to save lives and provide better, higher quality health care, and save money all at the same time.

Now, under the amendment of the Senator from Massachusetts, they would be required to go ahead and spend the money even though they do not need to. In other words, if they find they can save money and provide better service to these people all at the same time, they have to go spend the money anyway. That is an utterly ridiculous fiasco, I say to the Senator as the man who started this whole maintenance-of-effort thing to begin with. That was initially my amendment, to require that they have a maintenance of effort. At that time, we passed the Long provision so that, when we would provide more benefits at the Federal level, the States would not retrench at their level to offset the additional Federal generosity.

I say, as the one who originally sponsored that proposal, that it is an utterly ridiculous result when you take it to the point that when a State finds that by good administration and careful review of patient care, and they can give better care at less cost, that they can save money and save lives at the same time, the money must be wasted anyway.

When the States find they can save money by good administration and careful review, on the one hand, and it results in providing better care and savings at the same time, to require them to pour money down a rathole, so to speak, is an utterly ridiculous result, and I hope, Mr. President, that the Senate will not reverse its previous decision.

The Senate voted on this on a previous occasion, and voted that in a situation of this sort, the States could make some reductions.

We are going to provide, as I say, a lot more money for medical care next year, and we are going to look at the problems the States have in trying to finance what they are doing because of the expanded rolls we make necessary under this bill. But I would hope the Senate would not require the States to spend money, under the theory of maintaining of effort, that might not be appropriate in some situations.

Mr. KENNEDY. Mr. President, we are not expanding any rolls by this amendment. We are not increasing any costs. All you have to do is read through the report of the Finance Committee, where they indicated:

> We do not expect that the removal of the maintenance of effort requirement will result in cutbacks in benefits.

If they do not believe it will result in cutbacks in benefits, why not just write that into the legislation? It is in there now.

It is important that the Senate understand where we are with respect to this amendment. The last amendment was to provide professional planning for future services by the States under medicaid. This amendment is just a maintenance of State effort by the States, with escape procedures which can be available to the States that are able to make a good case for the use of that particular provision. I hope the Senate will accept the amendment.

Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. LONG. Mr. President, the principal result of the Senator's amendment would be that the States would be denied the flexibility that some of them will need to make some changes in their programs to meet temporary pressures of cost and other considerations that might occur. I suppose the best example as to what occasioned the committee position, which the Senator seeks to strike, is a situation in New Mexico, where the State found it necessary for a short period of time to cut back somewhat in benefits in one area or another, so as to meet the financial pressure on the program. Once they got their adjustments made, they were able to restore the same level of benefits they had before. In fact, they not only restored it but also moved to an even larger level of benefits for the people.

Senator Anderson was an early sponsor of the medicare program, back in the days when it used to be called the King-Anderson bill.

We are seeking to preserve the same flexibility New Mexico had to resort to.

I have heard no one contend that any State expects any major cutback or reduction in any of the things they are doing, but they do need flexibility in their program to take care of the crises that may arise from time to time, until we can provide more help to them.

Mr. KENNEDY. Mr. President, it is important that we realize that half the money we are talking about in the Medicaid program comes from the Federal Government. We are trying to establish some rather basic and fundamental services. Once they are established, we want to make sure that they will not be cut back.

Under this provision, we are going to find—contrary to the findings of the Finance Committee—children, women, and others under medicaid who are receiving doctors' services, hospital services, and other services this year who will not receive them next year. That is the plain truth.

We are trying to insure that those who are getting the services now will be able to continue to receive those services.

The women, the children, the blind, the disabled, all those who are receiving these services, should not lose them next year;

Mr. President, I am prepared to vote at this time.

Mr. LONG. Mr. President, as a political matter, the States are not going to deny health care they are providing to the aged, the blind, and the disabled, unless

the pressure on the States is such that they must make some adjustment.

This amendment was offered back in 1970, and was rejected by a vote of 18 to 44.

Senators might like to have their memories refreshed as to how they voted when they had the same question before them in 1970, just 2 years ago. The following Senators voted in favor of the amendment: Messrs. BAYH, BROOKE, CASE, CRANSTON, HARRIS, HARTKE, HUGHES, JACKSON, JAVITS, KENNEDY, MATHIAS, MCGOVERN, MONDALE, MOSS, RIBICOFF, SCHWEIKER, SCOTT, and WILLIAMS of New Jersey.

Voting against this proposal, as I propose to vote on this occasion, were the following Senators: Messrs. AIKEN, ALLEN, ALLOTT, BAKER, BELLMON, BIBLE, BOGGS, HARRY F. BYRD, JR., ROBERT C. BYRD, CANNON, COOK, COOPER, CURTIS, DOLE, Ellender, FANNIN, GRIFFIN, HANSEN, Holland, HRUSKA, JORDAN of North Carolina, JORDAN of Idaho, LONG, MAGNUSON, MANSFIELD, MCINTYRE, METCALF, MILLER, NELSON, PACKWOOD, PEARSON, PELL, PERCY, Prouty, PROXMIRE, RANDOLPH, SMITH, SPARKMAN, SPONG, STEVENS, SYMINGTON, TALMADGE, THURMOND, and Williams of Delaware.

There were 38 not voting.

Mr. President, I ask unanimous consent that the rollcall vote be printed in the RECORD.

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

[No. 453 Leg.]

YEAS—18

Bayh, Brooke, Case, Cranston, Harris, Hartke, Hughes, Jackson, Javits, Kennedy, Mathias, McGovern, Mondale, Moss, Ribicoff, Schweiker, Scott, Williams, N.J.

NAYS—44

Aiken, Allen, Allott, Baker, Bellmon, Bible, Boggs, Byrd, Va., Byrd, W. Va., Cannon, Cook, Cooper, Curtis, Dole, Ellender.

Fannin, Griffin, Hansen, Holland, Hruska, Jordan, N.C., Jordan, Idaho, Long, Magnuson, Mansfield, McIntyre, Metcalf, Miller, Nelson, Packwood.

Pearson, Pell, Percy, Prouty, Proxmire, Randolph, Smith, Sparkman, Spong, Stevenson, Symington, Talmadge, Thurmond, Williams, Del.

NOT VOTING—38

Anderson, Bennett, Burdick, Church, Cotton, Dodd, Dominick, Eagleton, Eastland, Ervin, Fong, Fulbright, Goldwater.

Goodell, Gore, Gravel, Gurney, Hart, Hatfield, Hollings, Inouye, McCarthy, McClellan, McGee, Montoya, Mundt.

Murphy, Muskie, Pastore, Russell, Saxbe, Stennis, Stevens, Tower, Tydings, Yarborough, Young, N. Dak., Young, Ohio.

Mr. LONG. I would think, Mr. President, that Senators would be well advised to remain consistent and decline to agree to this amendment, just as the Senate declined to agree to it in 1970. I think there is even more logic to recommend against it now than there was then.

Mr. KENNEDY. Mr. President, it should be a part of the record that of the 12 States that tried to get out of this program, none of them had tried to get out prior to the vote in 1970. They tried to get out subsequently. That is additional information, and that should be weighed in each Senator's final judgment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD (after having voted in the negative). On this vote I have a pair with the Senator from Connecticut (Mr. RIBICOFF). If he were present and voting, he would vote "yea"; if I were at liberty to vote, I would vote "nay." I withdraw my vote.

Mr. MANSFIELD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from West Virginia (Mr. ROBERT C. BYRD), the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Louisiana (Mrs. EDWARDS), the Senator from Oklahoma (Mr. HARRIS), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Rhode Island (Mr. PELL), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Virginia (Mr. SPONG), and the Senator from Mississippi (Mr. STENNIS) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE) is absent on official business.

On this vote, the Senator from Rhode Island (Mr. PELL) is paired with the Senator from Louisiana (Mrs. EDWARDS).

If present and voting, the Senator from Rhode Island would vote "yea" and the Senator from Louisiana would vote "nay."

I further announce that, if present and voting, the Senator from Minnesota (Mr. HUMPHREY) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BAKER), the Senator from Delaware (Mr. BOGGS), the Senator from Nebraska (Mr. CURTIS), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Kansas (Mr. DOLE) is detained on official business.

If present and voting, the Senator from Texas (Mr. TOWER) would vote "nay."

On this vote, the Senator from Oregon (Mr. HATFIELD) is paired with the Senator from Nebraska (Mr. CURTIS). If present and voting, the Senator from Oregon would vote "yea" and the Senator from Nebraska would vote "nay."

Also, if present and voting, the Senator from Kansas (Mr. DOLE) would vote "nay."

The result was announced—yeas 33, nays 40, as follows:

[No. 525 Leg.]

YEAS—33

Aiken	Hughes	Percy
Bayh	Inouye	Saxbe
Beall	Jackson	Schweiker
Brooke	Javits	Scott
Burdick	Kennedy	Smith
Case	Magnuson	Stafford
Cooper	Mathias	Stevens
Cranston	Mondale	Taft
Griffin	Moss	Tunney
Hart	Muskie	Weicker
Hartke	Pastore	Williams

NAYS—40

Allen	Ervin	Montoya
Anderson	Fannin	Nelson
Bellmon	Fong	Packwood
Bennett	Fulbright	Pearson
Bible	Gambrell	Proxmire
Brock	Gravel	Randolph
Buckley	Gurney	Roth
Byrd, Harry F., Jr.	Hansen	Sparkman
	Hruska	Stevenson
Cannon	Jordan, N.C.	Symington
Chiles	Jordan, Idaho	Talmadge
Cook	Long	Thurmond
Cotton	McClellan	Young
Dominick	Miller	

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Mansfield against.

NOT VOTING—26

Allott	Eastland	McIntyre
Baker	Edwards	Metcalf
Bentsen	Goldwater	Mundt
Boggs	Harris	Pell
Byrd, Robert C.	Hatfield	Ribicoff
Church	Hollings	Spong
Curtis	Humphrey	Stennis
Dole	McGee	Tower
Eagleton	McGovern	

So Mr. KENNEDY's amendment was rejected.

Mr. KENNEDY. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk proceeded to state the amendment.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment reads as follows:

On page 467, strike out lines 15 through 17, and insert in lieu thereof the following:

(b)(1) Subject to the provisions of paragraph (2), the amendments made by this section shall be effective with respect to services furnished after June 30, 1973.

(2) The Secretary is authorized and directed to conduct a full and complete study to determine the advisability of inclusion of chiropractor services under Medicare and to postpone the effective date of the amendments made by this section upon a finding that such services should not be so included.

Mr. KENNEDY. Mr. President, I do not expect to take too much time on the amendment. It is not very complicated. It is important that we have it discussed here this afternoon.

In the pending legislation, chiropractors are included as eligible providers under medicare. My amendment would leave chiropractors eligible. However, it would require that there be a study made of chiropractic and that it be done by an independent body and be completed

by June 30 of next year, and that the study be available to the Secretary of HEW so that he will be able to use it to develop regulations as a result of the study if he deems it necessary.

This amendment is important. I urge you to agree to the amendment.

Mr. President, today there are hundreds of thousands of American citizens being treated by chiropractors. They are being treated for a variety of different diseases. During hearings before our Health Subcommittee we have seen many instances in which people who have had various illnesses, initially go to a chiropractor and only later go to a physician. In too many instances, their sicknesses have advanced to the point where the patients died.

Mr. President, I have included in my more complete statement some examples reported in the Reader's Digest and in some of the medical journals concerning treatment of illnesses beyond the scope of their training by chiropractors.

I draw attention to page 3107 of the hearings of the Finance Committee on H.R. 1. That page reproduces a chiropractic research chart. It lists all the various kinds of diseases that chiropractors feel qualified to treat. Included in these is anemia. They then list the percentage accepted for treatment, the percentage that are well or much improved, the percentage that are slightly improved, the percentage that are same, and the percentage that are worse.

For anemia, they have 81.5 percent reported well or much improved.

For gall bladder disorders, they list 80.9 percent being well or much improved.

They even treat high blood pressure. For high blood pressure they list 88.2 percent being well or much improved. For low blood pressure they list 73.6 percent being well or much improved.

For migraine headaches, they list 86.6 percent being well or much improved.

For ulcers they list 80.2 percent being well or much improved.

We know that under the provisions of the legislation all that is required is a high school diploma and 18 months of training in addition to that. They can then go out and treat, as they do, many of our senior citizens and others for a wide variety of different illnesses and diseases.

Mr. President, I have before me one of the textbooks that is printed for the Parker School, by the Parker Chiropractor Research Foundation. And in the textbook they give the kinds of procedures that should be followed and the kind of things that should be said by the chiropractor when patients are treated.

They list the things that one must say to patients during the first 10 visits.

On the first adjustment, a chiropractor is supposed to say: "Your spine is certainly rigid, but that adjustment took well."

On the second adjustment, the chiropractor is supposed to say: "What is better"?

Then if the patient states that nothing is better and restates his trouble, he should say, "Yes, I know; that is on your patient record card, but the adjustment took so well yesterday some improvement should have been noticed. Think hard now—is not something better?" If a patient tells him of conditions that are better, say, "Wonderful. Great. Good for you. I am proud of you. I appreciate your getting well." It states that one should give patients: First, attention; second, acceptance; third, approval; and fourth, recognition.

On the third adjustment, the chiropractor is supposed to say: "What is better? Your eyes are brighter."

On the fourth adjustment, the chiropractor is supposed to say: "What is better? I hope you are feeling as good as you look."

On the fifth adjustment, the chiropractor is supposed to say: "What is better? You are getting a spring in your step."

He is also supposed to give the patient a "twin scale" pamphlet for someone else.

On the sixth adjustment, a chiropractor is supposed to say: "What is better? You are getting in fighting trim."

On the seventh adjustment, the chiropractor is supposed to say: "What is better? Your body and mind are getting more rest in each hour that you sleep than ever before."

On the eighth adjustment, the chiropractor is supposed to say: "What is better? Did you know you will live longer as a result of these adjustments?"

Then they are supposed to give them a 5-day "inner cheap diet" if indicated.

On the ninth adjustment, a chiropractor is supposed to say: "What is better? Did you know you will have fewer colds, sore throats, et cetera, as a result of these adjustments?"

On the 10th and final adjustment, the chiropractor is supposed to say, "What is better? Did you know you will do better work during the time you are having these adjustments?"

Then the book continues to go into the procedures concerning how to get compensation, or as the book puts it, "collect examination fee."

It tells the chiropractor how to collect. That section reads:

a. "That will be $27.50 for today. Will that be cash or check?" or

"That will be $27.50 for today, Mrs. Jones. Do you prefer to pay by cash or check?" or

"Mrs. Jones, that will be $27.50 for today. Do you have your own checkbook or would you like one of our counter checks?"

Under (c) on that page it says: "Don't look up."

Then it gives the reasons for collecting on the first visit. They are as follows:

a. Determine ability of patient to pay.
b. Hold the patient.
c. Establish habit pattern.
d. Just good business.

It then lists as an additional reason for collecting on a cash basis. "Patients who pay cash get better results."

Mr. President, then, later on, they have a section which shows a one-a-day plan for building a $25,000 a year practice. It gives a list about how many X-rays the chiropractor should give; what the income will be based on the number of X-rays, the treatment, and the rest.

This really is not a laughing matter. The amendment that is proposed here is a very modest amendment. All we are requiring is that a study be made by an independent agency, hopefully by the National Academy of Sciences; that this be made available to the Secretary of HEW; that he consult it if he wishes and draft regulations.

I think we have a responsibility in the Senate when we establish programs in the whole area of quality health care to assure that programs we do pass are going to be meaningful and helpful to the American people.

I am certain there are some practices the chiropractor can perform to relieve pain and suffering in individuals, but from the documents which have been submitted to the Finance Committee we can see they go far beyond the type of diseases and illnesses and disorders that should be treated by them. There are signs and symptoms here, such as anemia, high blood pressure, and ulcers, that can signal the beginning of cancer and many other diseases.

I think we should have the kind of skilled practitioners who have gone through courses of study and met requirements in the respective States in performing those services.

Mr. President, I hope the Senate will agree to the amendment.

Mr. LONG. Mr. President, the committee did not have an opportunity to consider the amendment of the Senator from Massachusetts in regard to chiropractors. The committee amendment simply takes the view that it is the duty of the State to decide what it wants to do about this matter—if they want to license chiropractors, certain chiropractic services can be made available. The chiropractors are not entirely satisfied with it, but they would rather have it than the Kennedy amendment.

The Senator makes a strong and eloquent argument. I would leave it to the judgment of the Senate as to what they would like to do about this matter. Personally, I am willing to abide by the judgment of the Senate.

I know that some Senators are more decided about the chiropractor amendment than are others. This would postpone the date when the provisions that affect chiropractors would go into effect. I would be willing to abide by the judgment of the Senate in this matter.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. LONG. I am happy to yield the floor.

Mr. MILLER. Mr. President, can the Senator from Massachusetts tell us whether or not he has read the committee report language on page 253 of the report?

Mr. KENNEDY. Yes, I have.

Mr. MILLER. I would like to read a part of the language in the committee report because I heard the Senator make some comments which I do not believe would be responsive to the language of the Committee on Finance in the report on this section. The language in the committee report was most carefully drafted by the staff of the Committee on Finance and it constitutes important

legislative history for the section of the bill the Senator's amendment refers to.

This would be used by the Department of Health, Education, and Welfare in its regulations to implement the section.

I wish to read very important language in the committee report, which is legislative history. The language is about the middle of the second paragraph under "Coverage of Chiropractic Services Under Medicare" on page 253.

The committee believes that at least uniform minimum standards of the following kinds should underlie licensure: satisfactory evidence of preliminary education equal to the requirements for graduation from an accredited high school or other secondary school; a diploma issued by a college of chiropractic approved by the State's chiropractic examiners and where the practitioner has satisfied the requirements for graduation including the completion of a course of study covering a period of not less than three school years of six months each year in actual continuous attendance covering adequate courses of study in the subjects of anatomy, physiology, symptomatology and diagnosis, hygiene and sanitation, chemistry, histology, pathology, and principles and practice of chiropractic, including clinical instruction in vertebral palpation, nerve tracing and adjusting; and passage of an examination prescribed by the State's chiropractic examiners covering said subjects. Moreover, the committee does not intend that the practice of operative surgery, osteopathy, or administering or prescription of any drug or medicine included in materia medica should be covered by the practice of chiropractic. Such standards would also be applicable to coverage of chiropractic services under medicaid.

I suggest that all of this language is what the committee intended to be included in the regulations to be promulgated by the Department. I am quite confident there are a good many States that will not be able to meet these requirements at the present time. It would be hoped they would raise their standards so they could meet them. I would guess they would meet them rather rapidly with the incentive that they are not going to be covered unless they meet them. I believe the committee did a pretty careful job of setting standards to be included in the regulations; otherwise I do not think the committee would have gotten the provision the Senator seeks to amend.

Mr. KENNEDY. Mr. President, just above the language the Senator from Iowa read there is this statement:

The Committee on Finance believes, however, that further study of chiropractic services is not required to support coverage of the services of chiropractors under the supplementary medical insurance program.

Mr. President, I believe the point raised by the Senator from Maryland that I had intended by my amendment to continue the provisions of the Senate bill, but to have an independent study done that hopefully would be done objectively, by a group such as the National Academy of Sciences, to report before June 30, 1973. The Secretary be authorized upon the completion of the study to draft regulations to reflect the findings. I think we would get the kind of comprehensive study that should be done. I think this provides the kind of protection for the people who use chiropractors that is necessary. I believe this would be the most prudent way to proceed.

I would like to ask a question of the Senator from Louisiana. As I understand it, there are two States that do not have licensing procedures for chiropractors. I understand that Louisiana is one such State. I did not have the opportunity to mention that to the Senator.

Mr. LONG. Mr. President, as I understand it, we in Louisiana can be completely neutral about the matter. We do not license chiropractors in Louisiana.

I think the chiropractors actually erected a sign on one of the main highways in Louisiana reading something like this: "Louisiana, shame, the only State that does not license chiropractors." Apparently that did not change their minds; they do not license them yet. The State medical society there strongly opposes it. Its members have contended, as the Senator probably knows—and, incidentally, the Senator from Massachusetts at this moment is taking a position on something which is one of the few things that I think he would be strongly supported on by the American Medical Association; they might even forgive him for his national health insurance bill.

It is contended by some people that there are patients who ought to be going to doctors, because they really have cancers or have terminal diseases, but, instead, are going to chiropractors who tell them they can help them by straightening their spines when, according to the doctors, it is not going to do any good. It is a hard-fought issue in Louisiana, but Louisiana is not directly affected by this proposal, because we do not have licensed chiropractors in Louisiana.

Mr. HART. Mr. President, I have had the opportunity to listen to the Senator from Massachusetts and, with others, was amused by the excerpts he read from some manual on how to greet patients and how to collect fees. It is unnerving to realize that a school of chiropractic instruct its students how to collect fees. But it would not surprise me in the least if they had gotten their basic text from medical schools, perhaps from some form of a department of economics of the AMA. People go to all kinds of doctors—M.D.'s, O.D.'s and chiropractors. Some patients benefit. Some find that there is no change in their conditions. And others die.

If chiropractors overprescribe, they are not the only kind of doctors in this country who overprescribe. If chiropractors join together in organizing a drug repackaging firm and then write prescriptions on their trade name, they have learned this from some of the medical doctors. We are not doing anything here to correct these practices which we know have been engaged in by certain doctors.

As far as I am aware, the licensing procedure in the State of Michigan is adequate to insure that doctors of medicine, M.D.'s, doctors of osteopathy, doctors of chiropractic, and so on, have met established examination requirements.

Licenses are issued after examination in each of these fields. Occasionally we hear of incompetent performance by a licensee, but this is true of M.D.'s and O.D.'s, as well as chiropractors.

There are weaknesses in all of these licensing boards of examination, as malpractice recoveries confirm. But there just happen to be a great many people in this country who feel that treatment by a chiropractor is of benefit to them. I must acknowledge a personal bias in this. My father was one of those people. My father was not an uninformed person. He did elect to go to a chiropractor when certain symptoms, including, if you will, head colds, bothered him. With other symptoms, he went to our family physician. If he had needed surgery, he would have gone to a surgeon. I would not want, by any vote or silence on my part, to suggest that I think his judgment now is to be questioned. He was in the care of a medical doctor when he expired, not a chiropractor, and I do not blame medical doctors for that, but I know my father did benefit from certain treatment from "Doc" Mac Nealis. He was a chiropractor and he was a good one.

I think nothing we say here should suggest that they are all bad, any more than any passing reference I have made to M.D.'s should be interpreted as indicating I feel that they are all bad, either, just because some of them engage in practices which I think are reprehensible, such as oversubscribing, owning pharmacies, being incorporators and participants of drug repackaging firms. Many Americans know that benefit, satisfaction, and relief have resulted from chiropractic treatment. I am one who has been thus benefited.

Mr. CANNON. Mr. President, will the Senator yield?

Mr. HART. I yield.

Mr. CANNON. I must say I listened with great interest to the Senator's comments. With respect to regulation and qualification in my own State, chiropractors are regulated. We have a Chiropractic Licensing Board, and it is determined by the legislature of our State as to how they qualify and how they are regulated. They do so. They license them to do business and to do certain things.

The question raised in my mind is whether we should set up a standard separate and apart from the States.

I listened with interest to the reading from the almanac from the Parker School by the Senator from Massachusetts. It reminded me of a medical school that used to advertise over the radio from Mexico and it beamed all over the Southwest ready cures. I note that they have a big building down in Texas, so I am not at all sure that it might be related to it. But I also noted, in examining the book, that the first edition of it was back in 1951. This is 21 years ago, so I think perhaps the procedures may have been changed or modified over that period of time.

My point is, I myself find it very difficult to explain to some why they are not covered under Federal legislation when the States see fit to license and regulate them. If Louisiana does not see fit to do so, obviously that is the prerogative of the State of Louisiana. I venture to say

that Michigan probably does license and regulate them very closely. So it may be difficult to explain to one's constituents.

Mr. HART. I thank the Senator from Nevada. He is quite correst in stating the situation that applies as far as I know in Michigan. He voices the same concern and uneasiness I had. I did want to express my position.

Mr. KENNEDY. Mr. President, there is not a single scientific study available to any Member of the Congress or to the American people that would show the benefits of chiropractic. There may have been individuals who benefited and got relief from pain under certain circumstances. But should we include chiropractors under the medicare program and let them go ahead and treat for anemia, for example? Anemia can be one of the first indications of cancer, and we know of case upon case of people who have gone to chiropractors because of pains and other illnesses, and were treated by them and then, by the time they showed up in hospitals, had terminal illnesses and cancer. To think that we in the U.S. Senate are going to be able to sanction that kind of treatment when we know of these cases.

There is not one bit of scientific evidence, not one, to support chiropractic theory. I rise to ask anyone here who can to contradict that statement. There are none. And particularly not concerning their competence to treat the kinds of illnesses identified on page 3107, which include high blood pressure, gall bladder disorders, general weakness, ulcers, stomach disorders, nervousness. Chiropractors feel that they can treat those diseases. By including them under this program, we are insuring that they will be reimbursed by the Federal Government for doing so.

All my amendment proposes is to obtain an independent judgment, have independent scientific information assembled and made available to the Secretary of HEW, and for him, on the basis of that independent study done by the Academy of Sciences or some other scientific group that will be truly independent, to develop the kind of regulations to govern this program. That is all we are asking. We are not even attempting to strike chiropractors from the program. We will let them in. We will be guided by the judgment of an independent study group, and I think we will be fulfilling our responsibility to the people.

I do not question that there are those who have back problems or pains who have had that pain and suffering relieved to some extent by chiropractors. I am not questioning that. But we would, by including them in Medicare, be endorsing them from the Federal point of view, and reimbursing them for a wide range of services, when there is no scientific evidence, either as a part of this record or elsewhere, which would indicate they are particularly competent to handle them.

I refer the Senate to page 3108 of the hearings, the chart entitled "Chart of Effects of Spinal Misalignments." They show the whole spinal column, with arrows going off to different sections. On manipulation of the first lumbar vertebra, they say they can relieve colitis, dysentery, constipation, diarrhea, and hernias. That is their statement.

It is interesting to note that one of the first signs of cancer of the colon can be diarrhea. But chiropractors feel, if a person comes in to them for treatment, that by manipulating the first lumbar vertebra, they can do something about it, when that person could have cancer of the colon.

That is not scientific evidence, to me. All I am saying is, let us get some independent judgments on this question. I am prepared, as our amendment says, to take any independent group and let them make the recommendation, so that we will know. If that independent study group comes forward and says, on the basis of extensive scientific work, they ought to be qualified to do it, at least we will have independent judgment and study as a basis for that. We do not have that now, and I think it is important, when we talk about providing benefits under this program, that this body understands that.

Mr. BURDICK. Mr. President, will the Senator yield to me?

Mr. KENNEDY. I yield.

Mr. BURDICK. As the Senator knows, many States, I think the great majority of them, have authorized the practice of chiropractic in their States. I have talked with a great many workingmen, I recall postal workers in particular, and they seem to swear by the treatment, and they want it.

The question I ask the Senator is, could they not be given that freedom of choice?

Mr. KENNEDY. I believe they should be given freedom of choice to be able to go and receive that treatment. But I do not think that the Federal Government should reimburse chiropractors for the kinds of treatment which are clearly out of the area of their training, experience, and background, until more evidence is available

We are really interested in this issue in terms of the total health care crisis. When a person goes to a doctor, he goes by good faith, because he knows the doctor and has confidence in him, and puts himself completely in the hands of that doctor.

I do not believe we ought to permit chiropractors to be treating illnesses of the colon, the gall bladder, the throat, the heart, and other illnesses that they are not trained for. I do not feel that we are justified in providing taxpayers' funds to compensate them for that.

Mr. BURDICK. Does the testimony show there is any great deal of treatment by chiropractors of the things the Senator has referred to? It is my understanding that the great bulk of their treatment is for back injuries, where they seem to do some good. Is the Senator talking about exceptional cases or general cases?

Mr. KENNEDY. Let me say at the outset that our Health Committee has not done an extensive study. The information we have been able to gather, since we found out this was part of the bill, was on the basis of studies done by various groups. Some of those studies have been done by doctors, who have a different view about it, quite naturally. That is why I believe that our approach of just saying, "Let us get an independent group to collect the information, do the study, and make the recommendations," makes sense, because I cannot assure the Senator from North Dakota that our Health Committee has done it.

What I have been saying is that the chiropractors themselves believe they can treat many kinds of illnesses. I can give the example of a tumor of the eye of a child at the UCLA Medical School, that a chiropractor tried to treat, and the parents thought the chiropractor could. The matter was delayed too long; they could have removed the eye earlier and saved the life of the child, but after the delay, the child died of cancer.

Other examples where patients have been treated for tuberculosis with diets, and then, after the patient had wasted to some 80 pounds and was brought into the hospital, he died.

I am not suggesting that there are not chiropractors in this country who are remarkably well trained and can provide relief of pain in some cases, and I think that is marvelous and that is good. But I would like to distinguish between compensating them for those functions and for treating individuals for high blood pressure.

Mr. BAYH. Mr. President, will the Senator yield for a question?

Mr. KENNEDY. I yield.

Mr. BAYH. I listened with great concern to the quotations from that pamphlet, which I think pointed out one thing: There probably are some very poorly qualified chiropractors.

My personal experience in the Indiana Legislature, where we established licensing procedures, was that there were some chiropractors who performed a service and some who did not.

The matter that concerns me, that I would like to address to my friend from Massachusetts, is as to the content of this unbiased scientific panel. Who does the Senator envision would be sitting on that panel to compile the evidence?

Mr. KENNEDY. The amendment does not specify the Academy of Sciences, but I would hope it would be an independent group like the Academy of Sciences, in which I have confidence.

Any group that would be able to give us as clear and unbiased a view as possible.

Mr. BAYH. The thing that concerns the Senator from Indiana is this: Cancer and other conditions have been alluded to, and there are good examples where some chiropractors are not well enough trained and they perhaps unintentionally misrepresent their capacity to heal. I, for one, would not want to be recorded as not feeling that there are some chiropractors who can provide significant service to patients who have certain types of ailments.

My concern is that, whether it is the Academy of Science or whatever, the panel that is relied upon to make this report will be comprised of doctors; and I have yet to find one doctor who

thought one chiropractor had the capacity to provide any healing qualities. If that is the case, then I do not know how in the world the Senator from Massachusetts is going to reach the goal which in good conscience he wants to reach.

There are not going to be any chiropractors on the panel, are there?

Mr. KENNEDY. Quite frankly, I think it can be an independent board of scientists and trained personnel. I do not thing it has to include chiropractors or physicians. I think it can be very knowledgeable people generally, scientists and others, in the health area who draw together the various information that is available. I feel absolutely confident that the Academy of Sciences or other nonpartisan groups could develop this.

Mr. LONG. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. LONG. Mr. President, I say to the Senator that a number of us feel that this is a matter we would like to have the Senate vote on. I think the Senator has made his case very well. Those who have some doubts about the matter have expressed their doubts. So far as I am concerned, I will do whatever the Senate decides.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. TAFT. I note on page 467, with regard to section 273, that there is a limitation with respect to the authorization under which the Secretary of HEW can prescribe standards for the purpose of the section. Also, there is a limitation that it shall be "only with respect to treatment by means of manual manipulation of the spine which he is legally authorized to perform by the State or a jurisdiction in which such treatment is provided."

The question I have for the Senator from Massachusetts is whether the Secretary of HEW does not already have, under this rulemaking power, the authority to go out and get such evidence or such expert opinion as he needs to prescribe the minimum standards involved. I see no reason why the amendment is necessary in order to get the standard.

The only purpose of the amendment, it seems to me, is to put this entire matter off for another year. It has been considered many times before, and the committee has finally decided—I think correctly—to go the route of saying that anything the States licenses and anything that meets the minimum standard that the Secretary authorizes should be given the freedom of choice, as the Senator from North Dakota has mentioned.

SOCIAL SECURITY AMENDMENTS OF 1972

The Senate continued with the consideration of the bill (H.R. 1) to amend the Social Security Act, to make improvements in the medicare and medicaid programs, to replace the existing Federal-State public assistance programs, and for other purposes.

Mr. MILLER. Mr. President, will the Senator from Massachusetts yield for a question?

Mr. KENNEDY. I yield.

Mr. MILLER. Would it be possible to reach an agreement on this matter by amending the amendment by putting a period at the end of the word "Medicare," and thus have the study made, but in effect reserve to Congress the power to postpone any further coverage?

What I am getting at is that what we are doing here is to say that licensure to the States shall prevail. I think it is going pretty far to have the Secretary of Health, Education, and Welfare supersede that.

I am suggesting that Congress shall determine whether or not it ought to be postponed or superseded, and let the Secretary make the study that the amendment calls for, and then leave it to Congress to decide what it wants to do about the study.

Mr. KENNEDY. Mr. President, this argument was made on other occasions. Obviously what would be most useful would be if we had the report developed and had hearings and then enacted the legislation. But we have established a precedent. We did so recently in the DES amendment, S. 2818, where we permitted the FDA to do a study and report back, and they were to make a finding as to whether they would ban the implanting the synthetic hormone DES in cattle. We passed an HEW appropriations bill last evening to permit the Secretary extraordinary discretion to be able to cut 10 percent on all the HEW appropriations without legislative action.

This is a troublesome matter. I can give assurance to the Senator from Iowa that if we can move ahead on this amendment, our health subcommittee will take a hard look at this matter, with the result of this study, and make recommendations to the Senate on the basis of the study as well. We will not just be satisfied with the Secretary doing so. I am prepared to let the Secretary draft the recommendations and follow those recommendations. I give assurance to the Senator from Iowa that we will review this information and make recommendations very shortly after the study becomes available.

Mr. MILLER. I appreciate that offer, but I am still not sure that it meets the problem I have; because the Senator's amendment, without change, in effect lets the Secretary supersede the licensure of all the States. All I am saying is that if the Senator would agree to modify his amendment by not giving the power to the Secretary, and have the study made, and after the study is made he can go through these hearings and let Congress decide whether or not it wants to supersede these State licensure proceedings, I think it would be much more in accord with the realities that are now present.

Undoubtedly, literally thousands of people find it impossible to understand why, when the State has provided for licensure, when the bill provides for a very narrow area of service, Congress lets the Secretary of Health, Education, and Welfare supersede that.

I think we could satisfy almost everybody here if the Senator would have the study made, and if the study is sufficiently persuasive, then let Congress act on it, rather than do it beforehand and give the Secretary all that power.

Mr. KENNEDY. I ask that the amendment be accepted.

The PRESIDING OFFICER (Mr. ROTH). The question is on agreeing to the amendment of the Senator from Massachusetts (Mr. KENNEDY).

The noes appear——

Mr. KENNEDY. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. COOPER. Mr. President, I have no special ability to make a decision about chiropractors. This kind of study has been made ever since chiropractic came into existence and the medical associations have always found, in their view, that chiropractic had no value or, if any, very little.

Thus, if we have another study made, even if done by the American Medical Association, I am sure they will find the same thing. But, again, I go on the findings of the judgment of thousands and thousands of people that they have received some help from chiropractic. That is the judgment of thousands of people, else they would not be practicing today or be licensed in the respective States.

This debate has been going on for years. I recall in 1928, when I was a member of the State Legislature of Kentucky, I was one of the sponsors of a bill which permitted their licensing. So, year after year, we have gone through this kind of debate.

For myself, I believe that the committee has reached a position which leaves it to the States in a narrow field and that to postpone it I do not think will accomplish anything.

I hope that the Senator's amendment will be rejected.

Mr. KENNEDY. Mr. President, H.R. 1, now pending before the Senate, contains a provision which would make 15,000 to 17,000 chiropractors in this country eligible providers under medicare. The costs of providing such services would be, according to the Department of Health, Education, and Welfare, at least $100

million, or $5,000 per year per chiropractor.

A great deal of controversy has surrounded the role of the Federal Government in paying for chiropractic services on behalf of the beneficiaries of Federal health insurance programs. Attempts have been made since 1965 to include chiropractic services under medicare. Chiropractors are currently reimbursed on a matching basis under medicaid programs in 18 States. Despite this, I believe the Senate has an obligation to both the public treasury and the public health in determining, on the basis of scientific evidence, which providers should be eligible for Federal health insurance payment.

Chiropractic is an art, based upon the theory that all human disease is fundamentally due in part or in whole to interference with the transmission of nerve impulses, arising from the pressure of displaced vertebrae on nerve roots as they emerge from the spinal column. Chiropractic theory maintains that conditions as diverse as deafness, hives, diarrhea, migraine, and heart disease can be treated through spinal manipulation. No scientific evidence exists to attest to the validity of such a theory.

In addition to lack of proven effectiveness, chiropractors may have the detrimental impact of delaying medical diagnosis of an illness beyond the point it can be treated. Symptoms such as backache or diarrhea can often be the first indication of diseases as serious as cancer. A delay in the diagnosis of such illnesses could be fatal. In addition, vigorous spinal manipulation can result in spinal fractures in elderly persons with brittle bones, and aggravation of preexisting conditions such as a ruptured spinal disc.

According to a recent Reader's Digest article, one New York chiropractor attempted to treat a tuberculosis patient with diet alone. When the patient had finally wasted away to 80 pounds, he was sent to a hospital where he died a few days later. The chiropractor involved was convicted of manslaughter in 1964.

In a similar case in California, a chiropractor attempted to treat a tumor in the eye of an 8-year-old girl, despite the fact that the diagnosis had been made at a medical center. The girl's distraught parents, in attempting to save her eye, sought the services of the chiropractor who assured them he could treat the tumor. By the time they realized that his treatment was ineffective, the tumor had progressed to the point where it was too late for medical treatment. The girl died shortly afterwards. The chiropractor was finally convicted, in 1968, of second degree murder.

Mr. Creed Black, then Assistant Secretary for Legislation, Department of Health, Education, and Welfare, sent a letter to the Honorable WILBUR D. MILLS, chairman of the Committee on Ways and Means in the House of Representatives, dated November 11, 1969. In that letter he outlines his concerns about the inclusion of chiropractic under the medicare program. I would like to ask unanimous consent that the letter be included in the RECORD at this point.

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

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
Washington, D.C.

Hon. WILBUR D. MILLS,
Chairman, Committee on Ways and Means, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: At the current hearings of your Committee on social security and welfare proposals, representatives of the two national chiropractic associations urged the coverage of chiropractic services under the supplementary medical insurance part of the Medicare program and requested that Chiropractic's White Paper be entered into the record. Since this paper was prepared in response to a report by the Department of Health, Education, and Welfare on *Independent Practitioners Under Medicare*, I herewith submit copies of the Department's report and an analysis of the Chiropractic White Paper and request that, if such action has not already been taken, these documents be included in the printed record of the hearings.

As you know, the Department's study was prepared at the request of the Congress and submitted in December 1968, by the former Secretary of Health, Education, and Welfare. Secretary Finch has reviewed it and concurs with the findings and recommendations.

In the over-all conduct of the study, which was concerned with nine other disciplines in addition to chiropractic, the Department had continuing advice from an ad hoc consultant group which included knowledgeable Medicare beneficiaries as well as persons of high standing in the health sciences. The consultants recognized the manipulative skills of chiropractors and the fact that their treatment can provide relief for patients with certain conditions. However, they were gravely concerned by the scope of diseases and conditions treated with these techniques. They came to the following conclusions:

1. Chiropractic theory and practice is based upon the role of the subluxation as a casual factor in disease, the "spinal analysis" as a diagnostic technique, and the "spinal adjustment" as a therapeutic measure. None of these has been demonstrated to be valid through acceptable, scientifically controlled research.

2. Restriction of chiropractic services to "musculoskeletal," conditions, with which they are commonly associated in the public mind, or to spinal analysis and adjustment, would in effect be no restriction at all, since according to chiropractic theory the spinal subluxation has a central role in all departures from a state of good health, and all diseases and conditions therefore involves the spinal column.

3. Exclusion of specific diseases from the scope of chiropractic practice would be similarly ineffective because its effectiveness would depend upon accurate diagnosis, and diagnosis is deemphasized in chropractic theory.

4. In addition to the deemphasis of diagnosis, the quality of chiropractic education and supervised clinical experience is inadequate to prepare chiropractic practitioners to perform an adequate differential diagnosis and to institute appropriate therapy or refer patients to the appropriate source of therapy.

5. Although chiropractors state that they refer patients, the all-inclusive scope of their practice, as evidenced by the numerous disease categories they treat, indicates that chiropractors recognize very little need for referrals. Appropriate referrals are further rendered impractical by the isolation of chiropractic from other health care resources to which they should logically make referrals.

6. Because of these factors, State licensure laws are ineffective in assuring the health and safety of recipients of chiropractic services.

In view of these conclusions, the consultants could not determine that there was a "need" for chiropractic services and strongly recommended that these services not be covered under the Medicare program.

Sincerely yours,

CREED C. BLACK,
Assistant Secretary for Legislation.

Mr. KENNEDY. Mr. President, a great deal more well documented concern about the efficacy and safety of chiropractic services exists. For example, a 1968 report of consultants to the Department of Health, Education, and Welfare, stated:

Chiropractic theory and practice are not based upon the body of basic knowledge relating to health, disease, and health care that has been widely accepted by the scientific community. Moreover, irrespective of its theory, the scope and quality of chiropractic education do not prepare the practitioner to make an adequate diagnosis and provide appropriate treatment. Therefore, it is recommended that chiropractic services not be covered in the medicare program.

In addition, I would like to read from the report of the National Advisory Commission on Health Manpower:

Chiropractic education and training are appallingly inadequate as has been well documented by both independent and chiropractic studies. There are currently 12 schools of chiropractic recognized by the two chiropractic associations, but none is accredited by an agency and recognized by the National Commission on accrediting or the United States Office of Education, and no school has full accreditation even by the American Chiropractic Association or the International Chiropractic Association. The facilities of these schools are poorly qualified, and the ratio of faculty to students is extremely low. Admission requirements, although also low, are dubiously enforced. A study of actual admission applications shows the chiropractic schools do not observe their own admission rules and admit students with less than a high school education and questionable credentials.

Mr. President, I would like to offer an amendment to H.R. 1, which would require that a study be done, to be completed by June 30, 1973, by an independent body such as the National Academy of Science under the aegis of the Secretary of Health, Education, and Welfare, intended to ascertain the validity of chiropractic theory and the effectiveness of chiropractic treatment. Furthermore, the amendment would authorize the Secretary of Health, Education, and Welfare to restrict the reimbursable activities of chiropractors, or to eliminate them altogether, if the study thus warrants such restriction.

Mr. President, I think the Senate has an obligation to take safeguards such as this before putting Federal sanction on the services of health professionals by including them as eligible providers in Federal health insurance programs.

The PRESIDING OFFICER (Mr. ROTH). The question is on agreeing to the amendment of the Senator from Massachusetts (Mr. KENNEDY).

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Idaho (Mr.

CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Louisiana (Mrs. EDWARDS), the Senator from South Carolina (Mr. HOLLINGS), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Rhode Island (Mr. PELL), the Senator from Virginia (Mr. SPONG), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Oklahoma (Mr. HARRIS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Wisconsin (Mr. NELSON), the Senator from Connecticut (Mr. RIBICOFF), the Senator from North Carolina (Mr. ERVIN), and the Senator from Georgia (Mr. TALMADGE) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE) is absent on official business.

I further announce that, if present and voting, the Senator from Louisiana (Mrs. EDWARDS), the Senator from Rhode Island (Mr. PELL), the Senator from Minnesota (Mr. HUMPHREY), and the Senator from Connecticut (Mr. RIBICOFF) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BAKER), the Senator from Delaware (Mr. BOGGS), the Senator from Nebraska (Mr. CURTIS), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Kansas (Mr. DOLE) is detained on official business.

If present and voting, the Senator from Delaware (Mr. BOGGS), the Senator from Nebraska (Mr. CURTIS), and the Senator from Oregon (Mr. HATFIELD) would each vote "nay."

Also, if present and voting, the Senator from Kansas (Mr. DOLE) would vote "nay."

The result was announced—yeas 6, nays 66, as follows:

[No. 526 Leg.]

YEAS—6

Bellmon	Kennedy	Stevens
Dominick	Saxbe	Symington

NAYS—66

Aiken	Gambrell	Muskie
Allen	Gravel	Packwood
Anderson	Griffin	Pastore
Bayh	Gurney	Pearson
Beall	Hansen	Percy
Bennett	Hart	Proxmire
Bible	Hartke	Randolph
Brock	Hruska	Roth
Brooke	Hughes	Schweiker
Buckley	Inouye	Scott
Burdick	Jackson	Smith
Byrd, Harry F., Jr.	Javits	Sparkman
	Jordan, N.C.	Stafford
Byrd, Robert C.	Jordan, Idaho	Stennis
Cannon	Long	Stevenson
Case	Magnuson	Taft
Chiles	Mansfield	Thurmond
Cook	Mathias	Tunney
Cooper	McClellan	Weicker
Cotton	Miller	Williams
Cranston	Mondale	Young
Fannin	Montoya	
Fong	Moss	

NOT VOTING—28

Allott	Ervin	Metcalf
Baker	Fulbright	Mundt
Bentsen	Goldwater	Nelson
Boggs	Harris	Pell
Church	Hatfield	Ribicoff
Curtis	Hollings	Spong
Dole	Humphrey	Talmadge
Eagleton	McGee	Tower
Eastland	McGovern	
Edwards	McIntyre	

So Mr. KENNEDY's amendment was rejected.

SOCIAL SECURITY AMENDMENTS OF 1972

The Senate continued with the consideration of the bill (H.R. 1) to amend the Social Security Act, to make improvements in the medicare and medicaid programs, to replace the existing Federal-State public assistance programs, and for other purposes.

Mr. KENNEDY. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER (Mr. STEVENS). The clerk will report the amendment.

The second assistant legislative clerk proceeded to state the amendment.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Beginning on page 232, line 16, strike out through page 233, line 14.

On page 968, line 11, beginning with "and" strike out all before the quotation marks on line 17.

Mr. KENNEDY. Mr. President, this amendment is offered on behalf of myself and Senators MOSS, PERCY, BROOKE, CRANSTON, HART, HUMPHREY, JAVITS, and TUNNEY.

Mr. President, H.R. 1 makes some 3.5 million new people eligible for the welfare program; but these same people will not all be included under the medicaid program. I think this is a dangerous precedent to establish.

My amendment would give these 3.5 million Americans medicaid coverage at a total expense of $2.6 billion—$1.4 to the Federal grant, $1.2 to the States.

This is an expensive provision. However, the alternative is a dilemma in

which people in one State will receive medicaid benefit and yet the people in a neighboring State, with the same problems, would only get welfare help and would not be eligible for medicaid.

This causes a dilemma. And I know that it has been trouble some to the members of the Finance Committee. However, I would be interested in the reaction of the Senator from Louisiana concerning this particular problem. I think it is unique and would set a dangerous precedent. I know that if a person is on welfare, he needs medicare. And after providing these kinds of resources to individuals for welfare—and these resources will be eaten up by the requirements to pay adidtional health bills because, tragically, it is generally the poor that have the greatest number of health ailments.

I am interested in the reaction of the Senator from Louisiana on this problem. I think it is a dangerous precedent to be established and a troublesome one, and it will provide a great sense of inequity to a great many people where a person living on one side of the street gets welfare and medicaid and the person living on the other side of the street is not eligible for medicaid.

As I said, I would be interested in the opinion of the Senator from Louisiana.

Mr. LONG. Mr. President, this problem arises because in the bill the committee makes a lot more people eligible for benefits; by providing a $50 disregard of social security income from the income that is considered for welfare purposes, and by providing additional benefits under the welfare program for the aged.

So by virtue of raising the standards and the benefits the committee makes a lot of additional people eligible for cash benefits and that, in turn, makes a lot of additional people eligible for medicaid benefits.

If the States were to cover all these new people under medicaid it would require the additional expenditure of about $2.6 billion in medicaid expenditures. Recognizing the fact the States do not have the $1.2 billion, nor can we afford in this bill the $1.4 billion which would be added as an expense on the Federal end, the committee would simply say that where an aged person spent a certain amount of money, referred to as a "spend down," he would become eligible for the medicaid benefits, but States would not be required to provide medicaid benefits without a spend down for those newly eligible under the law.

We would like to see medicaid benefits extended to these people, but it costs a great deal of money and we do not know where the States would find it. The States do not know where they are going to find it, even with the revenue sharing we have voted on.

We think we have provided about the best we can for now, but we do recognize this is part of the health problem we should be looking at next year, when we hope to find ways to finance and provide the health care that would be indicated for these people. We would like to provide these additional benefits to these people as much as the Senator from Massachusetts would. At this time we do not have the answer. We are satisfied that next year, or at least during the next Congress, we will be able to provide the answer.

For example, if the Kennedy bill for health insurance were to pass, there is no question they would be provided for under national health insurance. If something substantial but much less than the Kennedy bill would provide should pass, presumably this is one of the things it would want to provide for. It is one of the higher order of priorities. So I think a bill that would pass that would provide several billion dollars in the health area would include this, but if we added it on the floor at this time I do not think it would survive in conference.

Frankly, this bill now has more benefits than we may be able to persuade the House to agree to. I am on notice if the bill goes to the President as it is now the President, even with all the conflicts resolved, would be advised to veto it on the grounds that the Government cannot afford what we have in the bill now.

I hope the Senator would not press for this amendment now but bring this up with the health matters he will be pursuing in the next Congress.

Mr. KENNEDY. Mr. President, I appreciate the sentiments expressed by the distinguished Senator from Louisiana. As he well knows, the 3.5 million people who will benefit now as a result of this bill, the aged, blind, disabled, crippled individuals, the ones really unable to work, they are the ones with the greatest health needs. While we on the one hand provide some assistance to these individuals, I feel we will be taking away from them with the increased health benefits. I am mindful of the votes we have seen this afternoon by the Senate just trying to maintain the existing programs which are in effect in the States. The Senate expressed its will. This would require additional resources both on the State and Federal levels. I am mindful of the expressions of the Senate on these additional expenses, so I will not press for a vote. I am encouraged by the response that the chairman of the Committee on Finance has given to us. This is a matter of high priority in the next session of Congress, that no matter what health bill comes from the Committee on Finance, these 3.5 million people that will not benefit from the health bill will be in a priority position. Regardless of what bill comes out, I would appreciate the opportunity to work with the chairman of the Committee on Finance to make sure we will be able to assure health relief to 3.5 million people that are probably as deserving as any people in this country.

With those assurances from the chairman, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

AMENDMENT NO. 1623

Mr. HARTKE. Mr. President, I send amendment No. 1623, as modified, to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. HARTKE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment, ordered to be printed in the RECORD, is as follows:

On page 189, following line 19, insert the following new section:

ADDITIONAL DROPOUT YEARS

SEC. 151. (a) Section 215(b) (2) (A) of the Social Security Act is amended by inserting ", and further reduced by one additional year for each 15 years of coverage of such individual (as determined under the last sentence of subsection (a) without regard to the 30-year limitation contained therein)" immediately after "reduced by five".

(b) The amendment made by subsection (a) shall be effective for purposes of computing or recomputing, effective for months after December 1972, the average monthly wage of an insured individual who was born after January 1, 1910, and—

(1) who becomes entitled to benefits under section 202(a) or section 223 of such Act after December 1972;

(2) who dies after December 1972; or

(3) who was entitled to benefits under section 223 of such Act for December 1972.

Mr. COOK. Mr. President, will the Senator yield to me for 30 seconds?

Mr. HARTKE. I yield.

Mr. COOK. Mr. President, I ask unanimous consent that Mrs. Kay McElroy of my staff be allowed the privilege of the floor during the debate and vote on this matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. HARTKE. Mr. President, I ask unanimous consent that the Senator from Pennsylvania (Mr. SCHWEIKER) be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, this amendment will correct a major injustice in the social security law. Under present law, a worker's social security benefits are determined on the basis of his average social security taxable income between 1951 and the year he is eligible for benefits. Each worker is able to delete his 5 lowest income years before figuring his average—the average which determines the size of his benefits during his years of retirement. Most workers, of course, delete the first 5 years of their employment when their wages were much lower than at present.

But this dropout provision which removes these early, very low income years is restrictive and is most unfair for those hundreds of thousands of workers who may be laid off before they are eligible for social security benefits. In this time of rising unemployment, if a man is laid off because his plant closes, it may be almost impossible for him to find new employment at his previous, often highly skilled rate of pay.

In addition, the present provisions for dropping years of low earnings conflict with an increasing number of private pension plans. For example, if a worker is able to receive the benefits of his com-

pany's pension plan after 30 years of service and decides to retire at age 55, by the time he is eligible to receive the social security benefits he has earned for 30 years of covered work and 30 years of paying into the fund, he will have to average in 10 years of zero income—thus substantially reducing his monthly social security benefits. This conflict between the provisions of the Social Security Act and private pension plans is placing beneficiaries in a difficult dilemma, reducing mobility in the work force, and causing workers to sacrifice benefit payments they have earned.

The amendment I offer today provides 1 additional dropout year for every 15 years that a person has worked in an occupation covered by social security. Thus, a person who has worked 30 years could drop out 2 years in addition to the 5 now allowed him. Incidentally, this is identical to a provision in the House-passed version of H.R. 1.

Mr. President, this amendment will remove the penalties from which a worker suffers when he is laid off before he is 65 and cannot get commensurate employment because of his age or because he elects to participate in his company's pension plan.

It is clear that the present dropout law works an injustice on those who retire or who become disabled before they attain eligibility for old age insurance benefits. For example, the retirement of an employee for a disability which does not qualify as such by social security standards, may not only deprive the employee of current income, but reduces the amount of his old age insurance benefits by diminishing his average monthly wage. In addition to the adverse effects upon the disabled, a dropping-out of periods of low or no earnings penalizes those employees who have a right to retire voluntarily before they are 65.

The built-in penalty for workers who retire before they can receive social security benefits goes against the present-day trend toward earlier and earlier retirement. This penalty also tends to decrease job opportunities at a time when this Nation should be more concerned with increasing job opportunities. When we contemplate today's ever-increasing emphasis by industry upon automation and utilization of new technology—toward more reliance upon machine rather than man—the need for increasing employment opportunities becomes more urgent.

The failure to drop out periods of low or no earnings is also unfair for another reason. A worker who contributes to the fund for fewer years but delays retirement until age 65 can receive a higher social security benefit than a worker who has paid more into the fund but who retires earlier. I think this is one of the unfair sections of the Social Security Act and I think it flies in the face of today's realities.

Mr. President, I do not believe that workers who have added immeasurably to this country's economic growth and industrial preeminence should be penalized because they choose to take full advantage of private pension plans before they become eligible for social security benefits, nor do I think workers who are thrown out of work because of economic adversity or technological change should be penalized.

I want to point out that in this bill we have provided for people who are in some of the lowest income brackets of America's industrial society. We have provided some social justice for those people. The Hartke amendment makes adjustments for those people who have made their full contribution, as members of a working society.

Estimates made at the time the House of Representatives included the Hartke approach in H.R. 1 indicated that $17 million in additional payments would be made in the first full year of operation of the Hartke amendment.

The fact of it is that probably it should have been as I originally prefer the original Hartke approach of allowing one additional dropout year for each 10 years of covered employment. But in order to conform with the House language, I think it is no more than right that the Senate should at least provide for one additional dropout year for each 15 years of covered employment.

The Hartke amendment will have an eminently fair result. I hope the Senate can work its will and adopt this provision.

Mr. LONG. Mr. President, this amendment would cost about $1.2 billion on an average annual basis, and would mean that the provision would not be in conference. This provision is already in the House bill, and it was one of the House provisions that we thought claimed the lowest priority.

The Senator is not offering a means to finance his amendment; he is offering an amendment already in the House bill, and when the Committee on Finance undertook to strike that benefit from the bill, we put in its place other benefits, such as maintenance drugs for the aged, a $200 minimum benefit for people who have worked in the program for more than 30 years—and all of those benefits might have to come out if this amendment is agreed to.

We had hoped to have some of those amendments agreed to in conference, but there is one thing we know, and that is that the House of Representatives absolutely will not, and no one in this body has the power to make them, or has any chance to make them, take an amendment that is not financed. So to adopt this amendment means the provision would no longer be in conference, and there would then be no financing left for the drug amendment, the minimum retirement benefit of $200 that people would otherwise have had been made available to them, the liberalizing of the retirement test, which the Senate passed by an almost unanimous vote—all of those provisions, we in the Senate should not make people think we voted to do those things for them, when we know they are not financed and that the House will not consider a measure of this sort that is not financed.

If we leave out this provision, which the committee felt to be one of the lower priority benefits provided by the House, it will mean we can negotiate with the House as between benefits the Senate provided and benefits the House provided. Otherwise, Mr. President, this benefit has been nailed down, and would no longer be subject to conference, and that would mean the other benefits would have to come out.

I wonder if the Senator would be willing to move to strike from the bill the provisions which he thinks claim a lower priority than this one? For example, perhaps he feels we should delete the provision which says that people, if they retire after 30 years of social security, would get $200 a month. Or perhaps the provision that would pay for maintenance drugs which the aged require regularly?

Mr. President, I do not think the Senate ought to vote for benefits without the financing to pay for them on the social security program, knowing in their hearts that these benefits are not going to happen, because the House will simply not accept them. We know that the House will send Representatives WILBUR MILLS, JOHN BYRNES, and the members of that Ways and Means Committee to conference with us, and that not one of those people will budge from the proposition that if a proposal is not financed it is not going to go into the social security law. And they have to run every 2 years. If they can impose that kind of discipline on themselves, they are going to impose it on us, when we have to run every 6 years.

So I say that if we put this item in, it would claim higher priority than other items such as the amendment to enable people to retire on a $200 a month social security check when they reach age 65. Those items would have to go, because we would be voting to nail into this bill this item which the House put in which, in my judgment, rates a lower priority.

Mr. President, I am sorry I cannot vote for the Senator's proposal. Standing alone, I would be for it, just as I would be for almost every other benefit proposed here. The eyeglasses, the hearing aids, the arch supports, the foot massages—any of it would be fine with this Senator in and of itself, if we had the money to pay for it. But to vote for one of these items under these conditions, knowing that we would be depriving the Senate conferees of the opportunity to gain consideration of other matters that in our opinion claim a higher priority, I think is a very misleading thing to do to the American people, and just should not be done.

Mr. President, the committee brought to the Senate a responsible bill, that paid, under social security and medicare, for the benefits it added. But the Senate has added to this bill almost $3 billion of proposed new benefits that are not financed, and the only way that any part of that $3 billion can be added to the bill is to trade off by taking out something the House has put in on their side. But the bill as it stands right now already contains, in the social security and medicare areas alone, about $3 billion worth of benefits that are not financed, and we know that they cannot prevail in conference because there is no tax to pay for it to begin with.

And then to vote this amendment, to put back in what we regard as a lower

priority item, means that the higher priority items we thought we voted for cannot be added in conference, because we do not have the negotiating power to discuss them.

This, Mr. President, as social security benefits go, is one of those that is less equitable than some we have voted for already. For example, it treats people with 29 years the same as people who have 15 years of employment. It gives 2 additional dropout years for 30 years of coverage, but only 1 additional dropout year for 29 years of coverage.

As benefits to the merits, in my judgment, it claims a lower priority than those items we have voted; and to adopt the amendment just means that when you voted for the drug amendment and the $200 special minimum under social security by this amendment you will be voting not to finance them. The House will not accept them. You want to take the benefit of the House bill that most of us think would claim a lower priority in terms of that which we could afford and that which we would like to provide the American people.

Mr. HANSEN. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. HANSEN. Is this not like making a lot of campaign promises one knows he cannot keep?

Mr. LONG. I am not going to pass judgment on others; but for me to vote for this amendment would be the same as a politician promising something to a lot of old people. A businessman says, "How are we going to pay for that?" And you whisper to him, "Don't worry. That is just for conversation purposes. We are not going to do anything for the old people."

That is the way it tends to work out when you vote to add all these benefits without putting any tax in to pay for them, and then vote to keep the benefits the House provided, which they did finance. We would not be able to discuss this in conference. All we could talk about would be the Senate's fiscal irresponsibility. The House would not take it.

Here is the kind of thing that happens in conference—and you would be surprised how firm those men can be when they know they are right. They say:

We sent you a bill that provided for billions of benefits, and we paid for every nickel of it by voting additional taxes. We fellows have to run this year, every one of us. We run every two years. How about you great statesmen? Only one-third of you are running this year. What did you do? You proceeded to load this thing down with billions more of benefits, and you didn't have enough courage to pay for all those benefits.

We'll make you this proposition: The small amount that you found the courage to take out, give us back half of it; and out of the billions that you put in here on a Santa Claus basis, give it all away and don't put a nickel of tax on to pay for any of it. You can spend that small amount you financed however you want to spend it, and that's all.

The result is that, in due course, after you argue about it for a while, you take what the House conferees say, because you have no other choice available to you.

Basically, what voting for this amendment amounts is to unfinance $1.2 billion of benefits for which the Senate has voted. The Senate has already voted for about $3 billion of benefits it did not finance in the social security area alone.

Now the Senate is being asked, by this amendment, to unfinance $1.2 billion for which it did vote. The Senate can do that, if it wishes, but I am not going to deceive the American people by telling them that I voted for a benefit when I voted to take it out.

If the Senator wants to put a tax on to pay for this, I would be willing to consider his amendment and consider voting for it. Without the tax to pay for it, he is unfinancing that for which the Senate voted.

Mr. HARTKE. Mr. President, as always, it is delightful to hear the chairman as he proceeds to pontificate about his great concern for fiscal responsibility. I watched him on the floor of the Senate ask for a 20-percent increase in social security, and he did not even ask for a penny of additional funds.

The social security tax is the most regressive form of taxation the Government levies today on the poor people of America, and I do not see the Senator from Louisiana decrying that type of operation.

The Senator from Louisiana says it is going to cost $1.2 billion. I am going to put into the RECORD at this time, from page 9 of the House report, the dollar cost for the House-passed measure which is identical to the Hartke amendment. It is $17 million, not $1.2 billion. There is no evidence to the contrary. It is $17 million of additional benefits. For the first full year. I ask unanimous consent to have the House estimate printed in the RECORD.

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

Dollar payments.—$17 million in additional benefits would be paid in the first full year.

Mr. HARTKE. In addition, I ask unanimous consent to have printed in the RECORD the "Additional Dropout Years" explanation on page 45 of that report.

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

ADDITIONAL DROPOUT YEARS

Under the present law, social security benefits for a worker and his family are generally based on the worker's average monthly earnings in covered work over a period equivalent to the time elapsing after 1950 and up to the year in which he reaches age 65 (62 for a woman), becomes disabled, or dies. (Another provision of the bill would change the ending point for men to age 62.) Up to 5 years in which earnings are lowest are excluded from the computation of the worker's average monthly earnings: This five-year dropout provision helps to lessen the effect that periods of unemployment, illness, and low earnings can have on benefit amounts.

Your committee's bill would provide an additional dropout year for each 15 years of coverage that a worker has. (A year of coverage would be defined as it would be under the new special minimum provision.) The effect of the additional dropout would be to give additional protection against the lowering of average monthly earnings of long-term contributors to the program. In addition, the higher benefits that will result from increases in the upper limit on earnings counted under the program will be more quickly available for these long-term contributors because fewer years when lower ceilings were in effect would be included in figuring average monthly earnings.

The provision would be effective for workers who attain age 62 after 1971 and become entitled to old age or disability benefits or die after 1971 and to workers who attain age 62 after 1971 who were entitled to disability benefits for December 1971. About $17 million in additional benefits would be paid in the first full year.

Mr. HARTKE. One statement about the merits: The Senator from Louisiana said he was going to talk about the merits, and I thought we were finally going to make some headway. Then he said it was deceitful on the part of legislators to go ahead and vote this type of fiscally irresponsible act and mislead the American people. That is calling the House of Representatives deceitful. They voted for it. They voted for this measure.

Mr. LONG. They financed it. They put a tax on. The Senator is trying to unfinance this measure.

Mr. HARTKE. I have the floor, and I will be glad to yield later for a question or for conversation. I know the Senator can outshout me, and I will never try to outshout my chairman, nor go ahead and deal around, as they say, with the nonmerits of the proposition.

The point is that we are not in an adversary position. I hope the Finance Committee would soon come to that understanding. We are in the position of being responsible legislators, to do what is right for the American people. We are not in a fight with the President of the United States. We are not in a fight with the House of Representatives. What we are supposed to do is what we think is right.

The old story is, "I don't know what course other men may take, but as far as I'm concerned, I just want to do what I think is right." If this amendment is right, we should vote for it. If this amendment is wrong, we should not vote for it.

I am willing to finance these measures. I listened to the former Senator from Delaware, who has been succeeded in office by the present presiding officer.

I listened to Senator Williams talk about what we had to do in 1965 and we charged the poor working man until we built the surplus to an astounding figure. We had to increase the benefits because the accumulation of the surplus in the social security fund had become such a staggering amount. Every other department of Government wanted to raid the trust fund. We paid for everything under the sun. Talk about fiscal responsibility, let some of the people yelling about fiscal responsibility on social security deal with the other measures but do not take it out on the working people. Why make them, with the most regressive form of taxation, pay the bill for part of the Government's financing. We have such an accumulation in the trust fund that $17 million is a minor amount. To tell the truth, with the existing accumulated surplus, we would have to spend $6 million

every hour of the day, 24 hours a day, for 365 days a year to spend the surplus.

In other words, this amendment, according to the House report, will take out of that surplus the equivalent of less than 3 hours. The Senator from Louisiana knows that. I do not think it is right to go ahead with a regressive form of taxation.

Now, what are the merits? Simply that a person who retires today is faced with a rather unfortunate choice. After the age of 65, he is supposed to retire. But with 30 years' service he can get his private pension benefit. Often at 55. We recognize that many of these people are retired before they draw social security. They do not have a job. They are out of work.

According to a report by HEW, the Social Security Administration, the Office of Research and Statistics, about one in every four are entitled to pensions before they reach 65. Page 22. About 50 percent who currently receive social security benefits are entitled to pensions at 62. Page 27.

The merits are all in favor of the amendment. Talk about low priority. I do not understand how anyone can say it is a low priority for a man to go ahead and say he cannot take his pension benefit simply because the law says that if he does he will be penalized. There are many instances in which workers are laid off.

We worry about providing some opportunity for this man to take care of his needs and to have his income and his social security check somewhat in relation to the final income he receives as an individual. So we discount the first years.

The Senator from Louisiana made only one argument concerning the merits of the Hartke amendment. He said there was a discrepancy to give the same benefits to one who had an additional 15 years coverage as to me with 29.

If he wants to talk about that on the merits, then I say he should modify my amendment and should resubmit my original amendment which gave an additional dropout year for each 10 years which would remove that inequity. So the Senator is arguing in the wrong direction. I think the Senate should do what is right for its people. For $17 million, I think this is a pretty good operation to go ahead and provide a little bit of equity for the people who are retiring.

I wish the Senator from Louisiana had addressed himself to the merits, because I do not see any discussion about how to deal with the man who loses a job at 55. What is he going to do because of those years not covered? Give him a zero income over the year when he needs it most, and discourage him from going ahead and providing for his pension plan? We seem to have pension plans going in one direction and social security going in another.

That is the tragedy of this bill, as I said earlier today, that the social security system and the welfare system are still geared to the 1930's. We are now in the 1970's and we should be dealing with the last third of this century, at a minimum dealing with 1976 upcoming. Instead of arguing on the floor of the Senate as to what item has priority for equity for the aged, we should be saying to the aged, "You do not have long to live in this world, so we are going to give you a chance for decency, honesty, and respect. We are going to give you a chance to go ahead and have what is right."

If it is right for the House of Representatives to pass this and right for the Senate to pass it, it would be a solid recommendation to the President that this is something we would like to do just because it is the right thing to do.

Mr. BENNETT. Mr. President, would the Senator turn that around?

Mr. HARTKE. I am not going to turn it around. If the Senator wants to turn it around, I would like to hear it.

Mr. BENNETT. I would say that the Senator has argued that since the House passed it, the Senate should pass it, and then you would have to take the position that since the House did not pass these other benefits, we have no right to pass it.

Mr. HARTKE. That is a negative argument. I do not think that is true. I do not say that the House did everything that was right, but I think they did what is right here. The Hartke amendment deals with a real need for those people who want to retire. The argument cannot be made simply because the Senate did some things, the House should not do it, or vice versa. I would hope that I would not be in a position where we take the position that adversary operations are the position of the Senate versus the House. We are in this thing together.

Many people are discouraged. Many people who are discouraged the most and feel that society has done the least to provide equity for them, are those that are old. That is what we are dealing with here. The shameful thing is that we have not dealt with this problem earlier.

The Hartke amendment would close a great inequity in the present social security system. It is not expensive. It is only $17 million, so far as overall operations are concerned. So if the Senator from Louisiana is fearful of that, I will be glad to make whatever adjustment the actuary says is necessary to accomplish the financing.

Mr. LONG. Mr. President, will the Senator from Indiana yield?

Mr. HARTKE. Just a minute—just a minute—let me finish first—we have consistently financed it to the extent that we have accumulated this gross surplus.

Even the President, who has never been noted for his great generosity in the field of social security benefits, came forth with the statement that he thought the surplus we have accumulated should not be continued in its present fashion. But that is not the argument before us now, because the simple fact is that the chairman of the committee has no argument on the merits against this proposition and therefore had to resort to the financing argument. Since we are willing to agree to the financing of this amendment, this means that the amendment should be adopted, and I would hope that the chairman of the committee would see his way clear to support of this amendment.

Mr. LONG. Mr. President, the Senator says his amendment will cost $17 million for the first year. The reason for this is that all those on the rolls now would not get any benefits, that they would have to go without, that the benefits would only be prospective, for future retirees. This is what the House suggested and put in their bill and sent to us.

Here it is, on page 130 of the House report. According to the actuaries, as these people retire and we have the full impact of this matter on the social security fund, it would cost 0.19 percent of payroll, which would round out to about two-tenths of 1 percent of payroll. The taxable payroll in the Nation is about $600 billion. So, if we multiply that out, it works out to $1,200,000,000 a year. And that is what the House put in the bill, on the average, as a tax to pay for that.

Mr. President, I have voted for amendments, as have other Senators here, when we knew that the social security fund was financially on a very conservative basis, and that we could finance benefits.

We were able to do that until we agreed to the Church amendment. When we did that, we took advantage of every assumption we could on a reasonable basis to finance the 20 percent across-the-board social security increase. And those who did that responsibly knew that from that time forward we could not pull any more rabbits out of the hat, so to speak, relying on future increases in tax revenues, as the Senator from Indiana is seeking to do today. From that time forward any additional benefits would have to be paid for by additional tax at the time.

Mr. President, this amendment seeks to pull a rabbit out of the hat when there is not any rabbit there and there is not even any bunting there. I suppose the Senator could pretend it is a rabbit, but it is not there. And all that this amendment means is that we would be "unfinancing" or "definancing" or taking away the financing with this amendment the money that would provide for the other things we have voted for.

The Committee on Finance recommended additional benefits such as raising the earnings limit. We recommended providing additional benefits for people who worked 30 years and retired with a very low social security check.

We recommended maintenance drugs for the aged. We recommended additional assistance for widows and others. And having done so, we put in the tax to pay for it.

The Senator from Indiana wants to "unfinance" that which the Senate Finance Committee proceeded to finance. We on the committee do not like to mislead these poor people who are aged into thinking that they are going to get something they will not get, even if someone else wants to do so. And we do not want this amendment.

If the Senator from Indiana wants this amendment, he ought to be willing to put $1.2 billion tax on the people of this country to pay for it. Then we would have a proposition that can be considered on its merit. If the Senate agrees with the merits of his additional provisions, fine. However, even so, it would tend to deny

favorable consideration of the other things in the bill because the House might not want to go further.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Utah.

Mr. BENNETT. Mr. President, does the Senator from Louisiana remember that the day before yesterday we added $5 billion worth of benefits without taxes? We are now $5 billion in the red as far as the current consideration of the bill is concerned. And there is not the $1.2 billion that has been suggested.

Mr. LONG. Mr. President, I would think that in the social security area there has been added about $3 billion on a long-range basis. In addition to that, the Senate in the public welfare area has added additional billions of dollars to the bill—I know the committee did—for the benefit of the aged, which would federalize the program for the aged with additional benefits and fiscal relief for the States. We paid for additional billions of dollars in the welfare section.

Those matters can be considered, because that is not part of the social security program, where it is well understood by the Senate and the House that we have not seen fit to depart from a procedure by which we would finance that to provide for the American people.

Mr. President, I hope the amendment is rejected.

Mr. SCHWEIKER. The determining factor in the amount of an individual's social security retirement benefits is the average of his social security covered earnings between 1951 and the year he reaches 65. "Dropout years" refers to a mechanism whereby he can factor out—or "drop out"—his years with the lowest covered earnings before calculating that average.

The theory behind dropout years is that one's retirement benefits should not be dragged down simply because the social security tax base was at a lower level in past years than in the later working years. For instance, the current social security base is $9,000, while in 1951 it was only $3,600.

Current law therefore allows for the five lowest covered earning years to be dropped out.

But early retirement—that is at age 60 instead of 65—is becoming increasingly common—both because of forced layoff and because of improved provisions in private pension plans. Under this situation, the 5 dropout year rule becomes highly inequitable. The 5 zero income years between ages 60–65 must still be included in the averaging procedure in order to receive full benefits, and all dropout years are therefore used up on those years. The early retiree, then, has no opportunity to drop out preretirement low covered income years, while the age 65 retiree does, despite the fact that both may have identical long-term associations with the work force.

The inequitities are further increased by the fact that current law requires women to compute their average only up to age 62, while men must figure up to age 65.

The House version of H.R. 1 equalized the computation age at 62 for both men and women, and granted an additional 1 dropout year for each 15 years of covered employment. Thus, an early retiree with 30 years employment could drop out his 2 zero income years between ages 60–62—1 for 15 formula—and disregard his 3 zero income years between ages 62–65, and still have 5 dropout years to apply to his preretirement income.

The Senate version of H.R. 1, as reported, also equalized the computation age of 62, but provided no additional dropout years. Thus, under the Senate version the early retiree is still penalized for 2 zero income years.

I have long supported efforts to provide relief to workers who retire or may lose their jobs later in life, prior to age of eligibility under social security. Even though they may have made continuous maximum payments into the Social Security Trust Act throughout their working career, the latter years of unemployment will be calculated into the formula determining their benefits, the result of which will be a decrease in their social security benefits to which they might otherwise be entitled if they had been eligible at the time of severance from work.

The Hartke amendment will rectify this problem by allowing workers additional dropout years for long-time connection with the work force and provide social equity to those workers. This provision is already in the House-passed bill and is a balance to the provision in both the Senate and the House bills which provide social adequacy to those workers at the lower-income levels who will receive a higher minimum benefit than before.

I urge the support of the additional drop-out years amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana as modified. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Louisiana (Mrs. EDWARDS), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Oklahoma (Mr. HARRIS), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Rhode Island (Mr. PELL), and the Senator from Connecticut (Mr. RIBICOFF) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE) is absent on official business.

On this vote, the Senator from Connecticut (Mr. RIBICOFF) is paired with the Senator from Louisiana (Mrs. EDWARDS).

If present and voting, the Senator from Connecticut would vote "yea" and the Senator from Louisiana would vote "nay."

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PELL), and the Senator from Minnesota (Mr. HUMPHREY) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BAKER), the Senator from Delaware (Mr. BOGGS), the Senator from Nebraska (Mr. CURTIS), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

On this vote, the Senator from Delaware (Mr. BOGGS) is paired with the Senator from Nebraska (Mr. CURTIS). If present and voting, the Senator from Delaware would vote "yea" and the Senator from Nebraska would vote "nay."

On this vote, the Senator from Oregon (Mr. HATFIELD) is paired with the Senator from Texas (Mr. TOWER). If present and voting, the Senator from Oregon would vote "yea," and the Senator from Texas (Mr. TOWER) would vote "nay."

The result was announced—yeas 29, nays 48, as follows:

[No. 527 Leg.]

YEAS—29

Bayh	Javits	Schweiker
Beall	Kennedy	Scott
Brooke	Magnuson	Smith
Case	Mathias	Spong
Gravel	Mondale	Stevens
Hart	Muskie	Stevenson
Hartke	Packwood	Symington
Hughes	Pastore	Tunney
Inouye	Percy	Williams
Jackson	Randolph	

NAYS—48

Aiken	Cranston	Montoya
Allen	Dole	Moss
Anderson	Dominick	Nelson
Bellmon	Ervin	Pearson
Bennett	Fannin	Proxmire
Bible	Fong	Roth
Brock	Gambrell	Saxbe
Buckley	Griffin	Sparkman
Burdick	Gurney	Stafford
Byrd, Harry F., Jr.	Hansen	Stennis
Byrd, Robert C.	Hruska	Taft
Cannon	Jordan, N.C.	Talmadge
Chiles	Jordan, Idaho	Thurmond
Cook	Long	Weicker
Cooper	Mansfield	Young
Cotton	McClellan	
	Miller	

NOT VOTING—23

Allott	Edwards	McGovern
Baker	Fulbright	McIntyre
Bentsen	Goldwater	Metcalf
Boggs	Harris	Mundt
Church	Hatfield	Pell
Curtis	Hollings	Ribicoff
Eagleton	Humphrey	Tower
Eastland	McGee	

So Mr. HARTKE's amendment (No. 1623) as modified, was rejected.

Mr. HARTKE. Mr. President, I call up my amendment No. 1550, as modified, and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read the amendment, as follows:

On page 189, between lines 19 and 20, insert the following new section:

PRESERVATION OF RIGHTS TO CHILD'S INSURANCE BENEFITS OF INDIVIDUALS SERVING IN THE ARMED FORCES

SEC. 151. (a) Section 202(d)(7) of the Social Security Act is amended by adding after subparagraph (D) thereof (as added by section 115(a) of this Act) the following new subparagraph:

"(E) In determining, for purposes of this subsection, the age of any child who has been discharged or released from active duty as a member of the armed forces (as defined in section 101(4) of title 10, United States Code) after having performed such active duty for a period of not less than 30 consecutive days nor more than three years which commenced prior to the date such child attained age 22, such child's age shall be deemed to be his actual age minus the number of days in such period."

Mr. HARTKE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. HARTKE. Mr. President, I ask unanimous consent that Mr. Guy McMichel, from the Veterans Committee, be permitted the privilege of the floor during the debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, section 402(d)(1)(B) of the Social Security Act authorizes the benefits to natural or adopted children of a parent covered by social security where the parent is either dead, disabled, or retired. The amount of the benefits is one-half of the parent's basic benefit if the parent is retired or disabled; three-fourths of the benefit if the parent is dead. Thus, if a parent is retired or disabled, benefits would be between $35 and $140 per month depending upon the salary level of the parent's job, the length of time covered, and where the family is large, the size of the family. If the parent is dead, benefits would be between $45 and $210 per month. Such benefits were originally available only to children under the age of 18 but a few years ago the provision was amended to permit benefits to flow to full-time students over the age of 18, but below the age of 22.

The difficulty with the existing law is that it discriminates against persons who served in the Armed Forces between the ages of 18 and 22. Their benefits are reduced by the time they spent in service.

Only 40 percent of Vietnam-era veterans are currently making use of their GI bill benefits, as compared with the 50 percent who utilized those benefits after World War II and the 45 percent after the Korean conflict.

Perhaps the most important reason for the poor rate of participation is the lack of adequate funds. Existing GI bill benefits are, by themselves, inadequate and do not provide sufficient support for tuition, fees, and living expenses. Section 1681 of title 38, United States Code, provides that the educational assistance allowance for a veteran is designed to "meet in part the expenses of his subsistence, tuition, fees, supplies, books, equipment, and other educational costs," money provided through the Social Security Act would help fill the gap that currently exists.

To correct this injustice, the pending Hartke amendment proposes that, for the purpose of determining education benefits under social security for a dependent who has served in the Armed Forces, the period of his active duty up to 3 years which was commenced prior to the date he reached age 22 shall be deducted from his actual age. Such a change will put him on an equal basis with the nonveteran in terms of social security benefits received.

Mr. President, the current GI bill does not cover the full cost of education and training for our returning veterans. Indeed, the current pattern of GI bill use appears to be inverse to need. People who attended college before service, use the GI bill three times as often as those who enter the service with only a high school diploma; only 10 percent of high school dropouts take advantage of their GI bill benefits.

The inequity of the draft system had a more profound impact upon persons from low-income families. It is interesting to note that, while families in the upper 25 percent income bracket produce 48 percent of the undergraduates, families in the bottom quarter contribute only 7 percent; the third quartile adds but 17 percent to the total. Service figures, on the other hand, show a much higher number of men from lower-income groups being drafted. These men often lack the family support and orientation to take post-high school education. They return from service to their country at an even greater disadvantage than those who remain at home. If they also happen to be children of retired, deceased, or disabled parents, they can expect little support from their families in pursuing higher education. Certainly, the lack of supplementary family support must be considered a factor in the low utilization of GI bill benefits.

Indeed, the lack of family support is the reason for the original enactment of the Social Security Act education provision. I believe the men who serve their country, should stand on an equal basis with those who did not serve and hence were eligible for social security benefits.

Mr. President, the pending amendment will allow veterans to receive social security education benefits if they are from families of retired, deceased, or disabled parents. In other words, the 2 or 3 years they spent in the service will not count against them with respect to entitlement to these benefits.

The cost of this amendment is estimated at approximately $55 million a year, but if this sum is the difference between the veteran being able to effectively utilize his Federal education benefits or his being sentenced to a lifetime dead-end job, then I say this is an investment we must make.

Mr. President, the American Legion, the Veterans of Foreign Wars, and the National Association of Collegiate Veterans endorse the amendment, and I ask unanimous consent that their endorsements may be printed in the RECORD.

There being no objection, the endorsements were ordered to be printed in the RECORD, as follows:

THE AMERICAN LEGION,
October 2, 1972.

HON. VANCE HARTKE,
Chairman, Senate Committee on Veterans Affairs, Washington, D.C.:

The American Legion believes that when young men and women are required to enter the Armed Forces for extended periods of service, it is in the nation's interest for the federal government, as part of their rehabilitation and readjustment to civilian life, to provide special programs of educational benefits, and thus restore to them opportunities lost because of their service in time of war or national emergency.

On this basis we strongly support your proposed amendment (No. 1550) to H.R. 1, the Social Security Amendments of 1972.

HERALD E. STRINGER,
Director, National Legislative Commission.

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
Washington, D.C., October 2, 1972.

HON. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs, Washington, D.C.

MY DEAR MR. CHAIRMAN: The Veterans of Foreign Wars is extremely pleased that you propose to offer an amendment to H.R. 1, an Act to amend the Social Security Act, which will have an enormous favorable effect on veterans who are entitled to GI Bill educational assistance as the result of their service in the Armed Forces during the Vietnam era.

Presently, social security benefits are paid to children up to the age of 22, if their parent is dead. For persons who served in the Armed Forces between the ages of 18 and 22, however, social security benefits to which they are entitled are reduced by the time spent in the Armed Forces.

Because of the high cost of education, including books, tuition, and other expenses, it is mandatory that these young veterans receive all possible assistance to help them make a successful readjustment to civil life.

Your amendment will take care of the present inequity whereby time in the Armed Forces actually discriminates against such persons if they are entitled to social security benefits because of the death of a parent. It is noted that your amendment has a maximum of three years which may be deducted, which will take care of those citizens who have been inducted into the Armed Forces and made the extra sacrifice in behalf of us all during this Vietnam war. At the same time the veteran will not be penalized for having served and will be placed in the same status as those who did not serve in the Armed Forces.

Your amendment, therefore, has the full support of the Veterans of Foreign Wars. You are to be commended for offering this amendment, and the Veterans of Foreign Wars urges its approval by the full Senate.

With kind personal regards, I am

Sincerely,

FRANCIS W. STOVER,
Director, National Legislative Service.

NATIONAL ASSOCIATION OF
COLLEGIATE VETERANS,
Washington, D.C., October 2, 1972.

HON. VANCE HARTKE,
Chairman,
Committee on Veterans' Affairs,
Washington, D.C.

MY DEAR MR. CHAIRMAN: The National Association of Collegiate Veterans believes that the amendment which you are offering to the Social Security Act will be of major importance to Vietnam-era veterans seeking to further their education. Many of us were drafted because we were from lower income families. Particularly hard hit were sons and daughters of families of persons retired, deceased or disabled.

We feel that your amendment, which would recognize a veteran's service in the Armed Forces rather than penalize him, will make the GI Bill more meaningful to many young veterans. The high cost of education has made it difficult for veterans to return to school. This has been aggravated by the difficult employment market of the past sev-

eral years, which has made part-time jobs hard to obtain. Particularly burdened is the son or daughter of a retired, deceased or disabled person, whose earnings must go to assist his family.

Therefore, we wholeheartedly support your amendment, which would make such a veteran eligible for Social Security Act benefits for a period of time equivalent to the amount of time he was in the service. If these men and women use this unique educational opportunity, which you and your Committee—as well as the members of the Senate, have done so much to further—then we will be in a better position to effectively compete in American society.

Sincerely yours,

JAMES M. MAYER,
President.

Mr. HARTKE. Mr. President, I ask unanimous consent that the Senator from California (Mr. CRANSTON) be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, I also ask unanimous consent that the Senator from North Dakota (Mr. BURDICK) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, I ask unanimous consent that I may yield to the Senator from New Jersey (Mr. CASE) without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CASE. Mr. President, I ask unanimous consent to allow Nancy Amidei, staff director of the Select Committee on Nutrition and Human Needs, the privileges of the floor during the debate on H.R. 1.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Indiana. Who yields time?

Mr. LONG. Mr. President, this amendment, as I understand it, would say that if a person has been in the military service, he would continue to get the children's social security benefits that are paid to children over 18 who are in school. He would be paid even though by virtue of his military service, he may have passed the age at which these children's benefits would have been available to him. Benefits after age 18 are paid to a child who is going to school, on the theory that he is still a dependent up through age 21.

The problem that this amendment creates is that this person, by virtue of going into the military service, is also entitled to GI benefits, and it would seem, at a minimum, that he ought to take one or the other; he should not have both. We provide very generous benefits through veterans' legislation, and I have always favored that, and I think most Senators have. So where a person has veteran's benefits, and he is not over the age of 21, I do not see why he should have both. I would think he should be required to choose between them.

That being the case, Mr. President, I feel that the amendment, in the fashion that it was offered, should not be agreed to. Although I suppose that if one were offered whereby he would have the privilege of having the social security benefits, if he elected to receive them and found them more useful to him than the veterans' benefits, there would be good logic to support it.

But under the circumstances, Mr. President, since the amendment provides that he could have both benefits, it is really not a good amendment.

Mr. BENNETT. Mr. President, will the Senator yield for a question?

Mr. LONG. I yield for a question.

Mr. BENNETT. Under the amendment that was offered by the Senator from Indiana, could a returned veteran stay in school for 15 years?

Mr. LONG. I do not think so. As I understand the amendment, we would add to age 22 the number of years a person had been in the military, and I believe the limit would be not more than 3 years, so he would draw social security benefits up until he is 25. Now a person ceases to draw the benefits for children at age 22, if he goes to school.

The problem here is that while, as far as I am concerned, I would have no objection to his drawing the child's benefits until he gets to be age 25, were it not for the fact that we have a GI program; a GI program which presumably provides more liberal benefits on the theory that he has served in the service, and recognizes that he would be an adult. We provide a generous training program, and with generous educational benefits for veterans, and I certainly want it to be generous. We provide good educational benefits for former servicemen, and I would think, Mr. President, that a person should have the one benefit and not the two.

Therefore, Mr. President, I shall vote against the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana.

Mr. HARTKE. Mr. President, just for clarification, in response to the question of the Senator from Utah. If, for example, a person is not a veteran and a parent dies, educational benefits will be paid up to the time that person is 22 years of age.

If he goes into the military service at the age of 18 for 2 years, and then goes to school, he can draw educational benefits under the GI bill. These are not intended to be and never have been fully adequate. And during that period he can also draw social security benefits, while he is under the age of 22. But if the same person undertook a 4-year enlistment at the age of 18, or came out of high school at 19 and entered the service for 3 years, then that person would have forfeited the benefits available under the social security law.

In other words, what we say to that person who voluntarily enlisted or who is drafted, is, "Mister, we are going to give a privilege to that person who stays home, we are going to give him an educational benefit under the social security law, but if you go into the military service, we will take it away from you."

This is a common practice, I will say that. Every Member of Congress, for example, is entitled to count his military service as Government service toward retirement. I do not think we have any hesitancy to claim those years. We add on those years for ourselves. But to that young man, we say, "If your father and source of support dies, and you are not in the service and are a full-time student, we are going to provide an income for you up to the age of 22. But if you are foolish enough to go and join Uncle Sam's service, don't worry, we will take it away from you."

That does not make good sense. It makes no sense at all. Let us provide at least equality of treatment to the veteran for up to 3 years.

Mr. CANNON. Mr. President, will the Senator yield?

Mr. HARTKE. I am glad to yield.

Mr. CANNON. Is the Senator from Louisiana correct when he says that if the amendment were passed, the veteran would be eligible for dual benefits, one under social security and the other under the GI bill, for the period he is in the service?

Mr. HARTKE. No, let me explain it. What happens at the present time is that if you have a covered deceased individual, if the parent dies, if the child is a full-time student, he can receive social security benefits up to the time he is 22.

Mr. CANNON. That is correct.

Mr. HARTKE. It does not make any difference what his situation is. Under the Hartke amendment, if he goes into military service from the age of 18 until the age of 22, and then becomes a full-time student, he would receive his social security benefits and could draw GI benefits. He could draw them both.

Mr. CANNON. And under the Senator's amendment, if he got out of the military when he was 22 and went to school for 3 more years, he would be eligible to draw the GI educational benefits as well as the social security benefits; is that correct?

Mr. HARTKE. That is exactly right, and that is exactly what the person who comes out under the age of 22 does under the present law. In other words, under the present law, when he comes out, he draws dual benefits.

The GI bill was never meant to be exclusive financing for the individual. As a matter of fact, it is usually below the full cost of an education. The person who does not have parents to look to for any help with his educational benefits turns to social security, that in a way takes the parents' place.

That is the reason we raised the cutoff age to 22. We said it was unfair to penalize that person because he had lost his parents. It is unfair to say to him, "Simply because of that, even though you are going to school and have no earning capacity, we will deny you an education."

The Hartke amendment provides that the same benefit to the person who serves those years in the military.

Mr. CANNON. I understand. What the Senator is really saying is, he is entitled to dual compensation.

We have a dual compensation act that we passed prohibiting that under certain circumstances for people who have been in the military and in Government service. What the Senator is saying is, he would permit him to draw social se-

curity benefits, which were intended to substitute in the place of a parent——

Mr. HARTKE. That is right.

Mr. CANNON. So that a youngster could go to school up to the age of 22, and the Senator would give him that and also let him draw the compensation that we have provided under the GI bill, so that a man who has been in the service can go on and get his education. The Senator is really permitting him to do both.

Mr. HARTKE. Mr. President, as an example, let me make this assumption: If a person has a parent who dies, and he goes to school until the age of 22, he can draw those social security benefits for the full time he is in school. Then, if he wants to, at the age of 22, 23, or 25, he can draw full educational benefits. There is nothing to keep him from drawing those.

When we deal with the question of veterans, as is shown in the veteran's law itself, section 1681 of title 38 of the United States Code provides that the educational assistance allowance for a veteran is designed "to meet the expenses of assistance, tuition, and so forth."

In all equity to the veteran, what you are doing in this situation is encouraging people not to participate in military service. If you do not participate in military service, you are going to receive the full benefits; but if you do, we are going to penalize you. You are going to receive the GI benefits, but you will not receive the benefits you would receive in the other payment.

Mr. JORDAN of North Carolina. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. JORDAN of North Carolina. If he did not go into the military service, he would not have any military benefits, anyhow.

Mr. HARTKE. That is true.

Mr. JORDAN of North Carolina. So he would be drawing double compensation, under the Senator's amendment, any way we look at it.

Mr. HARTKE. I am not denying that he is going to receive two pay checks; but one can do that today if he gets out of the military service at the age of 20.

Mr. JORDAN of North Carolina. Why does the Senator want to add another one, then?

Mr. HARTKE. I think it is rather preposterous to say to a man in the military service for 2 years, from 18 to 20, that he can draw double compensation for the next 2 years, but if he stays in for 4 years, he cannot.

Mr. JORDAN of North Carolina. He does not start drawing compensation, anyway, until he gets out of the service. He has to go to school.

Mr. HARTKE. If he enlists or is drafted at age 18 and comes out at age 20 and his father is dead, he can get his GI bill and draw his social security benefits for 2 years. But if he enlists for 4 years, from 18 to 22, and is past the age of 22, he gets no paycheck under social security.

Mr. JORDAN of North Carolina. But he gets the GI bill, also.

Mr. HARTKE. He gets that under any circumstances.

Mr. JORDAN of North Carolina. At any rate, he is still drawing double compensation.

Mr. HARTKE. All I am saying is that the man who is drafted at 18 and stays until he is 20 is drawing double compensation.

Mr. JORDAN of North Carolina. The Senator is talking about 4 years. The man is still compensated and is taken care of under the GI bill.

Mr. HARTKE. Every veteran is taken care of under the GI bill.

Mr. HARTKE. Every veteran is taken care of under the GI bill.

The point is that we are dealing with a situation of those who are orphans, in effect. We are dealing with those children whose parents are disabled or died. We are not dealing with the rank and file social security beneficiary. We are not dealing with those people who are drawing social security and have children.

Mr. JORDAN of North Carolina. A man who has been in the service 4 years is sort of past the orphan stage. He is a little past that stage. He is a man; he has been in the Army for 4 years.

Mr. HARTKE. Let me see if I can make it a little more clear. I did not have that easy a time going through school, but I had my parents backing me all the way. This is true in a majority of cases. But take a young man whose father died and who enlists for 4 years at the age of 18. After he comes out, he decides he wants to go to school. The GI bill pays part of his expenses.

Mr. JORDAN of North Carolina. That is correct.

Mr. HARTKE. If he had a parent, the parent would probably help pick up the difference. But this young man, because he went into the service at 18 and enlisted for 4 years, has no parental payments to look to in order to help him financially. So you are saying to him, "I'm sorry, mister. You were foolish enough to stay in the military service during those years. If you had waited and enlisted when you were 22, you would have had all that money and could have gone to school and come back and got the additional GI benefits."

Mr. JORDAN of North Carolina. In the first place, he does not have to enlist.

Mr. HARTKE. But you do not have to have military service, either.

Mr. JORDAN of North Carolina. In think the Senator is adding one compensation onto another. I am afraid this is overlapping benefits, which I think would be wrong. I am strongly in support of the GI benefits and have voted for every one and voted to liberalize them on many occasions.

Mr. HARTKE. I think it is a shame to say that you are going to treat those people who are in effect both orphans and veterans worse than you do a person who has his parents living and who is a nonveteran.

Mr. LONG. Mr. President, the Senator did not give the committee the opportunity to act on this It was not submitted to us, even though he is a member of the committee. Therefore. as the manager of the bill, I am not prepared to discuss the amendment in detail. I have tried to find out what it is about while the Senator was talking about it. I think I have some idea of what this is all about.

Mr. HARTKE. Mr. President, will the Senator yield in order to correct a statement of error?

Mr. LONG. Did the Senator offer this amendment in committee?

Mr. HARTKE. It is part of the minority views, and I did submit it on February 17, 1972. It is addressed to the chief counsel, Tom Vail. I have a copy of the letter and a copy of the amendment. If the staff did not give it to the Senator to read, it is not my fault.

Mr. President, I ask unanimous consent to have these papers printed in the RECORD.

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

FEBRUARY 17, 1972.

Mr. TOM VAIL,
Chief Counsel, U.S. Senate, Committee on Finance, Washington, D.C.

DEAR TOM: I am enclosing a copy of an amendment to H.R. 1 and supporting materials related thereto which Senator Hartke plans to introduce shortly. It is my understanding that he has introduced a similar amendment in 1969 or 1970.

I wonder if I might get your reaction to this amendment after you have had time to study it.

Sincerely,

HOWARD MARLOWE,
Legislative Assistant to Vance Hartke, U.S. Senator.

AMENDMENT TO SECTION 402(d)(1)(B) OF THE SOCIAL SECURITY ACT

STATUTORY LANGUAGE

Section 402(d)(1)(B) of the Social Security Act is hereby amended to read "at the time such application was filed . . . was a full-time student and had not attained the age of 22, except that veterans of military service in the Armed Forces of the U. S. with other than a dishonorable discharge who have ended their service after August 4, 1964, and have served more than 180 days on active duty or have been discharged because of a service connected disability, and have not received more than a high school education or G.E.D. equivalency degree shall be eligible for assistance regardless of their age while they are full-time students at educational or training institutions for a period of up to 36 months."

SOCIAL SECURITY: AN IMPORTANT NEW WAY TO AID VIETNAM ERA VETERANS

(A Statement in Support of an Amendment to the Social Security Act.)

This amendment to the Childrens' Benefit provisions of the Social Security Act would encourage all covered Vietnam veterans, regardless of their age, to return to school by paying them benefits for a period equal to their GI Bill entitlement, up to 36 months.

Unlike the veterans of past wars, those who served during the Vietnam Era have come home to apathy—not admiration. Instead of respect for the dirty and thankless task they have done, they are often viewed suspiciously because they have served. They know this, and they are angry. Tired of rules, double talk, and empty words, they are turned off by the system.

Currently, the so-called Childrens' Benefits under Social Security represent only one more form of discrimination against veterans. Benefits are provided to full-time students of deceased, retired or disabled parents if the children are between the ages of 18-22. Veterans, of course, suffer because, for most of them, time spent in service reduces the benefits available.

The proposed amendment would give vet-

erans a better deal, and it would also help raise GI Bill wage rates above the present 30%—compared with 50%, after World War II and 45% after Korea.

GI Bill benefits, alone, are often inadequate to support veterans at most institutions, but the combination of the GI Bill and Social Security would provide a satisfactory amount. GI Bill benefits are $175 per month per single veteran and Social Security benefits would add from $35 to $210 per month extra, depending on the salary of the parent's job, the length of time covered, whether the parent is retired or disabled, or deceased, and possibly, the size of the family.

There are currently 610,802 Vietnam Era veterans engaged in full-time education and training under the GI Bill. If veterans utilize Social Security benefits at the same rate as the general population (10%), then the cost of the amendment for the first year (calculated at a cost of $900 per veteran) would be something less than $54,972,000. In any case, we owe it to the veterans to make the effort.

EXPLANATION

Section 402(d)(1)(B) of the Social Security Act describes the benefits available to (natural or adopted) children of a parent covered by Social Security-where the parent is either dead, disabled, or retired. The amount of the benefits is ½ of the parent's basic benefit if the parent is retired or disabled; ¾ of the benefit if the parent is dead. Thus, if a parent is retired or disabled, benefits would be between $35 and $140 per month depending upon salary levels of the parent's jobs, the length of time covered, and where the family is large, the size of the family. If the parent is dead, benefits would be between $45 and $210 per month. Such benefits were originally available only to children under the age of 18, but a few years ago the provision was amended to permit benefits to flow to full-time students over the age of 18, but below the age of 22.

The difficulty with the existing law is that it discriminates against persons who served in the Armed Forces between the ages 18 and 22. Their benefits are reduced by the time they spent in service. The amendment being proposed is intended to remedy this problem and to encourage more veterans to continue their education by offering them additional resources.

Only 30% of Vietnam era veterans are currently making use of their GI Bill benefits, in contrast with the 50% who utilized those benefits after World War II and the 45% after the Korean conflict. Moreover, those veterans with some previous college experience are twice as likely to go back to school after service than those with only a high school education.

There are many reasons for the poor rate of participation, but one of the most important is the lack of money. GI Bill benefits are, by themselves, inadequate and do not provide adequate support for tuition, fees and living expenses. Money provided through the Social Security Act would help fill the gap.

The amendment is focused on those whose need is the greatest, but are least likely to undertake further schooling—those with no more than a high school education. All such veterans who have been discharged during the Vietnam Era (subsequent to August 4, 1964), have other than a dishonorable discharge and have served more than 180 days on active duty or been discharged due to a service-connected disability would be eligible if one of their parents was covered by Social Security and is disabled, dead or retired.

The total annual cost of the amendment is somewhat difficult to calculate because Social Security statistics do not separate out veterans as a distinct category. However, an estimate can be made.

There are currently 610,802 Vietnam Era veterans engaged in full-time education and training under the GI bill. If these veterans utilize Social Security benefits at the same rate as the general population (10%), then the cost of the amendment for the first year (calculated at a cost of $900 per veteran) would be something less than $54,972,000. How much less depends upon the number of veterans already utilizing Social Security. Unfortunately, the number is not known.

COMPUTATION

There are, according to the 1970 census, 4,110,000 students between 18-21 in full-time educational programs.

402,000 students are currently receiving childrens' benefits.

4110	.1	approximately
	402.0	
	610.802	Vietnam Era vets in full-time education and training programs
	.1	
	61080.2	
	$900	
$54,972,000		Total annual cost—number of vets now getting benefits.

Mr. LONG. If the Senator offered that in committee, then I have a very bad memory, because I was there. I was there throughout the consideration of this measure. I was there every day except one, and I will be glad to review the record, but I believe the Senator will find that he did not offer it that day. I do not recall any amendment such as this being offered. If any member of the Finance Committee does remember it, I wish he would correct me. I do not recall this amendment being offered.

I do not know of some correspondence the Senator may have had with some member of the staff; but, so far as I know, this amendment was never offered to the committee. We had no opportunity to vote on it or talk about it in the committee room. I did not know what this amendment was until it was called up today.

This amendment has to do with the problem that Senator Ribicoff has referred to from time to time. We have so many different programs that are supposed to help poor people or to keep people out of poverty that if you were to eliminate the overlapping benefits by which people get double dips, triple dips, and quadruple dips, and put them all in one consistent program, you would have more money than you need to lift everybody in America out of poverty. It is only because you have a hodge-podge of programs, many of which relate to each other in ways that were never considered in advance, then you find that you are spending a great deal more money than it would take to lift everybody out of poverty.

When we get into that, one of the principal examples would be veterans' benefits. We provide a higher level of veterans' benefits than other people. I never knew, until the Senator brought this amendment up, that a young man can go into military service at age 18 and come out of military service at age 20 and that, in addition to receiving his $175 GI bill of rights payment to go to school, can also receive a $60 social security payment. This is on the theory that he is still a child and therefore is dependent upon his parents, even though he is pretty much of a man who has been in the Army for two years. Apparently, on this theory he is still on mama's apron strings, even though he came out as a decorated hero. So that when he comes out at age 20 after going in at age 18, and comes out like Audie Murphy, having killed 550 of the enemy on the field of battle, a decorated veteran, with the Medal of Honor, he is still entitled to be treated as a child and receive a $60 a month payment under the social security law, on the theory that he is still dependent upon his family for support, even though he has proved to be one of the Nation's great heroes.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BENNETT. He may also be married and the father of two or three children.

Mr. LONG. Yes. By that time he may very well be married and have his own family to support, and still he is regarded as dependent on mama; and since papa has passed away, this person can draw the benefit as though he is a child, still dependent upon his parents for support.

I did not know it but I know it now. That is the law. But I believe it is an unintended benefit. I do not believe anyone ever thought about this when it came to pass. Now the Senator says we are discriminating against people 23 and 24 years old because they cannot do the same thing, because they cannot proceed on the theory that they are still hanging on mama's apron strings, even though they may be married, a combat veteran, a hero of the Nation, with decorations from their country, being paid $175 a month on the GI bill of rights to go to school and then, in addition, we must still treat them as children and let them draw the child's benefit, on the theory that they are still dependent upon mama and papa for support.

It would make more sense if, when this fellow, at 20, having left the service, and being entitled to draw $175 a month under the GI bill of rights, could not draw the $60 under the social security program for the child's benefit. But, that is not before us. If we wanted to say that there is inequity here, the way to solve it would be to say that a man, a veteran, entitled to the more generous benefits of the GI bill of rights, would not draw the child's benefit because we are caring for him more generously under another program.

But now the Senator would go beyond that and extend the child's benefit up to the age of 25. We provided that if a child wanted to go to school, then the child's benefit would continue after the age of 18 up to the age of 22, on the theory that he was still dependent upon mamma and papa while he was still going to school. If he did not go to school, then he would lose the child's benefit, even at the age of 18.

Now the Senator would extend the child's social security benefit to the age of 25 which he would receive in addition to the GI benefits. His net benefit would then be $235 a month by treating him as a child as well as treating him as a veteran.

Mr. PERCY. Did we not just increase GI benefits? Certainly the right way to do this in order to have adequate GI benefits for educational purposes would be to charge it against that account rather than doing it this way?

Mr. LONG. Do it either way, so far as I am concerned. Under social security, do it for everyone, do it for the GI's and do it for everyone. But these overlapping systems, these double tips that people resent, the gimmicks and the angles, so that if someone does not get it he says "I never heard of it" and then the first thing you know everybody wants some other gimmick for himself. "When you do it for this man, you must do it for me," in view of the fact that here is an unintended gimmick that tends to discriminate against someone else who did not have that particular pattern, so we have to give it to him or to someone else who will say "Give it to me."

It would make far better sense to provide it across the board, rather than to start this kind of thing which benefits only a minuscule number but now sets a pattern to bring in somebody else—goodness knows who—who will say that they are being discriminated against because they only got the first bite of the apply and not the second and, therefore, they should have the double benefit. This could lead to all sorts of unintended benefits and all sorts of unintended consequences, it would seem to me.

Mr. BENNETT. Is not the theory of the $60 social security benefit that this person is dependent, dependent on the social security entitlement of his dead father, and it is not that he needs it, it is just that he is a dependent? Who can say that a man with $175 a month is a dependent child. It seems to me a thing full of contradictions.

Mr. LONG. Theoretically he is dependent. But he is a veteran of the war and is still presumed to be a dependent.

Mr. President, I point out that, under the able leadership of the Senator from Indiana, we have recently passed a bill raising the GI bill benefits from $175 a month up to $245 a month. I salute the Senator for his leadership in providing this additional benefit. At least, it is across the board for all GI's.

But in addition to the $245 a month, he would have a special facet of GI beneficiaries who would get the extra $60 a month in social security, being treated as a child, even though they were 25 years of age. I would submit that that is not the way that we should do it.

Mr. President, I move that the amendment be laid on the table.

The PRESIDING OFFICER (Mr. PROXMIRE). The question is on the motion of the Senator from Louisiana (Mr. LONG) that the amendment of the Senator from Indiana be laid on the table.

Mr. HARTKE. Mr. President, I ask for the yeas and nays.

There was not a sufficient second.

Mr. HARTKE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HARTKE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana (Mr. LONG) to lay on the table the amendment of the Senator from Indiana (Mr. HARTKE).

On this question, the yeas and nays have been ordered. The motion is not debatable and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Louisiana (Mrs. EDWARDS), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Oklahoma (Mr. HARRIS), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Rhode Island (Mr. PELL), and the Senator from Connecticut (Mr. RIBICOFF) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE) is absent on official business.

On this vote, the Senator from Louisiana (Mrs. EDWARDS) is paired with the Senator from Rhode Island (Mr. PELL).

If present and voting, the Senator from Louisiana would vote "yea" and the Senator from Rhode Island would vote "nay."

I further announce that, if present and voting, the Senator from Minnesota (Mr. HUMPHREY) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BAKER), the Senator from Delaware (Mr. BOGGS), the Senator from Nebraska (Mr. CURTIS), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Alaska (Mr. STEVENS) is detained on official business.

If present and voting, the Senator from Delaware (Mr. BOGGS) would vote "yea."

On this vote, the Senator from Nebraska (Mr. CURTIS) is paired with the Senator from Alaska (Mr. STEVENS). If present and voting, the Senator from Nebraska would vote "yea" and the Senator from Alaska would vote "nay."

On this vote, the Senator from Texas (Mr. TOWER) is paired with the Senator from Oregon (Mr. HATFIELD). If present and voting, the Senator from Texas would vote "yea" and the Senator from Oregon would vote "nay."

The result was announced—yeas 51, nays 24, as follows:

[No. 528 Leg.]

YEAS—51

Anderson	Fong	Packwood
Beall	Gambrell	Pearson
Bellmon	Griffin	Proxmire
Bennett	Gurney	Randolph
Bible	Hansen	Roth
Brock	Hruska	Saxbe
Buckley	Inouye	Sparkman
Byrd, Harry F., Jr.	Javits	Spong
Byrd, Robert C.	Jordan, N.C.	Stennis
Cannon	Jordan, Idaho	Stevenson
Chiles	Long	Symington
Cooper	Magnuson	Taft
Cotton	Mansfield	Talmadge
Dole	McClellan	Tunney
Dominick	Miller	Weicker
Ervin	Montoya	Young
Fannin	Muskie	
	Nelson	

NAYS—24

Aiken	Gravel	Pastore
Allen	Hart	Percy
Bayh	Hartke	Schweiker
Brooke	Hughes	Scott
Burdick	Jackson	Smith
Case	Mathias	Stafford
Cook	Mondale	Thurmond
Cranston	Moss	Williams

NOT VOTING—25

Allott	Fulbright	McIntyre
Baker	Goldwater	Metcalf
Bentsen	Harris	Mundt
Boggs	Hatfield	Pell
Church	Hollings	Ribicoff
Curtis	Humphrey	Stevens
Eagleton	Kennedy	Tower
Eastland	McGee	
Edwards	McGovern	

So the motion to table the Hartke amendment (No. 1550) was agreed to.

aid programs, to replace the existing Federal-State public assistance programs, and for other purposes.

Mr. HARTKE. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. HARTKE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 467, line 18, insert the following new section and renumber subsequent sections accordingly:

COVERAGE OF PSYCHOLOGISTS' SERVICES

SEC. 274. (a) Section 1861(r) of the Social Security Act is amended (1) by striking out "or (4)" and inserting in lieu thereof "(4)" and (2) by inserting before the period at the end thereof the following: ", or (5) a psychologist holding a doctoral degree, licensed or certified as such by a State, but only for purposes of section 1861(s)(1) and section 1861(s)(2)(A) and only with respect to functions which he is legally authorized to perform as such by the State in which he performs them."

(b) The amendment made by subsection (a) shall apply only with respect to services performed on or after the date of the enactment of this Act.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent—after having consulted with the distinguished Senator and the distinguished ranking minority member of the committee—that there be a 20-minute time limitation on this amendment, to be equally divided between the Senator from Indiana (Mr. HARTKE) and the Senator from Utah (Mr. BENNETT).

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were not ordered.

The PRESIDING OFFICER. Who yields time?

Mr. HARTKE. Mr. President, the amendment I have just offered is cosponsored by the Senator from Michigan (Mr. HART) and the Senator from California (Mr. CRANSTON).

Mr. President, medicare contains several built-in limitations which restrict the patterns of care and availability of services for individuals suffering from mental, psychoneurotic, and personality disorders.

While there are provisions for treatment for such difficulties under part B of medicare, they must either be provided by a doctor of medicine or by a doctor of osteopathy or as an incident to their services.

The result of this limitation has been to restrict psychological services to the point where less than 1 percent of the patients served by psychologists are over 65 years of age.

The pending Hartke amendment which has been cosponsored by Senators CRANSTON and HART puts psychologists on an equal footing with psychiatrists for the purpose of providing mental health services for the elderly under medicare.

Mr. President, health is a right and proper health care should be provided to all regardless of age, area of residence, or income. Those in need of health services should have a right to choose from licensed professionals functioning within the scope of their practice. Any legislative limitation which precludes this privilege of free selection is not in the best interest of the patient, prevents innovative approaches to treatment, and is often poor economics.

If any group were to be singled out for having emotional problems concomitant with conditions often outside their control, the poor and aged fit this category.

Psychologists have the training, credentials, and controls to function as independent practitioners to supply this public need. Psychologists are now licensed or certified to function independently as providers of mental health services in 46 States and the District of Columbia. In fact, this very Congress passed the act to license psychologists for independent practice in Washington, D.C.

All laws that have been passed that regulate the practice of Psychologists call for a minimum of a doctorate from a recognized university, internship in an approved setting, and postdoctoral training. We have every evidence to believe that our controls over the profession are sufficient to insure our continued functioning as an independent provider of health benefits.

The effectiveness of the control over our profession and the ethical functioning of psychologists are reflected in the fact that while the cost of malpractice insurance for most medical specialties has continued to rise to astronomical heights as the public has sought redress through the courts—the cost for malpractice insurance for psychologists has continued to decline. At present, a private practicing psychologist can receive professional liability insurance in the amount of $300,000 to $900,000 per year for a cost of $40 per year. In the 15 years that psychologists have had malpractice insurance, there has not been one case that has gone to court.

There is significant evidence that suggests that early intervention in the treatment of mental health disorders reduces overall costs of medical expenses. Studies by Cummings and Follett at Kaiser-Permanente—the group health care plan in California—clearly show that early intervention and utilization of psychotherapeutic services tend to reduce overall medical costs. In this connection, it is probable that many aged people are seeing physicians for a variety of physical ailments which really reflect their need for someone to talk to, someone to listen to them, someone who will give them interest and concern, and many dollars are being spent for purported medical care of diseases that might be treated less expensively and more productively as mental health problems.

Psychology has established itself as an

SOCIAL SECURITY AMENDENTS OF 1972

The Senate continued with the consideration of the bill (H.R. 1) to amend the Social Security Act, to make improvements in the medicare and medic-

independent health profession through its training, public acceptance of its services, and through statutory regulations. Extensive training leading to the Ph. D. degree and experience at hospitals, clinics, and other service facilities has qualified psychologists to provide direct services to the public. Psychologists practice without medical certification, direction, or supervision according to professional practice statutes in 46 States and the District of Columbia. In the remaining four States, psychologists practice without medical direction or supervision using voluntary controls.

State legislatures have recognized the inequities in private insurance contracts which have denied the claims of policyholders for the diagnosis and treatment of mental, psychoneurotic, and personality disorders when the policyholder was attended by a psychologist. Eleven States have enacted laws which require insurance carriers to reimburse their policyholders for the diagnosis and treatment of nervous and mental disorders whether the services are rendered by a psychologist of a psychiatrist. Those 11 States are California, Colorado, Kentucky, Maryland, Michigan, Montana, New Jersey, New York, Oklahoma, Utah, and Washington. To my knowledge, this has not resulted in any additional premiums to the policyholders or exceptional increases in utilization. These laws have been well received by the public. Several insurance carriers—Prudential, Occidental Life, and Massachusetts Mutual—recognizing this inequity, have voluntarily included psychology as a qualified provider of service as a physician for the purposes of their contract for the treatment of mental disorders. Continuing the practice of requiring that mental health services for the recipients of medicare be provided only by psychiatrists causes an unnecessary hardship on the beneficiaries of medicare and creates an artificial shortage of qualified providers of service for nervous and mental conditions. Failure to include psychological services without medical referral, produces a condition of featherbedding physicians' fees. The cost of certification and recertification by doctors of medicine or osteopathy only can require an extra visit to the doctor and produce another fee chargeable to the medicare program.

Utilization control must occur through peer review mechanisms rather than through the source of referral. The profession of psychology has established its own peer review mechanism which is accepted by the health insurance industry. H.R. 1, itself, provides controls through mechanisms such as the professional standards review organization.

For the reasons cited, I ask that H.R. 1 be amended so that psychologists will be listed as physicians for the providing of diagnostic and treatment services for mental, psychoneurotic, and personality disorders as well as for the diagnosis and treatment of mental retardation, vocational rehabilitative services, and child care services.

Mr. President, I ask unanimous consent that a table depicting some of the characteristics of psychology laws in the United States be printed in the RECORD.

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

SOME CHARACTERISTICS OF PSYCHOLOGY LAWS, AUGUST 1972

[L=Licensing law; N=46 States and District of Columbia, and 6 Provinces.]

State or Province	Year of original approval	Coverage	Type of definition [1]	Educ. requirement [2]	Exper. requirement (years) [3]	Exam. mandatory [3]	Number of board members; terms in years	Waiver period ends	Reciprocity [10]	Ethics [11]	Priv. communication	Sociol. [12]
Alabama (L)	1963	Practice of psychologists	S (P)	Doctoral	0	No	5–5	Oct. 1, 1965	Yes A	Yes	Yes	No.
Alaska (L)	1967	Practice of psychology	S (P)	do	1	Yes	3–3	Jan. 1, 1968	Yes A	No	Yes	Yes.
Alberta	1960	Psychologist	"O"	Master's	0	No	8–1	Apr. 11, 1962	No	No	No	No.
Arizona	1965	do	"O"	Doctoral	0	Yes [3]	5–5	None	No	No	Yes	Yes.
Arkansas (L)	1955	do	S (P)	do	1	Yes	5–5	July 1, 1957	Yes	Yes	Yes	No.
		Psychological examiner		Master's	0	Yes						
California	1957	Psychologist	S (P)	Doctoral	2 [4]	No	8–4	Nov. 1, 1961	Yes A	No	Yes [13]	Yes.
Colorado (L)	1961	Psychology	S	do	2 P	Yes	5–3	July 1, 1963	Yes A	Yes	Yes	Yes.
Connecticut	1945	Psychologist	S	do	1 P	Yes	5–5	June 24, 1969	Yes A	No	Yes	No.
Delaware	1962	do	S (P)	do	1 [5]	Yes	5–5	June 11, 1964	Yes A	Yes	Yes	No.
District of Columbia (L)	1971	Practice of psychology	S (P)	do	2 [4]	Yes	7	Apr. 8, 1972	Yes A	No	Yes	No.
Florida (L)	1961	do	S	do	2 [4]	Yes	5–4	June 22, 1961	Yes A	No	Yes	Yes.
Georgia (L)	1951	Practice of applied psych	S	do	1	No	5–5	May 1, 1953	Yes	No	Yes	No.
Hawaii (L)	1967	Practice of psychology	S (P)	do	0	Yes	7–3	June 8, 1968	Yes A	No	No	Yes.
Idaho (L)	1963	do	S (P)	do	2 P	No	3–3	July 1, 1964	Yes	Yes	Yes	Yes.
Illinois	1963	Psychologist	S	do	2	Yes	5–5	Aug. 15, 1971	Yes	Yes	Yes	Yes.
Indiana	1969	Psych't in private practice	S	do	3 P	Yes	5–3	July 1, 1972	Yes A	No	Yes	Yes.
		Psychologist, basic		do	0	Yes		Dec. 31, 1969				
Kansas	1967	Psychologist	S	do	2	Yes [3]	7–3	July 1, 1969, (July 1, 1970 for veterans).	Yes	Yes	Yes	Yes.
Kentucky (L)	1948	Practice of psychology	S	do	1	Yes	5–4	July 1, 1965	Yes	Yes	Yes	Yes.
Louisiana	1964	Psychologist	S (P)	do	2 P	Yes	5–3	July 1, 1966	Yes A [14]	No	Yes	No.
Maine (L)	1953	do	S (P)	do	2	Yes	5–5	Oct. 1, 1968	Yes	Yes	Yes	No.
		Psychological examiner		Master's	1	Yes						
Manitoba	1966	Psychologist	None	Doctoral	0	Yes	7–2	Dec. 31, 1972	Yes	No	No	No.
Maryland	1957	do	S	do	2 [4]	Yes	5–3	Dec. 31, 1959	Yes	Yes	Yes [13]	No.
Massachusetts (L)	1971	Practice of psychology	S (P)	do	2 [4]	Yes	5–5	Jan. 1, 1974	Yes A	Yes	No	No.
Michigan	1959	Consulting psychologist	S	do	3	Yes	7–7	Aug. 1, 1961	Yes A	No	Yes	Yes.
		Psychologist		do	1	No						
		Psych. examiner or tech		Master's	1	No						
Minnesota	1951	Certified consulting psych't	None	Doctoral	3 P	Yes	7–7	July 5, 1964	Yes	No	No	No.
		Certified psychologist		Doct. or MA	1	Yes		Apr. 23, 1953				
Mississippi	1966	Psychologist	S	Doctoral	1	No	5–3	July 1, 1967	Yes A	Yes	Yes	Yes.
Montana (L)	1971	Practice of psychology	S (P)	do	2 P	Yes	3–3	Jan. 1, 1973	Yes A	Yes	Yes	Yes.
Nebraska (L)	1967	do	S (P)	do	0	Yes	5–5	Jan. 1, 1971	Yes	No	Yes	Yes.
Nevada	1963	Psychologist	S (P)	do	1 P	Yes	5–4	July 1, 1964	Yes	No	Yes	Yes.
New Brunswick	1967	do	"O"	do	1	Yes	5–1	June 1, 1971	Yes A	No	No	No.
New Hampshire	1957	do	"O"	do	2	Yes	3–3	July 1, 1959	Yes A	No	Yes	No.
New Jersey (L)	1966	Practice of psychology	S (P)	do	2 [4]	Yes	7–3	Jan. 1, 1968	Yes A	No	Yes	No.
New Mexico	1963	Psychologist	S	do	2 P	Yes	5–3	Dec. 31, 1964	Yes A	No	Yes	Yes.
New York	1956	do	S (P) [6]	do	2	Yes	7–3	July 1, 1959 (July 1, 1960, for veterans).	Yes A [14]	No	Yes [13]	No.
North Carolina (L)	1967	do	S (P)	do	2 P	Yes	5–3	July 1, 1969	Yes A	Yes	Yes	Yes.
		Psychological examiner		Master's	0	Yes						
North Dakota	1967	Psychologist	S	Doctoral	0	Yes	5–3	July 1, 1968	Yes A	Yes	No	No.
Ohio (L)	1972	Practice of psychology [17]	S (P)	do	2 [4]	Yes	[18] 7–5	Nov. 21, 1972	Yes A	No	Yes	Yes.
Oklahoma (L)	1965	do	S	do	2	Yes	5–3	June 28, 1966	Yes	Yes	Yes	Yes.
Ontario	1960	Psychologist	"O"	do	1	Yes	5–5	June 11, 1966	Yes A	No	No	No.
Oregon	1963	do	S (P)	do	2 P	Yes	5–3	June 30, 1965	Yes A	Yes	Yes	Yes.
Pennsylvania (L)	1972	Practice of psychology	S	do	2 P–4 P	Yes	7–3	May 23, 1974	Yes A	Yes	Yes	No.
				Master's								

State or Province	Year of original approval	Coverage	Type of definition [1]	Educ. requirement [2]	Exper. requirement (years) [3]	Exam, mandatory [3]	Number of board members; terms in years	Waiver period ends	Reciprocity [10]	Ethics [11]	Priv. communication	Sociol. [12]
Quebec	1962	Psychologist	S	Doct. or MA	0	No	8–1	None	Yes A	No	No	No.
Rhode Island	1969	do	S	Doctoral	2 [4]	Yes	3–3	Dec. 31, 1970	Yes A [14]	No	No	No.
Saskatchewan	1962	Registered psychologist	"O"	do	0	No	5–2	Dec. 31, 1966	Yes	No	No	No.
South Carolina (L)	1968	Practice of psychology	S (P)	do	0	No	7–5	Mar. 21, 1969	Yes A	Yes	No	Yes.
Tennessee (L)	1953	Psychologist	S (P)	do	1 [7]	Yes	5–5	July 1, 1955	Yes A	Yes	Yes	No.
		Psychological examiner		Master's	0	Yes						
Texas (L)	1969	Psychologist	"O"	Doctoral	2 [4]	Yes	6–3	Dec. 31, 1970	Yes A	No	No	Yes.
Utah	1959	do	S	do	2	Yes	5–5	Dec. 31, 1962	Yes	Yes	Yes	Yes.
Virginia (L)	1946	Practice of psychology	S (P)	do	2 P [8]	Yes	5–5	July 1, 1967	Yes A [15]	Yes	Yes [16]	Yes.
Washington	1955	Psychologist	S (P)	do	1 P	Yes	5–3	June 10, 1966	Yes A	No	Yes	Yes.
West Virginia (L)	1970	Practice of psychology	S (P)	do	2 P	Yes	5–3	Nov. ?, 1970	Yes A	No	No	Yes.
				Master's	8 P	Yes						
Wisconsin (L)	1969	do	S (P)	Doctoral	1	No	3–3	July 1, 1970	Yes A	Yes	No	Yes.
Wyoming	1965	Psychologist	S	do	0	Yes	5–3	Dec. 31, 1965	Yes A	No	Yes	No.

[1] "S" means a specific definition; (P) means that psychotherapy is included (N=25); "D" means a circular definition—a person is a psychologist when he calls himself one and does psychological work.

[2] These 3 columns all refer to post-grandfather provisions; nor do they reflect the requirements under reciprocal endorsement provisions. "P" means post-doctoral (or post-master's in the case of West Virginia). In connection with the examination, "No" is shown if the examining board has any authority in the law to waive it.

[3] The examination under the Arizona law is unassembled, consisting of an evaluation of credentials submitted by the applicant. In Kansas, the examination may be either assembled or unassembled.

[4] 1 of the 2 years must be post-doctoral.

[5] 2 years of experience are required if the field is clinical psychology.

[6] The definition in New York's law is circular; there is a specific definition, including psychotherapy, in the regulations (of the commissioner of education).

[7] The 1 year of experience is required if the field is clinical psychology; no experience requirement otherwise.

[8] Clinical psychologists must have completed an internship or practicum of at least 1 year.

[9] Dmitted again this year ara the 1-time columns headed "Medical Disclaimer," "Fees," and "Residence Required." With the exception of Alberta, Indiana, Saskatchewan, and Wisconsin, all the laws contain a medical disclaimer provision. With respect to fees, it has not been possible to maintain current and accurate data. Residenca is such an individual matter that the previous column was misleading.

[10] "Reciprocity" means endorsement of another State or province certification or licensure, if standards are no lower, to waive the examination. "A" means the examination may be waived for Diplomates of the American Board of Professional Psychology (N=37). In neither instance, however, is the decision to waive the examination a mandatory one; the examining board has the option.

[11] A "Yes" here means a reference to the APA Code of Ethics in the law (N=23), either specifically or by implication (e.g., "code of ethics of a national psychological association"). All laws, of course, make some reference to unethical or unprofessional conduct as a reason for refusal or revocation, and regulations often cite the APA Code. It is not possible in many States to make a reference in law to nongovernmental bodies, such as the APA.

[12] Provision for exemption of the sociologically-trained social psychologist, in accordance with national agreement between APA and the American Sociological Association in 1959. (N=28)

[13] Privilege granted to psychologists' clients in legislation other than the psychology law.

[14] If ABPP diploma was granted by examination; "grandfather" diplomates must take the State examinations.

[15] Waiver of examination for clinical psychologists possible only for holder of ABPP Diploma in clinical psychology.

[16] Clients of licensed clinical psychologists have the privilege.

[17] Includes a separate license for private practice of school psychology for persons with a master's degree in school psychology.

[18] 1 board member is a lay member.

SDME CHARACTERISTICS OF NONSTATUTORY PSYCHOLOGY PROVISIONS

State or province	Year adopted	Coverage	Education requirement [2]	Experience requirement (years) [3]	Examination mandatory [3]	Reciprocity
British Columbia	1964	Certified psych't	Doctoral	2	Yes	Yes A.
Iowa	1963	do	do	2	No	Yes A.
Missouri	1958	Psychologist	do	1	No	Yes.
South Dakota	1961	Psych't. specialist [4]	do	2	No	Yes.
		Psychologist	Master's	5	No	Yes.
Vermont	1966	Certified psych't	Doctoral	1	Yes	Yes.
			Master's	3	Yes	Yes.

[1] Nonstatutory certification programs are administered by tha State or provincial psychological association.

[2] These 3 columns all are in terms of post-grandfather provisions, and they do not reflect requirements under reciprocal endorsement provisions. "P" means post-doctoral.

[3] "Reciprocity" means endorsement of another State's certificate or license, if standards are not lower, to waive the examination. "A" means that the examination may be waived for holders of the Diploma from the American Board of Professional Psychology.

[4] Specialties are clinical, counseling, or industrial psychology.

Mr. HARTKE. Mr. President, I further ask unanimous consent that a statement by Dr. Jack G. Wiggins, a member of the Board of Governors of the Council for the Advancement of Psychological Professions and Sciences, before the Senate Finance Committee in February of this year, be printed in the RECORD.

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

TESTIMONY OF DR. JACK G. WIGGINS

Mr. Chairman and Members of the Committee:

My name is Dr. Jack G. Wiggins. I am a psychologist from Cleveland, Ohio and am a member of the Board of Governors of the Council for the Advancement of Psychological Professions and Sciences (CAPPS), and serve on its Executive Committee. One of the objectives of the Council is to insure that there are an adequate number of psychologists available to serve the health and mental health needs of the public and to insure that the public has ready access to psychological services.

In addition, I am Chairman of the Committee on Health Insurance of the American Psychological Association though I am not at present speaking for the APA, which organization will submit statement to the committee consonant with our testimony today. The American Psychological Association has 32,000 members and represents both the science and the profession of psychology. About 15,000 of our members are supplying mental health services directly to the public. The remainder of the membership have teaching positions in universities and medical schools, are conducting research, or serve in an administrative capacity. The APA Committee on Health Insurance strives to assure that high quality mental treatment services are available to the public through their insurance contracts. One of the major objectives of this committee is to remove from health insurance contracts those provisions which interfere with mental health treatment or availability of services. We share this objective in common with the Council (CAPPS).

Medicare contains some built in limitations which restrict the patterns of care and availability of services for individuals suffering from mental, psychoneurotic or personality disorders. While there are provisions for the diagnosis and treatment of mental, psychoneurotic and personality disorders under Part B, they must either be provided by a doctor of medicine or a doctor of osteopathy or incident to his services. The result of these provisions has been to restrict the delivery of mental health services to the point that less then 1% of the patients served by psychologists are 65 years of age or over. In effect, this has excluded the diagnostic and treatment service of psychology to recipients of medicare benefits. The intent of HR 1, according to the House Ways and Means Committee, is to make fullest use of public health personnel. I quote Page 107, Union Calendar No. 86:

"Your committee believes that failure to make the fullest use of competent health personnel is of particular concern because of the shortage of such personnel."

HR 1 does not provide remedy of this shortcoming of the original Medicare Act. Therefore, we are requesting HR 1 amend its definition of the term "physician" to include services of a psychologist for the diagnosis and treatment of mental, psychoneurotic and personality disorders as well as for the providing of diagnostic and treatment services for the mentally retarded, vocational rehabilitative services and child care counseling.

Psychology has established itself as an independent health profession through its training, public acceptance of its services provided and through statutory regulations. Our training leading to the Ph.D. degree and experience at hospitals, clinics and other service facilities has qualified psychologists to provide direct services to the public. Psychologists practice without medical certification, direction or supervision according to professional practice statutes in 44 states and the District of Columbia. In the remaining 6 states, psychologists practice without medical direction or supervision using voluntary controls. The problem in the existing legislation was pointed out elo-

quently by Senator Harris of Oklahoma in his comments on the Senate floor on November 23, 1967, when the Senate voted to amend the Social Security Act Amendments of 1965 regarding Medicare:

"The present defects in existing legislation arise from the fact that two independent but equally well-qualified professions, psychiatry and clinical psychology, offer similar and frequently identical services to the public. However, present regulations require that the services of clinical psychologists be reimbursed only if included in a physician's bill or as part of the charges of a clinic directed by a physician. This restriction denies the patient direct access to the many qualified clinical psychologists who are independent practitioners and unaffiliated with clinics or private physicians."

State legislatures have recognized the inequities in private insurance contracts which have denied the claims of policyholders for the policyholder was attended by a psychoneurotic and personality disorders when the diagnosis and treatment of mental, psychologist. Ten states have now enacted laws which require insurance carriers to reimburse their policyholders for the diagnosis and treatment of nervous and mental disorders whether the services are rendered by a psychologist or a psychiatrist. To our knowledge, this has not resulted in any additional premiums to the policyholders or exceptional increases in utilization. These laws have been well received by the public. Several insurance carriers, recognizing this inequity, have voluntarily included psychology as a qualified provider of service as a physician for the purposes of their contract for the treatment of nervous and mental disorders. Please include such companies as Prudential, Occidental, Liberty Mutual, and Massachusetts Mutual. The Aetna Life & Casualty Insurance Company has included psychologists as qualified physicians under the mental health benefits for its federal employees contract. Another form of similar recognition of psychological services was initiated by the Civilian Health and Medical Program for Uniformed Servicemen (CHAMPUS) in July, 1970. Mr. Vernon McKenzie, Special Assistant to the Asst. Secretary for Health and the Environment of DOD, stated before the Senate Post Office and Civil Service Committee on November 23, 1971 that the inclusion of psychological services without medical referral has been well received by the dependents of military servicemen.

At the inception of Medicare, there was considerable concern about overutilization of services and it was felt that one of the cost control factors would be that all services would be at the direction or incident to a physician's services. The experience of private insurance carriers in regard to inclusion of psychological services for the treatment of nervous and mental disorders has indicated that this provision has not materially affected their cost experience. Therefore, we believe that continuing the practice of requiring mental health services for the recipients of Medicare be provided only by psychiatrists causes an unnecessary hardship on the beneficiaries of Medicare and creates unnecessary artificial shortage of qualified providers of service for nervous and mental conditions. In fact, failure to include psychological service without medical referral, in effect, produces a condition of "feather-bedding" physician's fees. The cost of certification and recertification by doctors of medicine or osteopathy only can require an extra visit to the doctor and produce another fee chargeable to the Medicare program.

However, the reality is that because of the cumbersome reimbursement procedure, psychological services are little used and the treatment of the mentally ill becomes a private preserve of organized medicine. In addition to these potential costs it must be noted that by reducing the number of providers of services arbitrarily, you create an inflationary imbalance between supply and demand for services. The present restriction upon the availability of psychological services is such an inflationary procedure because it reduces the access of the public to qualified providers of service. This is totally unacceptable to the profession of psychology. We concur with the American Psychiatric Association that this results in unnecessary delays in treatment which in the long run may be more costly and damaging to the patient. The American Psychiatric Association in their testimony submitted to the House Ways & Means Committee on National Health Insurance in November, 1971 stated as follows:

"With reference to the psychiatric services that should be covered, the APA Board of Trustees stressed its opposition to any provision whereby psychiatric care would be covered under insurance only when such care is received upon referral by the family physician or general practitioner. We based this opposition on the grounds that such a provision is not compatible with early detection of psychiatric illness and easy access to psychiatric care. Experience indicates the necessity for direct accessibility of the patient to such care and for multiple mechanisms of referral. Self-referrel, frequently upon the suggestion of the foreman, teacher, or clergy, or referral by a community agency frequently leads to early diagnosis and treatment, and may prevent or reduce the disability that might otherwise occur."

Furthermore, several studies including those of Drs. Cummings and Follette and the Group Health Association of Washington, D.C. have demonstrated that medical utilization tends to decrease if adequate counseling services are included in health insurance plans. If I may, Mr. Chairman, without unduly burdening the record of these hearings, I would like to introduce, at this point in my remarks, these studies for the record.

To summarize these studies, they demonstrate that short-term intervention and psychotherapeutic counseling not only reduce diagnostic, X-ray, and laboratory studies but also reduce the incident of hospitalization. Thus, the cost of additional counseling services would be more than offset by the reduction of costs of hospitalization and unnecessary laboratory and X-ray studies. This has been clearly demonstrated in Health Maintenance Organization. The cost savings in the Health Maintenance Organizations concept tend to be the result of reductions in hospitalization utilization. We wish to point out that psychological services tend to be outpatient based rather then hospital based services. Thus, the diagnostic and counseling services of psychology could serve as a deterrent to overutilization of medical services which are already in short supply and hospital beds of which there is a chronic shortage. Our crises intervention studies show that the prompt effective counseling with people tends to reduce the number of people entering mental hospitals, as well.

We believe that utilization control must occur through peer review mechanisms rather than through the source of referral. The profession of psychology has established its own peer review mechanism which is accepted by the health insurance industry.

For the reasons ctied, we ask that HR-1 be amended so that psychologists will be listed as physicians for the purpose of providing diagnostic and treatment services for mental, psychoneurotic and personality disorders as well as for the diagnosis and treatment of mental retardation, vocational rehabilitative services, and child care services.

Thank you very much.

Mr. HARTKE. Mr. President, the Hartke amendment accomplishes the following purposes:

First, it assures the aged of quality care. The Hartke amendment improves access by the aged to care by doctoral-level psychologists. The interests of social security beneficiaries are well protected by specific criteria in the amendment which define a psychologist, thus helping to assure high-quality care. As many as six out of 10 medical complaints are instead based on emotional/mental problems which can benefit from prompt psychological attention thus lessening the burden on busy medical personnel and facilities while raising the level of well-being among the aged. Many special problems of the aged are especially amenable to psychological management. For example, problems with self-reliance, communications handicaps, depression, and loneliness. This is also true with those problems of the aged which may be related to disease and injury. For example, heart attack or loss of a limb.

Second, the Hartke amendment recognizes psychology as an independent profession. Clinical psychology has been recognized as an independent profession in public and private programs such as the Aetna Government-wide indemnity plan for Federal employees, the champus program for the military and their dependents, and private programs underwritten by major insurance carriers.

The Senate Committee on Post Office and Civil Service has recommended "the inclusion of mental health care by qualified psychologists within the Federal employees health benefits program" administered by Blue Cross and Blue Shield

Mr. President, I ask unanimous consent that a section of the committee's report which includes that recommendation be printed in the RECORD.

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

HEALTH INSURANCE COVERAGE

The committee recommends the enactment of a new section in the provisions of title 5 relating to health insurance to authorize the Civil Service Commission to make binding decisions regarding the coverage of health insurance contracts.

Under existing law, the Commission cannot require an insurance carrier to pay a particular claim if the carrier interprets the contract not to cover such a service or supply. Generally, the numerous health insurance contractors pay claims if the Commission requests payment in individual cases; but Blue Cross-Blue Shield does not abide by that gentlemen's agreement.

Section 3 requires that, beginning in 1973, any contract entered into by the Commission with a health insurance carrier must include a provision giving the Commission the final authority to determine what is included within the contract in individual cases.

Recently, numerous Federal employees have registered complaints with the Commission and this committee regarding the practices of Blue Cross-Blue Shield in narrowly interpreting the coverage of its contract and denying payment for reasons which, to the employees, seem without merit. One particular area has been the question of whether mental health services provided by clinical psychologists are covered and the degree of supervision required by a practicing doctor of medicine over a clinical psychologist. Public hearings were held on November 23, 1971, before the Subcommittee on Compensation and Employment Benefits. Testimony presented during that hearing indicated that

Blue Cross-Blue Shield is the only insurance carrier of significance which does not cover such mental health services without the certification by a doctor of medicine who supervises the treatment. Although the committee pretends no expertise in the practice of medicine, the evidence disclosed at our hearing seems to indicate that there is little if any benefit derived from the practice of supervision of such service other than the earning of money by doctors of medicine and the avoidance of payment by Blue Cross-Blue Shield.

The committee recommends that in its next contract negotiation with Blue Cross-Blue Shield and other carriers, the Civil Service Commission give particular attention to these two problems—correct contract interpretation by the insurance carriers, and inclusion of mental health care by qualified clinical psychologists within the Federal employees health benefits program.

The committee has also noted a significant number of complaints by Federal employees who have been denied payment or who have received a payment which they consider inadequate. In some cases, these complaints have reached the committee and the Commission. The committee has noticed that on such occasions a careful review of the complaint has almost always led to an adjustment of the claim in favor of the employee. This evidence, while incomplete, tends to support the contention that some insurance carriers are not as careful with other people's money as they should be. The committee recommends that the Commission investigate this problem also.

Mr. HARTKE. Mr. President, these facts indicate recognition that both the psychological-behavioral approach and the psychiatric-medical approach constitute valid separate disciplines with neither requiring "supervision" over the other. The HEW report issued pursuant to Public Law 90-248 entitled "Independent Practitioners Under Medicare" also provides a clear basis for recognizing psychology as an independent profession.

Finally, Mr. President, I would point out that in 1967 the Senate passed an amendment similar to the Hartke amendment defining psychologists as physicians. Regrettably, that amendment was subsequently removed in conference.

HEW has estimated the cost of the Hartke amendment at $300 million per year. That cost does not take into account the fact that the present law requires unnecessary medical supervision and referral. The Hartke amendment would eliminate those unnecessary costs thus lowering the net cost of expanding the services of psychologists for the aged.

Mr. President, I urge my colleagues to give the pending amendment their support.

Mr. BENNETT. Mr. President, there are several substantial and compelling reasons why the proposed amendment should be rejected.

I am glad that my friend from Indiana made it clear that these are not doctors of medicine.

Psychiatrists are physicians so they are prepared, by their training, to treat patients in other ways other than listening to their stories.

Many have expressed concern over the present fragmentation of health care in this country. In general, clinical psychologists today function in organized settings rather than as independent practitioners.

The information I have is that only 7 percent of all psychologists are practicing independently. Under the amendment, there would be the strongest possible economic incentives for clinical psychologists to go into independent fee for service practice. As a matter of fact, with the economic incentives of fee-for-service, it can be readily anticipated that many nonclinical psychologists such as those engaged in research and education and family counseling would succumb to the irresistible siren song of medicare dollars.

If only 1 in 20 older Americans received the services authorized under the amendment, the annual cost to medicare would be $250 million, and if half of them took advantage of that service, the cost would be $2.5 billion.

In a report to the Congress entitled, "Independent Practitioners Under Medicare," it was pointed out by the Department of Health, Education, and Welfare that "many patients over 65 have a combination of physical and psychological problems in which it is especially difficult to separate the treatment of physical and mental disease." Despite this strong and obvious relationship of physical and mental disease, the proposed amendment would delete the requirement in present law that the services of clinical psychologists must be provided under a plan of care and treatment developed by a physician. It is difficult to understand how the clinical psychologist can undertake care of the patient without knowledge of and availability of the patient's medical history.

Many older people suffer from mental anxiety and depression—problems which are often alleviated through treatment with prescribed drugs. However, clinical psychologists are not licensed to prescribe. Obviously, patients who might be handled more expeditiously under the care of a physician or where the psychologist cooperates with the physician through use of drugs would, in the absence of that coordination, be called back for avoidable and costly unnecessary follow-up visits to the clinical psychologist.

Finally, a most telling argument against the amendment is contained in an editorial in the Journal of Clinical Psychology, written by its editor, Frederick C. Thorne, entitled "The Great Clinical Hangup." I read a few salient quotations from that detailed, self-searching editorial:

There is a high rate of mobility among clinical psychologists, who tend to shift from one job to another when their professional deficiencies inevitably come to light. . . . The actual dirty work of dealing with patients is being delegated increasingly to psychological technicians and students who are not sufficiently experienced to recognize their inadequacies.

I continue to read from the editorial:

B. During the first 50 years of clinical psychology (1920–1970) there have been almost as many different theories and schools as there were clinicians. Repeated surveys of the theoretical affiliations of APA division (Am. Psychological Assn. of Clinical Psychologist) 12 members continue to show almost all permutations and combinations of systematic "positions" ranging from behaviorism to Zen Buddhism. The need of individual clinicians to "do their thing" has resulted in inconsistent practices whose invalidity must be obvious.

Mr. President, into that morass and into that thicket of confusion we are asked to plunge the medicare program at the expense of the taxpayers.

Mr. President, I ask unanimous consent that the editorial entitled "The Great Clinical Hangup" appear at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BENNETT. It is quite obvious that there is a great deal of confusion as to the appropriateness and qualifications of clinical psychologists to serve as independent practitioners under medicare. There is no question but that to cover them as independent practitioners at the present time would be an extremely costly experience of uncertain value to older people.

If the service of a clinical psychologist is needed, it can be obtained upon the recommendation of a physician who properly would know the physical condition of the patient before he refers him or her to a clinical psychologist, particularly in the case of an older patient.

For all these reasons, the committee urges that the amendment be rejected.

Mr. President, the Senator from Indiana has commented on the floor about the fact that malpractice insurance for clinical psychologists is much lower than that for practicing physicians.

I do not know how one can obtain a malpractice case by proving that the clinical psychologist injured the person mentally. It is very simple to prove the presence of mental disorder, much easier, on an individual. However, I do not know how one can prove any damage that the clinical psychologist might do. I can realize therefore, that there is practically no chance that there will be malpractice suits brought.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. BENNETT. I yield to the Senator from New Mexico.

Mr. ANDERSON. Was this amendment considered in the committee?

Mr. BENNETT. The committee considered this very carefully and rejected it by a rollcall vote.

As I say, the committee recommends that this amendment be rejected by the Senate as it was rejected in the committee.

EXHIBIT 1

THE GREAT CLINICAL HANGUP

(By Frederick C. Thorne, Editor, Journal of Clinical Psychology) (1971)

OUR SAD PREDICAMENT

At a time when societal demands for clinical psychological services are rising geometrically, the field of clinical psychology finds itself oversold and unable to deliver what it traditionally has been expected to provide. Suddenly, as the result of facts uncovered by a host of clinical judgment studies that question the validity and competence of what the average clinical psychologist is doing, clinicians find their very integrity at issue. From within our own ranks, the challenge was thrown in the form of studies of clinical *vs.* statistical predictions whose re-

sults seemed to indicate that since the computer always did better than the clincian, the clinician should be thrown in the ash-can.

The cat first got out of the bag with the classical study of Kelly and Fiske (1951) demonstrating that the greatest clinicians and methods hardly could do better than chance in predicting training outcomes. Meehl (1954) and later Sawyer (1966) seemed to be making the clinching argument when they tabulated research investigations comparing the use of clinical vs. actuarial methods of data processing and reported that almost without exception actuarial methods were superior to clinical judgment. Holt (1958, 1970) severely criticized the Meehl-Sawyer conclusions on the grounds that defects of research design and the actual incomparability of many studies in question rendered the Meehl-Sawyer conclusions premature and invalid, since definitive studies on the issue have yet to be done. Unfortunately, Holt's rebuttals seem to get lost in the shuffle, and more hopeful evaluations of the situation such as Korman's (1968) findings concerning the superiority of clinical judgment in the prediction of managerial performance tend to be overlooked. Nevertheless, we cannot evade the fact that much remains to be desired in the area of clinical judgment.

The profession of clinical psychology that started out so hopefully suddenly finds its whole theoretical background, personnel and methodology under severe attack from many sources, both external and internal, as to validity and justification. Several studies indicate that other professionals do not make much use of psychological reports which are filed away, never again to see the light of day. There is a high rate of mobility among clinical psychologists, when tend to shift from one job to another when their professional deficiencies inevitably come to light. There is evidence that many clinicians tend to escape from actual clinical work to higher administrative and teaching jobs where competence is not so readily called into question. The actual dirty work of dealing with patients is being delegated increasingly to psychological technicians and students who are not sufficiently experienced to recognize their inadequacies. Worst of all, psychological practices have become the subject of Congressional investigations and patterns of local rejection as clinical actualities do not live up to pretensions.

Our great hangup stems from the fact that the profession of clinical psychology is stuck with itself at its present embryonic state of evolution. The public has been sold on the idea that all it has to do is to raise the money to secure psychiatrists and psychologists and a long list of social problems will be solved. This expectation simply has not been fulfilled. Psychological science has not achieved a state of development that enables it to provide knowledge and techniques that are as valid and relevant as has been taken for granted. The whole problem is more complex than originally conceived. In the meantime, individual clinicians are struggling to keep their heads above water, are stuck with the deficiencies of their training, and are hung up on something that doesn't really work but which they can't yet afford to abandon because nothing better seems to exist.

PROFESSIONAL INSECURITY AND GUILT

An entirely human reaction to being professionally defrocked and shown to be wanting in competence and clinical judgment has resulted in a wave of soul-searching and hair-tearing on the part of clinicians trying to justify their existence. Doleful predictions are being made that clinical psychology is dead. It is alleged that as many as 40% of APA Division 12 members regret they became clinicians and would not repeat the choice. Many seem to want to abandon the ship completely.

An even more potentially destructive outcome lies in the increasing alienation of pure and applied scientists extending at all levels from the internecine struggles of experimentalists vs. clinicians in the APA to the grass roots of clinical practice. The profession is literally split down the middle by the rift between the "nothing-buts" and the "something mores," with the former group in danger of winning out via their tight control of academic and organizational resources. Clinicians are in real danger of becoming scientific "untouchables," whose activities are regarded as being beyond the pale of pure science and therefore should be legislated out of the profession.

Fortunately, the situation is not as grave as might first appear. Anyone familiar with the development of clinical science must know that its evolution proceeds slowly with entirely predictable pauses and seeming regressions. As was the case with clinical medicine during its great transformation from proprietary schools in 1880 to modern objective medical center practices in 1915, clinical psychology is experiencing growing pains incident to discovering which of its classical theories and methods are valid and which not, and no one should be dismayed to find that most prescientific methods are both illogical and invalid. These are inevitable steps of evolutionary development that had to be worked through, no matter how painful the results to the egos of practitioners of the "art." Let us waste no more time hung up in soul-searching and rationalizations.

Even more critical is the issue of exactly what psychological science can contribute to human welfare. Miller (1969) assumes the position that psychology has revolutionary potential in two paradigms involving the conflicting objectives of (a) control through behavior modification, and (b) making greater self-development possible by disseminating psychological knowledge where needed. Miller correctly warns against the dangers of a scientific elite authoritatively manipulating populations through control of behavior reinforcements. Behaviorism and behavior therapy both imply authoritatarian control of those incapable of deciding for themselves.

Much more hopeful is the goal of making psychology available to those who need it. The crucial question, however, concerns whether contemporary psychological knowledge has much validity and/or relevancy in its applications. In the traditional "team" approach, psychologists operated in a truncated role, being expected to choose and interpret appropriate tests. In broader roles involving wider aspects of case handling, clinical psychciogists are being confronted with much expanded decisions concerning the client's everyday living. Here again, the critical question relates to how much psychology actually has to offer in solving real life problems.

If we consider the two basic problems as involving how to help the client to cope with and modify *inadaptibility* and *disability*, the question becomes one of how psychological knowledge can help the person to get along better. This involves entirely new diagnostic issues of what the person is doing wrong and how to correct it, *i.e.*, how better to run the business of his life in the world. Of course, psychology really does not have much to offer to the solution of many real life problems that involve factors outside the realm of science, and here the psychologist operates only as a consultant with a broader background. Nevertheless, the clinician makes a contribution if he can do even 1% better than the naive layman, particularly in areas in which actuarial solutions are not available.

One way in which te psychological scientist can make a contribution is simply by protecting the client from misguided case handling on the part of ignorant laymen or even incompetent colleagues. In the midst of current waves of discouragement and loss of morale attendant upon learning that many psychological techniques are either obsolete or invalid, we must not lose sight of the fact that we have made a great positive advance simply in learning what does not work and therefore what not to do. A very valuable contribution can be made simply by protecting the client from well-intentioned mishandling.

Most children and many adult clients need reassurance, support and protection from the clinician as basic conditions for case handling, *i.e.*, to have someone to understand them and represent their interests against environmental forces that threaten to overwhelm them. The clinician often has done his job when he merely supports the client through periods of stress until the client can reintegrate his own resources.

Another area in which clinicians need make no apologies relates to the conditions of psychological case handling, where the contributions of Rogers (1942), Truax and Carkhuff (1967), Thorne (1968) and others have differentiated the basic dimensions of facilitative relationships. The last 25 years have witnessed great advances in objectifying the necessary conditions for facilitating clinical processes. But here again, the essential step is to objectify the diagnostic assumptions on which decisions are based. It is not sufficient to depend upon standard rules for case handling (such as in nondirective case handling), because even these involve implied assumptions whose valid applications to specific cases must be established. The basic fact is that all clinical decisions must be based on accurate psychodiagnosis if they are to be valid.

THE INVALIDITY OF THEORIES, SCHOOLS, MODELS AND METHODS

The agonizing birth struggles of any new field inevitably are associated with the disillusioning results of separating the wheat from the chaff. During the first 50 years of clinical psychology (1920–1970), there have been almost as many different theories and schools as there were clinicians. Repeated surveys of the theoretical affiliations of APA Division 12 members continue to show almost all permutations and combinations of systematic "positions", ranging from Behaviorism to Zen Buddhism. The need of individual clinicians to "do their thing" has resulted in inconsistent practices whose invalidity must be obvious. Incidentally, "pure" scientists are not Simon-pure in this respect either; as witness the variety of identifications to which they admit.

Fortunately, operational methods of analysis provide a solution to the dilemma of so many conflicting schools of theory and practice. When the methods and data of each "school" are analyzed operationally, it becomes possible to identify their contributions and limitations.

One outcome of systematic operationism has been the rise of eclecticism, which is surviving a pelting with sticks and stones from those who seem to feel more secure when identified with a more limited position. In our opinion, very few contemporary psychologists understand the position of eclecticism or its true power and potentialities. A variety of half-true and even totally erroneous criticisms of eclecticism are being bandied about in a sort of psychological parlor game by those who do not show much appreciation of the real underlying issues.

Perhaps the most convincing validation of the eclectic position is provided by the statistic concerning how many members of APA Division 12 actually identify themselves as eclectic clinicians. In 1935, practically no one was describing himself as eclectic. By 1970, more than 50% of Division 12 members identify themselves as eclectic. What better criterion than what the majority of recognized clinicians believe?

THE CLINICAL TRAINING HANGUP

Everybody now seems to be admitting that traditional clinical training has not turned

out very well and that something must be done about it. The whole training program is hung up on the fact that much of what is being taught is known to be invalid and/or irrelevant at the very time it is being taught! Current curricula in even the best universities consist largely in training the student in invalid or obsolete theories and practices. And the basic science experimentalists are in no position to smirk over this situation, because it is the irrelevance of much of "pure" psychological science that is to blame for the fact that students are given very little that is valid with which to work.

Something is gravely the matter when highly selected intelligent students cannot find much to learn that turns out to be of much value to them. In fact, an increasing number of studies such as those of Carkhuff and Berenson (1967) seem to indicate that with really relevant brief training, novices can do better than professionals encumbered with classical psychological knowledge. Many of us are reaching the conclusion that just the standard liberal arts training may be better preparation for clinical work than the clinical training programs at some universities (I dare not cite which).

Our recommendation is that the whole problem of clinical training could be resolved quickly, simply by using the field of clinical judgment as the ultimate criterion for all clinical training activities. Clinical psychology is clinical judgment is clinical judgment is clinical judgment. The field of clinical judgment provides most of the valid knowledge in clinical psychology—it gives us the indications and contraindications for what we can and cannot do. Although the systematic study of theories and schools is historically important, and it is also necessary to have courses to teach what may be done, the real crux of training is clinical judgment evidence concerning what is valid and relevant in clinical practice.

Unfortunately, the clinical training problem is hung up over commitments to the scientist-clinician paradigm and to various academic vested interests that claim authority in stirring the clinical pot. Actually, nothing is very valid in clinical training programs that does not have demonstrated relevance to case handling outcomes, which are the real payoff in all clinical science. A pox on all the contributors who insist on their prerogatives even though it has yet to be demonstrated that they have anything valid to contribute!

It is regrettable that too many clinical training programs are assigned to the youngest Ph.D.s with insufficient experience to discriminate what is invalid and/or irrelevant in their own training, who go through the motions of teaching the same misinformation that is responsible for their own incompetence.

Both clinical psychology and clinical psychiatry largely have failed to face the implications of what is now known in the field of clinical judgment concerning the relative competence of individual practitioners, *i.e.*, the fact that only a few clinicians are doing valid work and the fact that the average clinician cannot do better than chance in his predictions, no matter how prestigious his academic/professional record may be. Our dire necessity is to discriminate who the valid practitioners are, to study them intensively to discover what cues they are using and what errors they are not making, and then to put these most valid practitioners in the real positions of authority in clinical training and professional organizations. It requires only historical contemplation to recognize how wrong many of the "great" psychologists have been.

THE HANGUP OVER PSYCHODIAGNOSIS

Part of the disillusionment in clinical psychology and psychiatry relates to the uncertain status of diagnostic methods; classification systems and nomenclatures adopted by official organizations that are now somewhat belatedly recognized as being invalid, obsolete or irrelevant. Imagine the consternation of clinicians suddenly confronted with the fact that their trusted diagnostic methods and tests were suddenly demonstrated to have no or only limited value! The historical reasons for the invalidity of classical diagnostic systems are too complicated to review here. Suffice it to state that their shortcomings could have been predicted by those familiar with the evolution of clinical sciences in general.

Unfortunately, the predominant reaction to the defrocking of classical psycho-diagnostics was one of nihilism and rejection of the whole business. First came C.R. Rogers with his pronouncement that diagnosis is not only unnecessary but is actually contraindicated in nondirective case handling. Another clamorous school of dissidents led by T. S. Szasz, whose book *The Myth of Mental Illness* (1961) really shook the foundations of the psychiatric establishment, have mounted a wide-ranging denunciation of the entire classical approach to behavior diagnosis and modification on the grounds that the medical model of mental disease is neither valid nor relevant. Clinical psychologists jumped quickly into the fray led by Marzolf (1947), Adams (1964), Albee (1966), Sarbin (1967) and Sharma (1970). Attacking the establishment has become a contemporary fad that is rapidly bringing the whole clinical operation to a standstill.

Another development that militates against psychodiagnosis is the rising influence of the behavior therapists, who adopt an ahistoric approach and proceed to treat symptoms solely as if historic and situational data were irrelevant.

Unfortunately, in the excitement of the fray and in the dregs of disillusionment, little attention is being given to the problem of not throwing out the baby with the bathwater. Thorne (1966) offered a rebuttal of Szasz and the mental illness myth on the grounds that many of his contentions were either invalid or farfetched, and besides most psychiatrists go far beyond the medical model anyway, so why all the contention?

If we can make any predictions at all about the future of clinical psychology and psychiatry, it is that the entire field of psychodiagnosis is long overdue for reevaluation and reworking, starting right from the beginning and building up a more comprehensive system of psychopathology from which more valid psychodiagnosis must naturally stem. We are absolutely confident of the prediction that valid diagnosis constitutes the necessary foundation for valid clinical practice, so that the more quickly we return to fundamentals and develop a really valid psychodiagnosis, the more quickly we will develop more valid case handling in general.

Clinical training programs must concentrate again on the whole issue of psychodiagnosis as inevitably underlying sound clinical judgment. If it takes an entirely new clinical training model to accomplish this, then let us proceed with the greatest possible speed to reorganize our professional schools. Students seem to recognize the issue more acutely than their teachers. It is to be hoped that new training ventures such as the California School of Clinical Psychology will get back to fundamentals and concentrate on the base issue of psychodiagnosis. Personally, I look aghast upon clinical training programs in which the key slots are filled either by anti-clinicians or by diagnostic nihilists. Imagine clinical training programs where the staff is split down the middle concerning the value of diagnosis! Is it any wonder that students find themselves confused and ill-prepared for finding valid bases for clinical decision processes?

Paradoxically, efforts to develop the field of psychodiagnosis largely have collapsed at the very time when they are most needed in the field of psychotherapy. Disillusioned by the inadequacies of traditonal psychodiagnosis concerned mostly with classification and chastened by revelations of their own diagnostic inadequacies, too many clinicians have washed their hands completely of psychodiagnosis. This trend was enhanced by the dictum of Carl R. Rogers to the effect that psychodiagnosis is contraindicated and even deleterious for nondirective methods, which can be practiced by novices having no formal diagnostic training whatsoever. Here, again, is an example of a whole field being prematurely abandoned because some of its applications turn out to be invalid.

The key consideration is that every clinical act inevitably must be based on some sort of diagnostic decision, whether implicit or explicit. Every clinical act should have a logical rationale based on the etiological equation of what is to be modified. Even behavior therapy must involve diagnostic decisions as to what and how to modify. Newer concepts of *clinical process diagnosis* greatly expand the area of decisions based on some sort of diagnostic rationales. Once diagnostic decisions have been reached, it is easy to know what to do.

Our basic contention is that we must reconsider the whole field of psychodiagnosis to reestablish its validity and relevance. Rather than being dismayed over the inadequacies of the state of dependable knowledge in clinical psychology during its first 50 years, we must return to the beginnings and discover where the errors are being made. This will be accomplished quickly only through a cooperative project on the part of the whole profession, which must subject all of its theories, methods and practices to rigorous validation and clinical judgment studies which, hopefully, will result in future generations of truly competent clinicians.

INTERDISCIPLINARY CONFLICTS

A large number of clinical psychologists appear to be hung up over issues of interdisciplinary relationships and conflicts. Historically, psychologists gained their entree into clinical fields through two routes. The field of education gave psychometry and assessment its start. The field of psychiatry gave psychologists clinical opportunities, and an uneasy partnership was established following the "team" model, in which clinical psychologists operated in ancillary roles.

For medical and legal reasons, psychiatry always has controlled the mental health field, much to the resentment of individual clinical psychologists, who often claimed equal competence in some areas. Perhaps due to feelings of professional insecurity, many clinical psychologists repeatedly have shown paranoid feelings towards psychiatry in particular and medicine in general, claiming discriminatory practices. However justified such feelings may be in individual cases, the fact remains that clinical psychology and psychiatry should cooperate as partners rather than competitors.

Clinical psychology properly is a basic science to psychiatry. Clinical psychology can contribute research finesse and special skills that psychiatry direly needs. Psychiatry can contribute clinical opportunities and a broad medical background that psychologists direly need. It is undignified and mutually defeating for interdisciplinary conflict to impair the necessity for all clinical sciences to work together in pooling knowledge and skills wherever competence can be demonstrated. We should not allow the unreasoning firebrands to create problems and conflicts that need not exist.

Because I hold both the Ph.D. and M.D. degrees, my own position has been strategic in that I am able to understand the fears, insecurities and genuine concerns of both camps that have led clinical psychology and psychiatry to misunderstand and mistrust

each other. I know from my own experience just how important both the experimental-statistical training of psychologists and the broad medical training of psychiatrists can be. In general, many clinical psychologists have been deficient in truly broad clinical experience, and many psychiatrists are deficient in a genuine research orientation. Instead of allowing fears and insecurities to jeopardize a potentially great clinical partnership, both parties need to be very realistic about their own deficiencies and how they can complement each other. Truly mature clinicians in related fields should have no difficulty working together.

The current controversy over the validity of the medical model in psychiatry in which both psychiatrists and psychologists are participating could be largely resolved by cutting through some semantic and theoretical issues causing needless conflict. The basic issues relate to *dangerous inadaptability* and *socio-economic disability*, no matter in what other terms the underlying behavior phenomena may be described. Undoubtedly the medical model of disease validly applies to *some* cases of inadaptibility and disability, and undoubtedly other models apply to other cases. Why all the fuss? Most experienced clinicians, whether in psychology or psychiatry, understand the ramifications of the problem, even though redress usually lags far behind historically. These are matters to resolve cooperatively rather than to create Quixotic conflicts over presumed errors of omission or commission that are actually simply manifestations of the evolutionary development of clinical science at any time and place.

The basic issue is clinical competence no matter how achieved. There are many roads to Rome, and just as many to clinical competence. Let us stop feuding with neighboring professions and start working together to solve the gigantic problems facing us.

THE REAL CLINICAL PAY-OFF

The ultimate objective of all clinical practice is treatment, *i.e.*, what actually can be accomplished on behalf of clients and patients. Although of basic scientific importance in their own right, psychopathology and psychodiagnosis ultimately are validated by their therapeutic outcomes. The answers that the teachers and basic scientists provide ultimately are validated by how well they work in practice.

Unfortunately, many teachers and basic scientists tend to look down on practitioners as being the failures who could not make a go of it in academia or research and who represent a sort of inferior caste. Actually, teachers, researchers and practitioners should coexist in a mutually interdependent partnership, all with equal status, and all contributing to the final result. Many of the most valuable leads for teaching and research have come from practitioners, and it is the practitioners who ultimately can validate the work of the teachers and researchers.

We need to abandon permanently the "one-way street" attitude that regards scientists and teachers as the font of all learning with the practitioners inevitably in pupil roles. However indispensable the teaching and research roles may be, the real clinical pay-off is the ability to practice the "art" competently and validly. Assuming that teachers know how to teach and researchers to do research, it still does not follow that either group automatically has clinical competence.

In the same manner as it is necessary to identify potentially great teachers and researchers and let nothing interfere with their work, so we must set up mechanisms for identifying great practitioners (no matter whether they are great teachers or researchers) and then not interfere with their work.

Instead of becoming neurotically frustrated and/or paralyzed by professional hangups, there are some very positive steps that can be taken to clear the roadblocks and differentiate new pathways toward more valid practices.

1. Let us be completely realistic about the embryonic phase of development of clinical psychological science and not become unstrung by the discovery that most pre-scientific practices inevitably must be invalid.

2. As a preliminary step to more valid clinical practices, all known methods and techniques should be identified, analyzed operationally, classified and evaluated as to validity. What is invalid should be abandoned immediately as obsolete and irrelevant. What is valid should be retained as the foundations of scientific practice.

3. Valid clinical judgment is a precondition for all valid clinical practice. Clinical judgment research and applications should have the highest priority.

4. Let us forego nihilistic reactions of insecurity and guilt upon discovering the extent of our incapacities and get back to fundamentals and study first things first.

5. The bewildering complexity of psychological theories, schools, models and methods must be evaluated as to validity and reliability of contributions, separating the wheat from the chaff, adopting what is valid and rejecting what is invalid.

6. Eclecticism is the most valid foundation for clinical science. Current misconceptions to the contrary, only eclecticism makes possible a genuinely wide spectrum approach to clinical practice.

7. Classical clinical training methods have been notoriously ineffectual. The scientist-clinician paradigm has been totally effective. Other methods need to be explored.

8. Any return to fundamentals must involve renewed research concern with psychodynamics and psychopathology, which are the basic subjects for all clinical science.

9. Psychodiagnosis is the crux of all valid clinical decisions upon which case handling depends. Let us return to psychodiagnostic fundamentals, enlarge the concept of what diagnosis involves, and develop a far-ranging clinical process diagnosis.

10. Let us eschew interdisciplinary conflicts. Clinical psychology is the basic science to psychiatry, and the two fields must work together in mutual trust and cooperation.

11. The real clinical pay-off of valid psychodiagnostics will be more valid psychological case handling.

12. Every clinician must accept the continuing responsibility for self-evaluation as to clinical judgment.

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The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana.

Mr. HARTKE. Mr. President, I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. HARTKE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HARTKE. Mr. President, I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. HARTKE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. HARTKE. Mr. President, reserving the right to object, I have asked for a rollcall vote on this amendment. Unless I get the yeas and nays for a rollcall vote I am going to go for a live quorum.

The PRESIDING OFFICER. Does the Senator object?

Mr. HARTKE. I object unless I have the assurance that I can get a rollcall vote.

The PRESIDING OFFICER. Debate is not in order during the quorum. There

has been an objection. The quorum call will continue.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROLE OF PSYCHOLOGIST UNDER MEDICARE

Mr. CRANSTON. Mr. President, I am pleased to cosponsor with the distinguished Senator from Indiana (Mr. HARTKE) amendment No. 1533 to H.R. 1, which will give full recognition to the role of the psychologist as an independent practitioner under medicare. This amendment will provide for coverage of the services of a psychologist who is licensed or certified in a State and who holds a doctoral degree from a program accredited by the American Psychological Association.

CURRENT MEDICARE PROVISIONS

A substantive deficiency in the medicare system is its failure to recognize the psychologist as an independent practitioner. Current regulations permit direct reimbursement to the psychologist only for diagnostic services and then only when ordered by a physician.

The HEW report to Congress in 1968 entitled "Independent Practitioners under Medicare," outlined clearly the limited extent of participation of psychologists in services covered by medicare:

Currently, the Medicare program covers diagnostic and therapeutic services of qualified clinical psychologists when they are performed as part of the services of a Medicare-approved hospital, extended care facility, or home health agency. Such psychology services may be provided by an employee of the provider or by an independent practitioner through a contractual agreement with the provider. Reimbursement for services must be made to the provider on the basis of reasonable cost.

A psychologist's diagnostic and therapeutic services also may be covered as services "incident" to physicians services. This type of coverage commonly occurs in physician-directed clinics. Reimbursement is made to the physician or to the clinic on the basis of reasonable charges.

In addition, diagnostic psychological testing services of an independent practitioner may be covered as "other diagnostic tests" when performed in accordance with the written order of a physician. Reimbursement for diagnostic services of independently practicing psychologists is based on reasonable charges. Payment may be made directly to the psychologist upon the beneficiary's assignment of payment to him, or the psychologist may bill the beneficiary who then may seek payment from Medicare. Therapeutic services performed by an independently practicing psychologist are not covered.

This current procedure places the psychologist in a position dependent on the supervision of a physician for any service he performs and fails to recognize the major contributions made by psychologists to the provision of mental health care. It also fails to recognize the professionalism of the psychologist and the very high standards of training and practice imposed by the Code of Ethics of the American Psychological Association.

THE ROLE OF THE PSYCHOLOGIST

During the past 25 years, psychology has taken steady and constructive steps to become an independent profession which works closely with, but not under the supervision of, other professions. Standards for graduate educational programs have been set and programs are evaluated for accreditation by the American Psychological Association which is the recognized national accrediting agency. These graduate programs include a year of clinical psychological work in an institution which also is required to meet standards for accreditation established by the APA. The APA has also developed and published a code of ethics governing relations with patients, clients, colleagues, and members of other professions. Violations of the code are grounds for suspension or expulsion from the APA. Close collaboration with other health professions is stated as official APA policy. The APA has also promoted certification and licensing laws for regulation of psychological practice in 46 States and the District of Columbia.

These activities have borne fruit. Recognition of the psychologist as an independent practitioner by insurance companies and by CHAMPUS as well as their licensing and certification in almost all the States is evidence of the status they have achieved as independent mental health professionals. Psychologists serve as superintendents of State mental hospitals, directors of Veterans' Administration mental hygiene clinics, and directors of community mental health centers.

The clinical psychologist who has been licensed and certified has demonstrated his ability to provide high quality diagnostic and therapeutic services to patients. The psychologist also has specialized skills, such as psychodiagnostic testing, specialized treatment techniques such as behavior modification, and a social flexibility that allows him options that sometimes are not available elsewhere. Clinical psychologists have contributed much of the basic research and clinical experience in group psychotherapy and behavior modification.

It would appear that medicare provisions are not in step with the rest of the Nation in not recognizing the psychologist as a practitioner in his own right, but rather requiring him to practice under a physician's plan of treatment.

I recognize the diligence and the intensive examination which the distinguished Senator from Louisiana (Mr. LONG) and the other members of the Finance Committee have devoted to the study of H.R. 1 and of this issue. I was delighted to note that the committee has removed the limitation which required organized settings which provided clinical psychologist services, to be physician directed. This is an important step toward alleviating the severe physician shortage and toward recognizing the competence of professionals other than physicians. However, the committee has not lifted the requirement that services would have to be provided in an organized setting, or, if on an outpatient basis, would have to be provided under a plan of care and treatment established by a physician.

For that reason, I do not believe the Finance Committee's recommendation goes far enough. I do concur with the view that as a matter of policy, a physician should be involved whenever a psychologist provides care in order to insure that the patient's problem is not of a medical/physical nature. But I do not believe that the psychologist's care should be under the physician's direction or control.

I personally would like to see all health care provided in an organized setting, and I think it is interesting to note that currently some 80 percent of psychologists are practicing within an organized setting. This is obviously the preferred mode of practice for psychologists.

I believe an organized setting will foster the use of the team approach to the provision of health care and will result in the greatest utilization of the special skills of each health care member of the team. I believe the patient benefits in receiving total health care, both preventive and therapeutic, at one location, and that the health care personnel who provide for the patient can provide better care by being closely associated with others who are also providing care for the same patient and are in a position to advise each other of relevant factors in treating the patient.

However, the need for mental health services under medicare is great. By severly narrowing the full utilization of the psychologists skills by requiring a physician to supervise treatment, medicare provisions create a heavy burden upon the physician whose skills are already greatly in demand and where there has been a serious shortage of manpower for many years. As a member of the Subcommittee on Health of the Senate Labor and Public Welfare Committee, and as chairman of the Subcommittee on Health and Hospitals of the Veterans' Affairs Committee, I have continually urged that statutory incentives be included in legislation developed by those committees to encourage the development of new types of health personnel and to expand the roles of existing personnel so that the skills of the highly trained scarce professionals will not be underutilized in tasks which could be handled by those who had had specialized training to perform such tasks.

Mr. President, I think it very significant that I have consulted with some very comment physicians including psychiatrists, on this question and have received substantial support for this amendment.

I believe the amendment I have cosponsored will serve to further the more effective use of health manpower skills and at the same time recognize the role the psychologist has earned as an independent practitioner.

I urge the Members of the Senate to support this change in H.R. 1's provisions.

Mr. TUNNEY. Mr. President, this section of our amendments would require the Secretary of HEW to add to the series of demonstration projects he is required to develop, one which would provide much-needed psychiatric assistance to patients in nursing homes and in other long-term care facilities. This new demonstration project would better enable our long-term care facilities to meet a

crying medical need for the elderly, the need for adequate psychiatric care and treatment in nursing homes and on other long-term health care facilities.

There is a severe misunderstanding of the emotional problems of senior citizens. Myths abound, such as: "Senility is a natural stage for the aged" and "emotional disorders of the elderly do not respond to treatment."

Mr. President, it is long past time that the American people and the Federal facilities which serve them reject useless and counterproductive myths such as these.

The overriding questions which remain unanswered properly with regard to long-term care facilities are: What kinds of care and services are required for people who need psychiatric assistance? What kind of facilities will best serve their needs?

This amendment will provide us with the opportunity to answer constructively and effectively those questions.

Many States are emptying their State mental hospitals first of geriatric patients and later of younger patients.

It is argued that these patients are being "returned to the community." In reality, most are being returned to nursing homes. While some persons claim that the elderly who are discharged unconditionally are so discharged for humanitarian reasons, persuasive argument can be offered that the real reason is cost. For example, I have learned that it costs the State of Illinois $550 per patient per month to keep an individual in a State hospital while that same patient can be placed in a nursing home for $230 per month.

Unfortunately, however, the people so discharged are frequently better off in the State hospital than in the nursing home. The staffs of nursing homes are often untrained in the problems of mental health and cannot cope adequately with the problems of the infirmed elderly and the addition of mental patients creates an intolerable burden.

The mental health needs of the infirmed elderly can be demonstrated in a variety of other ways, Mr. President. Suffice it to say at this point that their needs appear to be desperate. Sometimes old houses or hotels are used to house geriatric patients from State hospitals. These facilities need not meet any Federal or State standards—and recent scandalous fires in some of them have demonstrated poignantly the urgency and severity of the matter. And to the extent that the results are in with regard to the community mental health center concept, it is evident that those centers do not serve the needs of the elderly. Regardless of their general merit, only 4 percent of the 250,000 admissions to the community mental health centers in 1969 were over 65.

Mr. President, at least as demonstration projects, I believe very deeply that psychological facilities must be explored further. I urge my colleagues to accept this new demonstration section of H.R. 1.

Mr. LONG. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana (Mr. HARTKE). The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Louisiana (Mrs. EDWARDS), the Senator from Oklahoma (Mr. HARRIS), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Rhode Island (Mr. PELL), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Virginia (Mr. SPONG), and the Senator from Mississippi (Mr. EASTLAND) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE) is absent on official business.

I further announce that, if present and voting, the Senator from Minnesota (Mr. HUMPHREY), the Senator from Rhode Island (Mr. PELL), and the Senator from Louisiana (Mrs. EDWARDS) would vote "yea."

Mr. SCOTT. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BAKER), the Senator from Delaware (Mr. BOGGS), the Senator from Nebraska (Mr. CURTIS), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Michigan (Mr. GRIFFIN) is detained on official business.

If present and voting, the Senator from Nebraska (Mr. CURTIS), the Senator from Oregon (Mr. HATFIELD), and the Senator from Texas (Mr. TOWER) would each vote "nay."

The result was announced—yeas 18, nays 57, as follows:

[No. 529 Leg.]

YEAS—18

Bayh	Chiles	Long
Brooke	Cranston	Mondale
Burdick	Gravel	Montoya
Byrd, Robert C.	Hart	Schweiker
Cannon	Hartke	Stevens
Case	Javits	Stevenson

NAYS—57

Aiken	Gambrell	Percy
Allen	Gurney	Proxmire
Anderson	Hansen	Randolph
Beall	Hruska	Roth
Bellmon	Hughes	Saxbe
Bennett	Inouye	Scott
Bible	Jackson	Smith
Brock	Jordan, N.C.	Sparkman
Buckley	Jordan, Idaho	Stafford
Byrd, Harry F., Jr.	Magnuson	Stennis
	Mansfield	Symington
Cook	Mathias	Taft
Cooper	McClellan	Talmadge
Cotton	Miller	Thurmond
Dole	Moss	Tunney
Dominick	Muskie	Weicker
Ervin	Nelson	Williams
Fannin	Packwood	Young
Fong	Pastore	
Fulbright	Pearson	

NOT VOTING—25

Allott	Goldwater	McIntyre
Baker	Griffin	Metcalf
Bentsen	Harris	Mundt
Boggs	Hatfield	Pell
Church	Hollings	Ribicoff
Curtis	Humphrey	Spong
Eagleton	Kennedy	Tower
Eastland	McGee	
Edwards	McGovern	

So Mr. HARTKE's amendment was rejected.

Mr. MOSS. Mr. President, I call up an amendment, which has been modified from the printed amendment.

The PRESIDING OFFICER. The amendment will be stated.

Mr. MOSS. Mr. President, I ask unanimous consent to dispense with reading of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments offered by Mr. Moss for himself Mr. PERCY and Mr. TUNNEY are as follows:

On page 294, line 21, strike out "and".

On page 295, line 11, strike out the period and insert in lieu thereof a semicolon and the following:

"(H) to establish an experimental program to provide day-care services, which consist of such personal care, supervision, and services as the Secretary shall by regulation prescribe, for individuals eligible to enroll in the supplemental medical insurance program established under part B of title XVIII and title 19 of the Social Security Act, in day-care centers which meet such standards as the Secretary shall by regulation establish.

"(I) to establish an experimental program of subsidization of families who agree to care for their dependents who are 65 years of age or older and who would otherwise require, because of physical and mental infirmities, the services of a skilled nursing facility, in their own homes, and to pay such subsidies directly, in the form of grants, to families who are determined (in accordance with regulations prescribed by the Secretary) to be eligible for such subsidization.

"(J) to determine whether payments for psychological and psychiatric services to residents of skilled nursing facilities and intermediate care facilities (which are receiving payments under title XIX of the Social Security Act) are adequate and provide sufficient financial resources to meet the mental health needs of such residents and (upon a finding that such expenditures are inadequate) to recommend programs for adequate psychological and psychiatric assistance to such residents; and

"(K) to develop methods and programs designed to expedite and improve the rehabilitation of patients in skilled nursing facilities or other institutions for long-term health care; and to develop appropriate alternatives to institutional care (in skilled nursing facilities, intermediate care facilities, or similar facilities for long-term health care) for patients in need of rehabilitation or long-term health care (including, but not limited to, the use of day-care, night-care, or full-time care centers, and the use of voluntary cooperative centers which are organized for the care of patients by their relatives).'

Beginning on page 342, strike out lines 3 through 6 and insert in lieu thereof:

(b) The amendment made by subsection (a) and any regulations adopted pursuant to such amendment shall apply with respect to plans of care initiated on or after January 1, 1973, and with respect to admission to extended care facilities and home health plans initiated on or after such date.

Beginning on page 393, line 3, insert "(including an institution located on an Indian reservation within such State)" after "institution".

On page 393, line 8, insert before the period the following: ", and to the extent that the Secretary finds it necessary, he may certify, that an institution located on an Indian reservation within such State qualifies as a skilled nursing facilities".

On page 393, line 11, insert "(or by him)" after "him".

At the end of title II of the bill, insert the following new section:

CERTIFICATION OF INTERMEDIATE CARE FACILITIES LOCATED ON AN INDIAN RESERVATION

SEC. —. Section 1905(c) of the Social Security Act, as added by Public Law 92-223, is amended by adding after the penultimate sentence thereof the following:

"The term 'intermediate care facility' also includes any institution which is located on an Indian reservation within the physical boundaries of a State and is certified by the Secretary as meeting the requirements of clauses (2) and (3) of this subsection and providing the care and services required under clause (1)."

Beginning on page 500, line 3, insert "AND COSTS OF OPERATION OF" after "OF".

On page 500, line 13, strike out "paragraph:" and insert in lieu thereof "paragraphs:".

On page 500, line 11, strike out "'; and'; and" and insert in lieu thereof "a semicolon; and".

On page 501, line 2, strike out the period and insert in lieu thereof "; and".

Beginning on page 373, line 16, strike out "extended care" and insert in lieu thereof "skilled nursing".

On page 387, line 6, strike out "(14); and" insert in lieu thereof "(16);".

On page 387, line 11, beginning with "having" strike out through "facility," on line 13, and insert in lieu thereof "who has any direct or indirect ownership interest of one percent or more in such skilled nursing facility or who is the owner (in whole or in part) of any mortgage, deed of trust, note, or other obligation secured (in whole or in part) by such skilled nursing facility or any of the property or assets of such skilled nursing facility".

On page 388, line 15, strike out "and,".

On page 388, between lines 15 and 16, insert the following new paragraph:

"(14) Unless otherwise submitted in accordance with requirements under the Social Security Act, submit, not later than 120 days after the close of any fiscal year of such skilled nursing facility, effective with respect to accounting periods beginning on or after December 31, 1972, to the Secretary a full and complete certified report disclosing all costs incurred for such fiscal year by such skilled nursing facility; and";

(4) by adding at the end of paragraph (16) (as redesignated by paragraph (3) of this subsection) the following new sentence: "Notwithstanding any other provision of law, all information concerning skilled nursing facilities required by this subsection to be filed with the Secretary shall be made available to Federal or State employees for purposes consistent with the effective administration of programs established under titles 18 and 19 of this Act.".

On page 501, between lines 2 and 3, insert the following new paragraph:

(37) Unless otherwise submitted in accordance with requirements under the Social Security Act, effective with accounting periods beginning on or after December 31, 1972, provide (A) that any intermediate care facility receiving payments under such plan must submit, not later than 120 days after the close of any fiscal year of such intermediate care facility, to the State agency a full and complete certified report disclosing all costs incurred for such fiscal year by such intermediate care facility, and (B) that all information concerning an intermediate care facility receiving payments under such plan which is required to be filed with the State agency shall be made available to Federal or State employees for purposes consistent with the effective administration of programs established under titles 18 and 19 of this Act.

Beginning on page 523, line 25, add the following new section:

GRANT PROGRAM FOR TRAINING OF NURSES' AIDES AND ORDERLIES

SEC. 299 G (a) The Secretary of Health, Education, and Welfare is authorized to make grants to public or nonprofit private agencies, institutions, and organizations to assist them in conducting (or establishing and conducting) programs for the training of staff members or nursing homes and for training and retraining of personnel as nurses' aides or orderlies for nursing homes, with special emphasis on in-service training. The Secretary of Health, Education, and Welfare shall enter into arrangements with the Secretary of Labor designed to assure that participants in the work incentive program (established by part C of title IV of the Social Security Act) who desire to work in nursing homes will be encouraged to participate in programs receiving financial assistance through grants made under the preceding sentence.

(b) For the purpose of carrying out the provisions of this section, there is hereby authorized to be appropriated $2,500,000 for the fiscal year ending June 30, 1973, and $5,000,000 for each of the next three fiscal years.

Mr. LONG. Mr. President, will the Senator yield?

Mr. MOSS. I yield.

Mr. LONG. Mr. President, we propose to agree to the Senator's amendment, so I hope he will be brief, so the Senate can move to the next one.

Mr. MOSS. I assure the Senator that I intend to be very brief. The Senator from Illinois (Mr. PERCY) has some brief remarks to make, and that is all it will amount to.

First of all, Mr. President, I ask unanimous consent that the Senator from Connecticut (Mr. RIBICOFF) be shown as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOSS. Mr. President, I ask unanimous consent that the amendments, which are contained in one document, be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOSS. Mr. President, as chairman of the Subcommittee on Long-Term Care of the U.S. Senate Special Committee on Aging, I have conducted 20 hearings on nursing home problems in the last 3 years. Although our report to the Congress based on these hearings is not yet complete there are several recommendations which I intend to offer today as amendments to H.R. 1. I am pleased to have joining with me the distinguished Senators from Illinois, Mr. PERCY and from California, Mr. TUNNEY, who have their own amendments included with mine in this omnibus package.

The purpose of this amendment is to patch up loopholes in the existing law, to test new and important approaches to the problems of long-term care, to prohibit retroactive denials, provide training for nursing home personnel, and to make it possible for nursing homes on Indian reservations to participate in medicare and medicaid. The staff of the Senate Committee on Finance is familiar with these amendments which I believe are noncontroversial.

Taking up my amendments in the order in which they appear in the bill, my first amendment relates to section 222 of the bill with other demonstration projects funded from the Federal hospital insurance trust fund and the Federal supplementary medical insurance trust fund. My first proposal would provide authority for an experimental program of day care for senior citizens under such regulations as the Secretary shall prescribe.

Day care for senior citizens is not a new idea, it was proposed repeatedly by advocates of the elderly at our hearings. I believe that an effective day care program for senior citizens would provide a less expensive alternative to institutionalization.

More and more we are finding that working families are unable to care for their elderly loved ones. Working family members are fearful of leaving their elders in the house alone by day particularly if the seniors are frail or slightly feeble. The fear that seniors may cause harm to themselves if left alone and the lack of suitable alternatives has caused much anxiety and in some cases early institutionalization.

It is very clear to me that a day care center for older Americans is a suitable answer to this problem. The working family could leave their loved one in a protective environment by day and return them home after working hours to share dinner and the events of the evening with the family.

Most importantly for those who are budget conscious, the day care program would save money as well as prevent premature or unnecessary institutionalization. I am told that day care can be provided for about $3 a day as compared with nursing home care which ranges from $10 to $30 a day.

I had originally proposed the day care concept in the form of S. 3267 which would have been available to all medicare beneficiaries but I believe this concept has to be tested before we enact it on a wider basis. In the interim I hope to be able to study the British "day-hospital" system.

My second amendment authorizes a demonstration project to subsidize the families to care for their elderly in their own homes. This amendment is not intended to lessen the responsibility of family members for their elders. However it is a concept that is being tried by several of our States once again to prohibit early or unnecessary institutionalization.

A program such as would be authorized by this amendment would allow some of the very poor members of society to help maintain their elders in their own homes. This amendment received wide support in our recent hearings on the access of minority groups to nursing homes. At those hearings we learned that nursing homes are an anathema to some minority groups—notably Mexican Americans. Among these minority groups there is a long tradition of caring for parents in the home. Pride and

tradition require that the elderly be maintained by the younger family members.

Most of these minority group members rank with the poorest members in our society. Because of language barriers, we were told they found medicaid of limited use—and once again medicaid would only provide care in a nursing home.

It is for these reasons that I ask for this demonstration project. I believe that it is time that the Government took into account the social and cultural differences of our people. I hope this approach can be tested for its feasibility to benefit the low income elderly.

Two more demonstration projects are contained in this omnibus amendment, one to help determine appropriate psychological and psychiatric assistance to the residents of nursing homes, residents to which Senator TUNNEY will speak and another which offers a new approach to rehabilitation which was introduced by Senator PERCY.

My third amendment is an effort to prohibit the onerous practice of "retroactive denials" which describes the situation where new rules are announced for participants in the medicare program in 1972 and are given retroactive effect so that claims paid in 1971 are reevaluated with nursing home providors being required to pay back sums now deemed to have been improvidently granted.

The committee's proposal in section 228 is an effort to prohibit the uncertainty of medicare nursing home coverage by authorizing the Secretary to establish presumptive periods of care. Under this proposal, for example, an individual with a broken hip or other ailment would be "presumed" to be eligible for a certain number of days in a medicare nursing home.

The committee's proposal is only a partial answer to the problem. My amendment would require that all new regulations for the medicare nursing home program to have prospective and not retroactive effect.

My fourth amendment relates to the inability of Indian tribes to provide nursing home care for their needy elders. There are several Indian tribes which would like to provide nursing home care for their people. One facility has been built in Arizona and others have been proposed in New Mexico and in my native State of Utah. In every case there is one insurmountable obstacle. Because Indian reservations are Federal enclaves, States have not been willing to license nursing homes on such reservations. Since State inspectors also certify nursing homes for purposes of medicare and medicaid, inability to get a State license has meant they have been barred from participating in medicare and medicaid.

My amendment addresses this problem and the failure of other agencies to consider the needs of the Indian elderly. It would allow the Secretary of Health, Education, and Welfare to certify nursing homes meeting appropriate standards to participate in medicare and medicaid as skilled nursing homes and as intermediate facilities.

I have no firm cost estimates for this amendment but I do not believe the cost will be substantial given the comparatively limited number of Indian elderly. However, those tribes that seek assistance in providing nursing home care under medicaid or medicare should be assisted.

My fifth amendment is intended to clarify one of the so-called Moss amendments of 1967. My amendments to the Social Security Act of 1967 had the intention of arising nursing home standards and constitute the law upon which HEW is relying for its recent enforcement effort. One of these amendments required anyone with a 10-percent interest or greater in a nursing home to file and disclose such interest with the State.

In recent hearings by my subcommittee it was discovered that nursing home operators were using a variety of techniques to avoid the disclosure requirement. It became impossible for us to find out from disclosure lists submitted to the State the true identity of nursing home owners. Using other records such as corporate directories and State land efforts, my subcomimttee learned that a small group of individuals controlled an incredible number of nursing home beds. This conclusion was verified in several States. The public has a right to know who owns these facilities but the information is curerntly disguised. One technique is to list a 9-percent interest in the name of each of one's children, another is to establish two corporations, one to run the facility and another holding the land in trust.

The Governor's commission on nursing home problems in Maryland recently learned to their chagrin that it was impossible to tell who owned the State's nursing homes. They called for the enactment of my bill S. 2927 which I now propose in amendment form. It also has the support of HEW.

My bill would require that any ownership interest direct or indirect in a nursing home over 1 percent be disclosed to the State including that of an owner—in whole or in part—of any mortgage, deed of trust, note, or other obligation secured—in whole or in part—by the nursing home or any property or assets of such facility.

This information would be made available to appropriate Federal and State employees including members of congressional committees for purposes consistent with the effective administration of programs established under titles 18 and 19 of the law. By action of the Finance Committee in the present bill such data would be required to be filed with the State by owners of intermediate care facilities.

Another part of this same amendment requires that owners of titles 18 and 19 skilled nursing homes file certified financial statements with the Secretary. Almost 90 percent of the nursing facilities in this country are organized for profit. Studies by my subcommittee indicate a lack of accountability. After paying nursing home operators their flat fee under medicaid most States make no effort to ascertain how the money is being used. This allows each individual operator to allocate as much to patient care as he so desires and as much as he pleases to profit.

Even with generally inadequate reimbursement rates some nursing home operators, paradoxically, have been able to make high profits. One operator in Chicago made $185,000 profit on a medicaid income of $400,000 yearly, while spending only 52 cents per patient per day for food.

Other indications such as the Connecticut study which showed an average 44 percent return on investment for the States nursing homes, caused our committee to look further into this question. The committee discovered great reluctance on the part of nursing home administrators to disclose their financial data. Despite several letters over a 6-month period only 20 of 75 nursing homes returned a questionnaire relating to their cost and financial data to help the committee with its inquiry.

Since the taxpayer contributes more than $2 out of every $3 in nursing home revenues the Government has a vested right to this information. Once again this information would be made available to Federal employees for purposes consistent with the effective administration of programs established under titles 18 and 19.

The last amendment in this omnibus package provides training for nurses' aides and orderlies and has been introduced by Senator PERCY. I support this measure as well as the other proposals in this package. This amendment is similar to my bill, S. 3556 which I feel is greatly needed to combat one of the major problems in the field of long-term care—the reliance on untrained personnel. Nursing home personnel are for the most part hired literally off the street and paid the minimum wage. It is difficult work and I can understand why there is a turnover rate of 75 percent among nurses' aides. I urge the adoption of all of the amendments in this package.

Mr. RIBICOFF. Mr. President, I am pleased to join with Senator Moss in calling up amendment 1685 to H.R. 1. This legislation, similar to a bill I introduced last February, would establish pilot projects designed to generate alternatives to long-term, institutionalized nursing home care and provide subsidies for families who care for their aged and infirm relatives in their own homes.

This legislation would also establish a grant program for the training of nurse's aides and orderlies for nursing homes.

Over the next 4 years $17.5 million would be authorized for these grants.

Mr. President, in the long time that I have been working in the field of long-term care, my committee has conducted 20 hearings on nursing home problems in the last 3 years. These problems can appropriately be dealt with in this bill, which has to do with medicare and medicaid, and nearly all of our elderly citizens are financed in that way for their care in nursing homes.

Therefore, I strongly urge that these amendments be adopted at this time.

We must begin to look at our entire system in light of increasing evidence that the care provided for our elderly citizens is inadequate, demeaning to human dignity, and a waste of tax dollars.

Nursing homes as they are operated

today are a self-perpetrating system that assures that the elderly will have a chronic need for chronic health care. Our extended care institutions all too often reduce our elderly citizens to a state of permanent dependence on the institution, rather than providing varying levels and types of care and services that would encourage the elderly to remain a part of their community.

At least 15 to 20 percent of those elderly citizens presently institutionalized are absolutely misplaced according to the Levinson Gerontological Policy Institute of Brandeis University. In Massachusetts, for example, where intensive studies of nursing home disability evaluations have been made, it was found that only 37 percent of the nursing home residents in the State require full-time skilled nursing care. Fourteen percent needed no institutional care whatsoever for medical reasons. Another 26 percent required minimal supervised living, and 23 percent needed limited or periodic nursing care that might, for some, be provided on a home visit basis.

Approximately, $2 billion is expanded annually for nursing home care, one-fourth to one-half of which is now spent for patients who do not, medically, need such care. A more flexible use of funds now narrowly channeled into traditional nursing home settings would encourage the development of more imaginative and innovative forms of care for the elderly.

Our proposal authorizes a series of pilot projects to explore new methods of providing care for the elderly. The purpose of these demonstration programs would be to generate alternatives to long-term, institutionalized nursing home care. Such programs would include maintenance and care services provided in noninstitutional, neighborhood settings; increased use of home health and maintenance care; continuing care at various stages of illness through a coordinated program utilizing acute care hospital facilities, extended care facilities, "day" hospital services and home care; and ongoing community responsibility and involvement in such programs.

These pilot projects would provide field testing of differing solutions in varied demographic and health care delivery areas. Other issues to be explored in field tests would include the administrative issues involved in setting up innovative personal care organizations, definition of the optimal population to be covered, testing of alternate quality control measures, analysis of manpower alternatives, and measurement of cost levels.

The costs of providing adequate care for the elderly are rising dramatically. We cannot continue to waste and misallocate the limited resources we have to devote to this problem. More effective programs must be developed. Working with such programs in action is the only way this can be done.

This proposal would also establish an experimental program of subsidization of families who agree to care for their dependents who are 65 years of age who would otherwise require, because of physical and mental infirmities, the services of a skilled nursing facility, in their own homes.

Mr. PERCY. Mr. President, I rise in support of the pending amendment, which I cosponsor. This comprehensive nursing home package incorporates two of my nursing home amendments.

The first would authorize $17.5 million in Federal grants to public or nonprofit private agencies, institutions, and organizations, to assist them in establishing special training programs for nurses aides and orderlies in nursing homes. The amendment stresses the importance of inservice training, which is generally regarded as highly desirable by health professionals. The grants shall be administered by the Secretary of Health, Education, and Welfare, who shall have the option of carrying out training programs under the auspices of either the Health Services and Mental Health Administration or the Bureau of Health Manpower Education, which forms part of the National Institutes of Health.

The $17.5 million authorized under this amendment shall be allocated in the following way: $2.5 million in fiscal year 1973, and $5 million in each of the next 3 fiscal years.

The need for this legislation became apparent during a series of hearings on nursing homes conducted by the Subcommittee on Long-Term Care of the Senate Special Committee on Aging. The subcommittee found one of the major problems to be a lack of qualified, trained nurses' aides and orderlies. In hearing after hearing, witnesses impressed upon the subcommittee the importance of these personnel, and their current lack of adequate training.

It is unfortunate that the nursing home personnel who work most closely and directly with the patients bring the least to their jobs in terms of qualifications and training. Aides and orderlies typically have no more than a high school education, and they lack specialized skills. Reports of patient abuse on the part of these personnel are commonplace.

The pay of aides and orderlies is low. In 1970, the average wage was $1.53 an hour. It has not risen much since.

The pay is low and the work is hard. Aides and orderlies must lift, bathe, feed, and console patients who are depressed, lonely, and often demanding.

There is little glamor in this line of work. Nursing homes rank low in prestige as health care institutions, and aides and orderlies fall at the bottom of the health care personnel hierarchy.

The low pay, hard work, and lack of job prestige combine to create a high turnover rate. The turnover rate for employees in the nursing home field as a whole is high—60 percent a year; for aides and orderlies, it is even higher, 75 percent.

With these conditions, it is little wonder that nursing homes cannot or do not attract good help. This is why it is possible, as the Chicago Tribune has reported, for a person to walk into a nursing home with no experience or training whatever, give phoney character references, and find himself working as an aide or orderly within hours, dispensing drugs—about which he knows nothing—and ministering to chronically and gravely ill patients. One home was found hiring its aides through a Chicago skid row hotel, where a maid received kickbacks for sending new employees to the home. This is why individuals so lacking in education and skills as to be unable to find employment elsewhere end up working as aides and orderlies in nursing homes.

In theory, all nursing homes train their aides and orderlies. In fact, although some homes do provide excellent training, many make not the slightest pretense of doing so. This is true despite the fact that, as one study explained—

> The difference between a competent and an incompetent aide can mean everything in terms of a patient's adjustment to the nursing home. The intimate and daily nature of the aide's contact with patients makes it inevitable that he or she will have a tremendous effect on the mental and emotional health and, directly or indirectly, on their physical health as well.

The importance of teaching aides how to handle patients properly cannot be overstated, and yet training programs in this area are virtually nonexistent. The Department of Labor trains aides and orderlies, but it trains the bulk of them for hospitals, not nursing homes. Other agencies operate health manpower training programs, but not for nursing home aides and orderlies.

Perhaps the program which comes closest to doing this job is the one initiated recently by President Nixon as part of his eight-point program on nursing homes. One of his proposals authorizes funds for the short-term training of approximately 20,000 nursing home personnel. I am pleased with this initiative on the part of the administration, but it must be recognized that even this program aims primarily at the higher echelon employees—physicians, nurses, administrators, and activity directors—rather than at the aides and orderlies.

Unless we undertake to upgrade the skills of the 215,000 aides and orderlies who work in nursing homes, patients will continue to suffer from inadequate and improper treatment.

In the State of Illinois, there is a modest effort now underway to upgrade the skills of these personnel. That effort goes by the name of the Rehabilitation Education Service—RES—a free service to nursing homes desiring it, and a program which has been in operation now for 14 years.

Because of limited funds, the State is able to provide only two RES teams, who must cover the whole State. Many homes, therefore, do without this service.

It is in the interest of encouraging such ongoing programs to expand, and establishing new programs to upgrade the skills of nurses aides and orderlies in nursing homes, that I offer my amendment.

Mr. President, I am certain my colleagues are well aware of the urgent need to improve nursing home conditions in this country. Anyone who has actually gone into the homes to visit patients can only view this as a matter of the highest priority.

Mr. President, I believe this amendment offers us an excellent opportunity to bring about an improvement in the quality of care given to the old and chronically ill persons who now reside in nursing homes, and I urge its adoption.

Let me now comment on a second amendment of mine that was incorporated into this package.

The need for more rehabilitation programs for elderly nursing home patients became apparent during the hearings on nursing homes held in Chicago in April and September of last year by the Subcommittee on Long-Term Care of the Senate Special Committee on Aging.

We found in those hearings that few efforts are being undertaken to rehabilitate nursing hom patients. More often than not, patients enter nursing homes where bona fide rehabilitation programs are nonexistent. Or if they do exist, they consist of little more than bingo games and TV watching. Few opportunities for social and physical activity exist. A scene found all to frequently in nursing homes across the country was vividly portrayed in one of the Chicago Tribune's articles on this subject:

They (nursing home patients) sit in rooms where the paint is peeling from the walls and the windows are covered with grime and they stare.

Conditions vary, of course, but there is substantial evidence to warrant fear that this dismal atmosphere prevails in too many homes.

Entry into a nursing home is invariably a traumatic experience. One of the major reasons the experience is so traumatic is that the patients cannot look forward to being rehabilitated or to recovering from their illnesses. Thus, patients sometimes equate entering a nursing home with walking into a "waiting room to die." If rehabilitation programs were more common and more promising, then nursing home patients could look forward to recovering from their illnesses, and the experience of entering a home could become considerably less traumatic.

It is commonly assumed that if a person is so ill as to necessitate nursing home care, then there can be little hope for ever making him self-sufficient and independent. Unfortunately, it is frequently the patient's attitude toward himself—and most especially that of others toward him—more than his physical condition, which causes his condition to deteriorate. A patient's overpowering sense of uselessness and lack of self-confidence, rather than his physical condition per se, might cause the deterioration in his overall physical and emotional status.

To illustrate what can happen when rehabilitation efforts are undertaken, let me relate a story told to me by the world renowned psychologist, Dr. Karl Menninger, at the hearing held in Chicago last September.

The story concerns 88 aged patients who had been diagnosed as hopelessly senile and psychotic, and placed in a geriatric award at the Topeka State Hospital in Kansas. The patients had been vegetating in the gloomy ward for about 10 years—and one of the patients had been there for 58 years. The situation changed dramatically, however, with the arrival of a young doctor and his team of aides. They transformed the cheerless atmosphere of the ward into one of hope and raised spirits. They did this by bringing in such things as music, television, bird cages, and potted plants. The doctor set up a social program, and the patients responded by beginning to paint and sand furniture, and to work with leather and play bingo. A measure of the patients' improved spirits was found in their construction of a ramp over a difficult flight of stairs, and in the painting of a shuffleboard court on the floor.

Three weeks following the initiation of this program, one patient was discharged and sent home to live with his relatives. A year later, only nine patients were still bedridden, and only six were incontinent. Twelve more returned to live with their families, six left the ward to live by themselves, and four found comfortable nursing home provisions.

Mr. President, this proposal is a very simple one which would not cost a great deal of money. The Secretary of HEW would merely be authorized, in addition to testing the concepts already listed under section 222 of the bill, to develop or demonstrate programs intended to rehabilitate or remotivate elderly nursing home patients. This proposal does not call for specific authorizations, but rather, it gives the Secretary flexibility in determining appropriate amounts. I believe we could learn a great deal by testing new concepts in this field, and that we might even discover ways to decrease Federal expenditures through developing alternatives to long-term care. I urge adoption of this provision in the comprehensive nursing home amendment as one promising way to better the lives of the elderly.

I urge acceptance of these amendments.

Mr. LONG. Mr. President, the manager of the bill favors the amendments. I hope the Senate will agree to them.

Mr. MOSS. Mr. President, I would like to compliment the staff and the members of the Senate Finance Committee for their constructive work. H.R. 1 contains many long needed reforms including the consolidation of medicare and medicaid standards. It makes sense that there be only one set of Federal standards with which nursing homes have to comply.

It is also important that H.R. 1 incorporates cost related reimbursement as the Federal standard. For too long nursing homes have suffered with inadequate rates. If we continue to insist on higher standards then we must pay for them.

There are many other improvements contained in H.R. 1. Again I compliment those involved.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from Utah.

The amendments were agreed to.

Mr. LONG. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 581, line 22, before the word "unable" insert "18 years of age or older and"

Mr. LONG. Mr. President, this amendment is necessary to correct an obvious and manifest error in the bill. The committee report correctly reflects the committee's intention. Unfortunately, the bill fails to correctly include the words referred to in the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

The amendment was agreed to.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. MONDALE. Mr. President, I realize that, based on the order in which we requested to be recognized, I am next. I would like to yield the floor to the Senator from Wisconsin, who has been waiting to propose an amendment.

Mr. NELSON. Mr. President, I think it is about time we followed the rules of the Senate, or changed them. There is no rule that I know of that says the Chair should recognize someone who has put his name on a list at the Chair. The rules are that the Chair recognizes the first person who rises and asks for recognition. I would suggest to the leadership that after all this foolishness all day long, we ought to abolish that list up there and follow the rules.

This has been a charade all day long. I stood here for an hour and a half today, canceled a luncheon appointment, but because I was not on the list, a Senator comes in and he is here 30 seconds and gets recognition.

If that is to be the rule, I am coming over at 9 o'clock every morning and put my name on the list every day, then I will be entitled to walk in when someone else has been waiting 2 hours, and get recognition.

Mr. President, this is sheer nonsense, contrary to the rules and it ought to be stopped.

Mr. MONDALE. Mr. President, will the Senator yield?

Mr. NELSON. Without relinquishing my right to the floor.

Mr. MONDALE. I agree completely with the Senator from Wisconsin. I was a victim of the same sort of circumstances, and I learned the hard way. Yesterday I stood here as a gentleman for 4 hours, watching people get recognized in front of me, and then I yielded, to be a gentleman, and I got the floor back in an hour and 45 minutes, on a noncontroversial amendment. So I could not agree with the Senator more. And I thought, in the light of my predictament yesterday, the lateness of the hour, and my admiration for the Senator from Wisconsin, this was the best way to do it.

The PRESIDING OFFICER (Mr. CANNON). The Senator from Wisconsin is recognized. Does he desire to offer an amendment?

Mr. NELSON. Mr. President, I would like to have the attention of the distinguished chairman of the Finance Committee in order to propound to him a couple of questions.

For the benefit of the Senators who are here, I shall try to be as brief as possible. I intend to ask for a rollcall on

two amendments. The purpose of the two amendments I am going to offer is to raise the money to pay for some of the additional cost of the increased social security benefits in H.R. 1.

The reason I do that is that these are not really wage-related benefits. Over the years, for 30 years, the Advisory Council on Social Security from time to time has suggested that when people who are retired receive substantial benefits of the kind that are included in H.R. 1, we should not tax the current employer and the employee to pay for those benefits.

I am offering two amendments. Both have been considered here before. One is to raise the minimum tax to one-half of the normal tax rate on income that is not subjected to any tax. The other one is to repeal the ADR.

These two proposals together would raise about $42 billion between now and 1980, and would pay almost all of the increased cost required by the provisions of H.R. 1.

I would suggest that everyone, before he votes, ought to take a look at the chart that tells what kind of a tax the 20 percent increase and the additions in H.R. 1 are going to impose upon the workers in this country.

I call attention to one example: The man who is making $12,000 a year is going to have his social security tax increased by 54 percent by 1974. In fact, if you count the total increase since 1971 it totals 75 percent.

Now the worker in the $12,000 wage bracket is not only going to have his tax increased 54 percent, but let me spell it out to you in dollars and percent. His tax is going to be increased $252 between now, today, and 1974, a year and a half from now. That is $21 a month. So when we get through passing this bill, if we are going to load the cost of all these benefits on the current worker and employer we are going to get a tax revolt from the overtaxed worker and employer. These increased benefits are needed and justified but they ought to come out of general funds. For the taxpayer who earns $12,000, it means we are going to raise his taxes $21 a month in a year and a half.

I do not know of anyone in this country with a $12,000 income who has very much money left over if he has a family to support, and when he sees that we have taxed him $21 a month, he is going to be justifiably outraged, and we are going to get a revolt against it. We are asking him and his employer to pay for an increase which ought to come out of the general fund.

I shall speak on that a little further in a moment, but I would like to have a brief colloquy with the distinguished chairman of the committee, the Senator from Louisiana, for the purpose of clarification. I think he is familiar with this. I will go through it very quickly.

It is my understanding that the Senate Finance Committee's provision covering HMO eligibility for medicare requires that prepaid group plans: First, have been in operation for at least 2 years; and second, have a minimum of 25,000 enrollees, not more than one-half of whom are age 65 or over. Exceptions may be made for HMO's in smaller and rural communities: these must have demonstrated, through at least 3 years of successful operation, that they have the capacity to provide health care services of proper quality on a prepaid basis, and have at least 5,000 members. Is that correct?

Mr. LONG. That is correct.

Mr. NELSON. The greater Marshfield Health Plan, in Marshfield, Wis., has been in operation as an HMO for more than 1 year, but the Marshfield Clinic and St. Joseph's Hospital have been providing quality health care in a rural town for more than 60 years, as a group practice with salared physicians. In addition, the Marshfield HMO plan has enrolled more than 13,500 persons in the prepaid plan. Does this mean that the Marshfield HMO would qualify for medicare eligibility under the exceptions provided in the Finance Committee's HMO provisions?

Mr. LONG. It is my understanding that they could and would qualify.

Mr. NELSON. Now I would like to propound another question to the chairman of the Finance Committee.

The Finance Committee authorized demonstration projects—in section 222—to determine an equitable reimbursement formula for medicare coverage of physicians' assistants services, performed independently of supervising doctors.

HEW, the AMA, and physician assistant organizations are now drawing up standards for training and certification of these personnel, in an effort to unify and define their role and qualifications.

While HEW on one hand is paying out money to train physicians' assistants, medicare, under existing law, cannot reimburse for their services unless they are performed in the immediate presence of a supervising doctor. This precludes coverage for such things as house calls and nursing home visits carried out by physicians' assistants.

There is a controversy over what medicare should pay for such services when performed by physicians' assistants. Doctors are concerned that the reimbursement levels cover the expenses of hiring these paramedical personnel. Others are concerned that doctors will use paramedics to increase doctors' income but cut down doctors' services.

Is it the Finance Committee's intention to request HEW to conduct a wide variety of studies on physician assistant reimbursement levels, ranging from fee-for-service downward, in order to determine what reimbursement levels cover the costs of the employing physicians' assistants, while at the same time, encouraging use of this new manpower resource?

Mr. LONG. More or less, yes. Yes, it is correct.

Mr. NELSON. Mr. President, this amendment eliminates the 20-percent copayment required of those who receive home health care under medicare part B.

Under medicare part A, those receiving home health care, after hospitalization, pay no coinsurance. This amendment would make home health care coverage under medicare consistent for both parts A and B. It is inconsistent to require copayment for the same service that a beneficiary receives at 100-percent coverage under part A.

More importantly, it is one step toward encouraging home health usage instead of more costly institutionalized care.

The Finance Committee has taken another small step toward that end, by authorizing demonstration projects to determine whether the 3-day hospitalization requirement prior to part A eligibility is necessary.

Home health care visits average about $25 a visit. The copayment of $5 per visit for long-term home health care can be a financial burden to many elderly persons living on marginal incomes. In addition, since the same care is covered 100 percent under part A medicare, there is an incentive by the physician to order costly hospitalization under part A, in order to ensure that his patient does not have to pay the coinsurance.

In her study on "Home Health Services in the United States," a report to the Senate Special Committee on Aging, Brahna Trager recommends:

> Changes in the system must be made which eliminate entry into home health services through an institutional bed in Part A and which will eliminate coinsurance payment for home health services in Part B.

She further reports:

> Utilization of home health services in the medicare insurance system has remained at less than 1 percent of insurance expenditures and appears to be diminishing. Institutional utilization and expenditures are increasing.

A medicare beneficiary will already have paid the $50 deductible required for part B eligibility.

The Bureau of Health Insurance in the Social Security Administration advises me that it approves of this amendment. They also advise that overhead costs of processing and billing for the individual copayments will be removed, at an administrative cost savings. Many of the copayments are never collected, and part B swallows the cost anyway, on top of the billing expense.

The cost of eliminating this copayment is estimated at $3 million by the Social Security Administration—a nominal sum for encouraging ambulatory, less costly, noninstitutional care.

Some 245,000 people received home health services under both medicare parts A and B in calendar year 1971. Total home health medicare costs for that year were $54,984,000, of which $15,824,000 was paid out for medicare part B coverage of home health care. Twenty percent of that figure is $3 million—the cost of this amendment.

The peer review provisions called for in H.R. 1 will insure that such home health services are medically necessary and monitored for quality and utilization.

Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. NELSON. Mr. President, the chairman of the Finance Committee is familiar with this amendment. I will explain it briefly and ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

At the end of title II of the bill, add the following new section:

ELIMINATION OF COINSURANCE PAYMENT WITH RESPECT TO HOME HEALTH SERVICES UNDER PART B OF MEDICARE

SEC. —. (a) Section 1833(a)(2) of the Social Security Act is amended by striking out "80 percent" and inserting in lieu thereof "with respect to home health services, 100 percent, and with respect to other services, 80 percent."

(b) The amendment made by subsection (a) shall apply to services furnished by home health agencies in accounting periods beginning after December 31, 1972.

Mr. NELSON. As the Senator knows, there is a 20 percent copayment required for those who receive home health care under medicare part B. Charges for home health care are now as high as $25 for a nurse's visit.

On the other hand, if the doctor sends an eligible patient to the hospital for 3 days and then they come back home and have home health care, there is no required copayment.

This amendment would remove the required copayment for those under medicare part B. The result of this distinction is that frequently doctors feel they have to send their patient to the hospital in order to get the 3 days in, so that they will qualify for service without the copayment because they cannot afford it. That unnecessarily loads the hospital, and those who do not go are getting discriminatory treatment. The purpose of the amendment is to eliminate that discrimination.

I understand that the cost would be in the nature of $3 million a year. Is the Senator willing to accept the amendment?

Mr. LONG. I am willing to take it to conference. Personally, I think the Senator is right.

Mr. NELSON. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

AMENDMENT NO. 1609

Mr. NELSON. Mr. President, I call up my amendment No. 1609.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. NELSON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

At the end of the bill insert the following:

TITLE VI—INTERNAL REVENUE CODE AMENDMENTS

SEC. 601. MINIMUM TAX FOR TAX PREFERENCES.

(a) Section 56 of the Internal Revenue Code of 1954 (relating to imposition of the minimum tax for tax preferences) is amended by redesignating subsections (b) and (c) as (d) and (e), respectively, and by striking out subsection (a) and inserting in lieu thereof the following new subsections:

"(a) IN GENERAL.—In addition to the other taxes imposed by this chapter, there is hereby imposed for each taxable year, with respect to the income of each person, a tax equal to the sum of—

"(1) the tax on such person's category I tax preference income (computed under subsection (b)), and

"(2) the tax on such person's category II tax preference income (computed under subsection (c)).

"(b) CATEGORY I TAX PREFERENCE TAX.—For purposes of subsection (a)(1), the tax on a person's category I tax preference income is 10 percent of the amount (if any) by which—

"(1) the sum of the items of tax preference set forth in paragraphs (2), (3), (4), (5), and (10) of section 57(a) in excess of the category I exemption, is greater than

"(2) the sum of—

"(A) the taxes imposed by this chapter for the taxable year (computed without regard to this part and without regard to the taxes imposed by sections 531 and 541) reduced by the sum of the credits allowable under—

"(i) section 33 (relating to foreign tax credit),

"(ii) section 37 (relating to retirement income),

"(iii) section 38 (relating to investment credit),

"(iv) section 40 (relating to expenses of work incentive program), and

"(v) section 41 (relating to contributions to candidates for public office); and

"(B) the tax carryovers to the taxable year.

For purposes of this subsection, the category I exemption is $30,000 minus the amount of the category II exemption that the taxpayer elects to use.

"(c) CATEGORY II TAX PREFERENCE TAX.—For purposes of subsection (a)(2), the tax on a person's category II tax preference income is—

"(1) in the case of a corporation, 24 percent of the amount (if any) by which the sum of the items of tax preference set forth in paragraphs (6), (7), (8), and (9) of section 57(a) exceeds the taxpayer's category II exemption, and

"(2) in the case of a taxpayer other than a corporation, a tax on the amount (if any) by which the sum of the items of tax preference set forth in paragraphs (6), (7), (8), and (9) of section 57(a) exceeds the taxpayer's category II exemption equal to one-half of the tax which would be imposed under section 1 by treating the amount of such excess as the taxable income for the taxable year.

For purposes of this subsection, the category II exemption is the amount, not exceeding $12,000, that the taxpayer elects (at such time and in such manner as the Secretary or his delegate prescribes by regulations) to use for the taxable year."

(b) Section 56(d) of such Code, as redesignated by subsection (a) (relating to deferral of tax liability in case of certain net operating losses), is amended to read as follows:

"(d) DEFERRAL OF TAX LIABILITY IN CASE OF CERTAIN NET OPERATING LOSSES.—

"(1) IN GENERAL.—If for any taxable year a person—

"(A) has a net operating loss any portion of which (under section 172) remains as a net operating loss carryover to a succeeding taxable year, and

"(B) has items of tax preference taxable under subsection (b) or (c) for the taxable year,

then an amount equal to the lesser of the tax imposed by subsection (a) or 10 percent (or such percent as may be determined under regulations prescribed by the Secretary or his delegate) of the amount of the net operating loss carryover described in subparagraph (A) shall be treated as tax liability not imposed for the taxable year, but as imposed for the succeeding taxable year or years pursuant to paragraph (2).

"(2) YEAR OF LIABILITY.—In any taxable year in which any portion of the net operating loss carryover attributable to the items of tax preference described in paragraph (1)(B) reduces taxable income, the amount of tax liability described in paragraph (1) shall be treated as tax liability imposed in such taxable year in an amount equal to 10 percent (or such percent as may be determined under regulations prescribed by the Secretary or his delegate) of such reduction.

"(3) PRIORITY OF APPLICATION.—For purposes of paragraph (2), if any portion of the net operating loss carryover described in paragraph (1)(A) is not attributable to the items of tax preference described in paragraph (1)(B), such portion shall be considered as being applied in reducing taxable income before such other portion."

(c) Section 56(e) of such Code, as redesignated by subsection (a) (relating to tax carryovers) is amended—

(1) by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) the sum of the items of tax preference set forth in paragraphs (2), (3), (4), (5), and (10) of section 57(a) in excess of the category I exemption for the taxable year,"; and

(2) by striking out "subsection (a)" in the last sentence and inserting in lieu thereof "subsection (b)".

(d) Section 58 of such Code (relating to rules for application of the minimum tax) is amended—

(1) by striking out "$30,000 amount specified in section 56 shall be $15,000" in subsection (a) and inserting in lieu thereof "$30,000 and $12,000 amounts specified in section 56 shall be $16,000 and $6,000, respectively";

(2) by striking out "$30,000 amount" in subsections (b) and (c) and inserting in lieu thereof "$30,000 and $12,00 amounts";

(3) by striking "$30,000" in subsection (c) and inserting in lieu thereof "$30,000 or $12,000, as the case may be,";

(4) by striking out subsection (g); and

(5) by adding at the end thereof the following new subsection:

"(h) ELECTION NOT TO CLAIM TAX PREFERENCES.—In the case of an item of tax preference which is a deduction from gross income, the taxpayer may elect to waive the deduction of all or part of such item, and the amount so waived shall not be taken into account for purposes of this part. In the case of an item of tax preference described in section 57(a)(9), the taxpayer may elect to treat all or part of any capital gain as gain from the sale or exchange of property which is neither a capital asset nor property described in section 1231, and the amount treated as such gain shall not be taken into account for purposes of this part. An election under this subsection shall be made only at such time and in such manner as is prescribed in regulations promulgated by the Secretary or his delegate, and the making of such elections shall constitute a consent to all terms and conditions as may be set forth in the regulations as to the effect of such election for purposes of this title."

(e) The amendments made by this section shall apply to taxable years beginning after December 31, 1971.

SEC. 602. (a) Notwithstanding any other provision of law, the rate of tax (in the tax schedules in section 1401(a), section 3101(a), and section 3111(a), of the Internal Revenue Code of 1954) shall be reduced so as to cause the total revenues raised by such tax schedules to be reduced, for any calendar year (commencing with the calendar year beginning January 1, 1974), by an amount equal

to the amount of the revenues which the Secretary of the Treasury determines, in the case of any calendar year, will be produced by reason of the application of the preceding amendments made by this title. The Secretary shall make the determination required by the preceding sentence, for any calendar year, not later than the close of the month of September of the year immediately preceding such calendar year.

(b) In addition to the moneys authorized by law to be appropriated, for any fiscal year, to the Federal Old-Age and Survivors Insurance Trust Fund, and to the Federal Disability Insurance Trust Fund, there is hereby authorized to be appropriated to each of such funds, an amount equal to the revenues produced for such fiscal year by reason of the amendments made by the preceding sections of this title, apportioned between each of such funds in the same ratio as moneys appropriated thereto under title II of the Social Security Act.

Mr. NELSON. Mr. President, I send to the desk a correcting amendment to amendment 1609.

The PRESIDING OFFICER. The modification will be read.

The assistant legislative clerk proceeded to read the modification.

Mr. NELSON. Mr. President, I ask unanimous consent that further reading of the modification be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the modification will be printed in the RECORD.

The modification is as follows:

Strike out line 21 of page 3 of amendment No. 1609 through line 15 of page 4 and substitute the following language:

"(c) CATEGORY II TAX PREFERENCE TAX.—For purposes of subsection (a)(2), the tax on a person's category II tax preference income is an amount equal to one-half of the tax which would be imposed under section 1 (in the case of a taxpayer other than a corporation) or section 11 (in the case of a corporation), computed as if the taxpayer's taxable income for the taxable year were the amount by which the sum of the items of tax preference set forth in paragraphs (6), (7), (8), and (9) of section 57 (a) exceeds the taxpayer's category II exemption. For purposes of this subsection, the category II exemption is the amount, not exceeding $12,000, that the taxpayer elects (at such time and in such manner as the Secretary or his delegate prescribes by regulations) to use for the taxable year."

Mr. NELSON. Mr. President, I ask unanimous consent that the names of the following Senators be added as cosponsors of the amendment: Senator BAYH, Senator CHURCH, Senator HARRIS, Senator MCINTYRE, and Senator CHILES.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NELSON. Mr. President, as I stated previously, the purpose of these two amendments is to raise the funds to pay the benefits that have been added in H.R. 1. This amendment would raise the minimum tax.

The minimum tax levied in the 1969 act was 10 percent. I am talking about the minimum that we require to be paid on income which is sheltered or privileged, or whatever name one wishes to use. That is the income on which no taxes are paid whatever.

This amendment proposes to require that a minimum tax be paid at the rate of one-half of normal tax, one-half the rate that would be paid if it were received as salary. Moreover, we provide that there is a $12,000 deduction from this sheltered tax before any tax is imposed.

So, for example, if an individual has a salary of $10,000 or $15,000 or $20,000 or $30,000 or $40,000—it does not matter—he pays on his salary his normal tax with his allowed deductions.

Let us assume that one of the items involved in the privileged income is capital gains, and let us assume that he has a capital gains of $24,000 a year. Under my amendment to the minimum tax, there would be no change from the present law whatever, because we allow a $12,000 credit, or deduction, in the first instance. So he can have an income of $20,000, $30,000, or $40,000—whatever it may be—pay his normal tax, as everybody else does, on his salary or on the income which is not sheltered. He can receive a capital gain as high as $24,000, and he pays no increase in taxes under this minimum tax proposal.

However, as to any capital gains in excess of $24,000—let us say it was $10,000 more than that; let us say it was $34,000—what we would say to that last $10,000 is that he would pay a tax on the last $10,000 equivalent to one-half of what he would pay if it were received as ordinary income and he had no other income.

This provision would raise approximately $2 billion. I think that anybody who looks at this minimum tax will agree that it imposes a modest tax imposition. Therefore, I would hope that the Senate would agree to the amendment.

I yield the floor, for the time being.

FAIR FINANCING OF SOCIAL SECURITY

Mr. MONDALE. Mr. President, I rise to support amendments 1609 and 1610 offered by the distinguished Senator from Wisconsin (Mr. NELSON).

The pending bill, H.R. 1, makes urgently needed improvements in our social security law—improvements which will help our retired and disabled citizens to live in dignity.

Among its most important provisions, the pending bill would:

Increase from $1,680 to $3,000 the amount an elderly person on social security can earn without losing social security benefits;

Increase a widow's benefits from the present 82½ percent of her husband's benefits to a full 100 percent;

Render disabled workers under 65 eligible for medicaid benefits;

Raise minimum social security benefits to $200 a month for low income workers who have been employed at least 30 years;

Extend medicare coverage to urgently needed prescription drugs—so-called "life prescription" drugs—for chronically ill elderly persons who are not hospitalized.

Mr. President, decency demands that we make adequate provision for elderly and disabled citizens. Their welfare should be the concern of all Americans.

But all Americans do not contribute on an equitable basis to our social security program, or to the increased benefits provided under the pending bill. Social security benefits are financed through an unfair and regressive payroll tax. A heavy and disproportionate share is borne by low and moderate income working families.

And the pending bill proposes to increase their burden by $6 billion a year.

The payroll tax is our most rapidly growing Federal tax. It has risen from 10 percent of Federal revenues in 1954, to an estimated 30 percent of Federal revenues this year.

The social security tax rate has been raised 10 times in the last 13 years. And in 1969 social security taxes eclipsed corporate taxes as the second largest source of Federal revenues, after the Federal income tax.

Just last June, in connection with the 20 percent increase in social security benefits, the Congress adopted a social security payroll tax increase of $7 billion. The tax rate was raised from 5.2 percent to 5.5 percent effective next January. And the wage base on which the tax is paid from was raised from the current $9,000 to $10,800 effective in January 1973, and to $12,000 effective a year later.

The pending bill proposes to raise the tax rate still further, to 6 percent effective in January. This amounts to an aggregate 15 percent increase next year.

Under the pending bill, social security taxes paid by employees with incomes of $7,000 will rise from $364 a year in 1972 to $420 in 1973. Social security taxes for employees earning $10,000 a year will rise from $468 in 1972 to $600 in 1973. And social security taxes for employees earning $12,000 a year will rise from $468 a year in 1972 to $648 in 1973.

At the rates proposed in the pending bill, payroll taxes will exceed income taxes in 1973 for families of four with incomes under $13,900.

And the burden of these taxes falls most heavily on those who can least afford them.

Increasing the social security tax rate from 5.5 percent to 6 percent would increase total Federal tax for a family of four earning $4,000 by 9.1 percent. It would increase the tax for a family earning $10,000 by 3.4 percent. But it would increase taxes for a family earning $100,000 by only one-tenth of 1 percent.

And although the burden falls heaviest on low-income families, the burden on moderate income Americans will be great as well. If the pending bill is adopted in its present form, total social security taxes for a wage earner with a $12,000 annual income will increase by $181 in 1972—a 38-percent increase. By 1974 his social security tax would increase by $252—another 16 percent. And in the 4 years from 1971 to 1974 he would absorb a 75-percent increase in social security taxes.

I strongly believe that we must find a more equitable method of financing social security benefits for elderly and disabled Americans.

Dignity for our elderly and disabled is a national concern. A larger share of social security financing should be supported from the broad Federal tax base.

And I believe a fair share of the burden should be carried by corporate taxes, which in 1971 received a tax cut which will amount to $74 billion over 10 years.

It may be said that employers presently contribute half of social security taxes. But most economists agree that the employer's half, as well as the employee's, is subtracted from real wages.

Reform of the financing of our social security laws must be a major concern of the Congress as we confront the need for broad tax reform.

But the amendments opposed by the Senator from Wisconsin give us the chance to adopt a partial remedy now.

These amendments would raise roughly $4 billion by closing clearly unjustified tax loopholes. They would reduce the increase in tax rates under the pending bill by three-fourths, to one-tenth of 1 percent. They are not an answer to the problem of financing social security, but they are a beginning.

Amendment 1609 would strengthen the minimum tax on income otherwise exempt from tax under four major tax preferences—gain from employee stock options, bad debt reserves of financial institutions in excess of the amount justified by experience, depletion, and the untaxed half of capital gains.

The present minimum tax on these provisions is a flat 10 percent, with an exemption of $30,000 plus the amount paid in income tax.

This amendment would reduce the exemption to $12,000, and change the tax from a flat 10 percent to half the tax which would be paid on that amount of ordinary income if the taxpayer had no other income. The rate would begin at 7 percent and reach a maximum of 35 percent for those with otherwise tax-exempt preference income of over $112,000 or $212,000 for married couples filing joint returns.

Amendment No. 1609 will raise an estimated $2.1 billion in 1973, $3.1 billion in 1977, and $4.1 billion in 1980.

The second amendment proposed by the Senator from Wisconsin, amendment No. 1610, would repeal the asset depreciation range, adopted in the Revenue Act of 1971.

ADR permits superaccelerated depreciation of assets over only 80 percent of their useful lives. An asset with a Treasury guideline life of 10 years, for example, may be completely depreciated over only 8 years, with no showing that the asset will then require replacement.

Repeal of this unjustified gift of tax revenues will yield $1.8 billion in 1973 and $26 billion between now and 1980.

Mr. President, amendments 1609 and 1610 point the way to fairer financing of our social security system. I urge their adoption by the Senate.

Mr. LONG. Mr. President, if this Government, which is about $40 billion in the red this year, is going to increase the income tax, we should use it to reduce the deficit we have now, rather than to change the whole concept of the social security program. The social security program is based on the theory that those who are working will pay a tax which will provide for their retirement in the future.

The Senator is seeking to use the Robin Hood approach that would tax the well to do more than those who are not well to do, because they are better able to pay for their retirement than those who are less able to pay.

Admittedly, the social security tax is a regressive tax but the benefits paid out are progressive because they are paid out in such a fashion that the person who receives a low income receives a proportionately higher benefit while the person who receives a higher income receives relatively less compared to what he contributed to help support the system.

This amendment would change the whole financing approach and also tend to eliminate discipline and tax-consciousness in the system.

At the present time, when we increase social security benefits, the public knows that they will have to pay for it. All the proposed future beneficiaries will have to pay more taxes to help pay for higher benefits. The Senator would change that concept and would move to the theory that we are going to have more and more social security benefits but do not have to pay for them because we can tax that well-to-do person who is better able to pay. That is a whole new concept which changes the whole basis of social security financing.

The Senator has offered his proposal and I do not believe the Senate wants to agree to it. Even just as a tax measure it is unacceptable because it would impose a heavy tax increase on many people who are entitled to be heard, to present facts and figures, and to document their case. I do not believe that the Senate would want to prejudice that matter by doing this to them, without according them a hearing, consideration for the arguments which they can marshal, and to consider all the evidence that can be presented to support their position. The Senator is offering a tax increase which we will be thinking about and talking about next year and then voting on. It is premature to do it now.

Because of the lateness of the hour, I am not going to debate the matter further. I think the Senate is ready to vote now. If it is, we will find out. I think I should move to table the Senate's amendment.

Mr. President, I move that the amendment be laid on the table.

Mr. NELSON. Mr. President, will the Senator withhold that for a moment while I respond?

Mr. LONG. The motion is not debatable. I will be glad to withdraw it for a while.

Mr. NELSON. I hope that the Senator will. I wish to respond to it.

Mr. LONG. Can we agree on some time limitation? I will be glad to withhold my motion, due to the lateness of the hour.

The PRESIDING OFFICER (Mr. CANNON). The motion to table is pending. Unless the Senator withdraws it, it is not debatable.

Mr. LONG. Mr. President, I ask unanimous consent that I may withdraw my motion to table so that I might inquire of the Senator from Wisconsin would it be all right with him to limit himself to another 5 minutes.

Mr. NELSON. Ten minutes, and I will probably give back 5 minutes.

Mr. LONG. Mr. President, I ask unanimous consent that there be a 20-minute limit and I propose to surrender back my time, to be equally divided between the Senator from Wisconsin and myself.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NELSON. Mr. President, I should like to point out that the concept of paying for unearned benefits out of the general fund is not new. It has been recommended since 1935. The Committee on Economic Security made this recommendation in principle in 1935.

In recommending a Government contribution the 1938 Advisory Council said:

> Since the Nation as a whole will materially and socially benefit by such a program, it is highly appropriate that the Federal Government should participate in the financing of the system. With the broadening of the scope of the protection afforded, governmental participation in meeting the costs of the program is all the more justified since the existing costs of relief and old-age assistance will be materially affected.

In 1948, the Advisory Council on Social Security made the following statement:

> The Council believes that old-age and survivors insurance should be planned on the assumption that general taxation will eventually share more or less equally with employer and employee contributions in financing future benefit outlays and administrative costs. Under our recommendations, the full rate of benefits will be paid to those who retire during the first two or three decades of operation even though they pay only a fraction of the cost of their benefits. In a social insurance system, it would be inequitable to ask either employers or employees to finance the entire cost of liabilities arising primarily because the act had not been passed earlier than it was. Hence, it is desirable for the Federal Government, as sponsor of the program, to assume at least part of these accrued liabilities based on the prior service of early retirants. A Government contribution would be a recognition of the interest of the Nation as a whole in the welfare of the aged and of widows and children. Such a contribution is particularly appropriate in view of the relief to the general taxpayer which should result from the substitution of social insurance for part of public assistance.

In a minority statement, appended to the reports of the 1971 Advisory Council on Social Security, five Council members expressed the following views:

> There are compelling reasons why a contribution from general revenues should be made to the cash benefits program. In order to make the program fully effective in its early years, full-rate benefits have been and are being paid to people who were already along in years when their work was first covered under the program. That is to say, workers retiring in the early years of the program, generally speaking, get the same benefits as they would get if the program had been in existence and they had been covered under it throughout all of their working life. Only a small part of the actual cost of the benefits being paid to these older people is met by the contributions they and their employers paid. The remainder is paid out of the contributions of current and future workers and their employers. The cost of paying full-rate benefits to older workers is about one-third of the cost of the program. This means that future workers and their employers will pay contributions which are about 50 percent higher than the benefits payable to these future generations. Thus a substantial part

of the contributions to the program goes to meet the cost of getting the program started. If this cost were to be met by a Government contribution, all of the contributions paid by future generations of workers and their employers would be available to furnish protection for them. The adoption of a financing policy calling for a general revenue contribution equal to the present employers and employee contribution rates—thus meeting one-third of the cost of the program through general revenues—would make possible an improved social scurity program without increasing payroll contributions. Such a general revenue contribution could finance nearly a 50-percent benefit increase.

Mr. President, just what are we doing here?

We are asking today's worker and his employer to be taxed to pay for unearned benefits for retired employees when such costs should be borne by the general fund. No one quarrels about increasing the payroll tax to pay for the 20-percent across-the-board increase. That increased tax is from 5.2 to 5.5 percent. However, H.R. 1 benefits require an additional tax increase from 5.5 to 6 percent.

These benefits which are needed and justifiable provide for an increase in the minimum benefits to $200 a month for low income workers employed for 30 years. We have decided as a matter of policy, that long term workers with low earnings will be provided on income of $200 per month and that the current worker will be taxed to pay it. What we are really saying to today's worker is, that "we are going to tax you and your employer to pay for increased retirement benefits for those who have already retired but not contributed to payment of that benefit."

Under this bill we are making disabled workers under 65 eligible for medicare. And that should occur. But I do not think the worker in the plant today should pay for medicare for someone who is retired. We are going to extend medicare coverage to include life prescription drugs for older folks, and I agree with that, but we should not tax the current worker to pay for them. We have increased the widow's cash benefit from 82½ percent to 100 percent of the husband's benefit and I agree with that but we should not tax the worker who is working today to pay for these benefits. The Advisory Council has been suggesting since 1938 that such benefits for retirees ought to be paid out of general funds.

Mr. President, I yield back the remainder of my time.

Mr. LONG. Mr. President, I move to table the amendment of the Senator from Wisconsin.

Mr. NELSON. Mr. President, have the yeas and nays been asked for?

Mr. LONG. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana (Mr. LONG) to lay on the table the amendment of the Senator from Wisconsin.

On this question the yeas and nays have been ordered. The motion is not debatable, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Louisiana (Mrs. EDWARDS), the Senator from Oklahoma (Mr. HARRIS), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Rhode Island (Mr. PELL), the Senator from Connecticut (Mr. RIBICOFF), the Senator from New Mexico (Mr. ANDERSON), and the Senator from Virginia (Mr. SPONG) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE) is absent on official business.

On this vote, the Senator from Louisiana (Mrs. EDWARDS) is paired with the Senator from Rhode Island (Mr. PELL).

If present and voting, the Senator from Louisiana would vote "yea" and the Senator from Rhode Island would vote "nay."

I further announce that, if present and voting, the Senator from New Hampshire (Mr. MCINTYRE) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BAKER), the Senator from Delaware (Mr. BOGGS), the Senator from Nebraska (Mr. CURTIS), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Nebraska (Mr. CURTIS) would vote "yea."

On this vote, the Senator from Texas (Mr. TOWER) is paired with the Senator from Oregon (Mr. HATFIELD). If present and voting, the Senator from Texas would vote "yea" and the Senator from Oregon would vote "nay."

The result was announced—yeas 47, nays 28, as follows:

[No. 530 Leg.]

YEAS—47

Aiken	Fannin	Pastore
Beall	Fong	Pearson
Bellmon	Fulbright	Randolph
Bennett	Gambrell	Roth
Bible	Gurney	Scott
Brock	Hansen	Sparkman
Buckley	Hartke	Stafford
Burdick	Hruska	Stennis
Byrd, Harry F., Jr.	Javits	Stevenson
Cook	Jordan, N.C.	Symington
Cooper	Jordan, Idaho	Taft
Cotton	Long	Talmadge
Dole	McClellan	Thurmond
Dominick	Miller	Tunney
Ervin	Montoya	Weicker
	Packwood	Young

NAYS—28

Allen	Hart	Nelson
Bayh	Hughes	Percy
Brooke	Inouye	Proxmire
Byrd, Robert C.	Jackson	Saxbe
Cannon	Magnuson	Schweiker
Case	Mansfield	Smith
Chiles	Mathias	Stevens
Cranston	Mondale	Williams
Gravel	Moss	
Griffin	Muskie	

NOT VOTING—25

Allott	Edwards	McIntyre
Anderson	Goldwater	Metcalf
Baker	Harris	Mundt
Bentsen	Hatfield	Pell
Boggs	Hollings	Ribicoff
Church	Humphrey	Spong
Curtis	Kennedy	Tower
Eagleton	McGee	
Eastland	McGovern	

So the motion to table the Nelson amendment was agreed to.

AMENDMENT NO. 1610

Mr. NELSON. Mr. President, I call up my amendment No. 1610.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. NELSON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment ordered to be printed in the RECORD is as follows:

At the end of the bill insert the following:

TITLE VI—INTERNAL REVENUE CODE AMENDMENTS

SEC. 601. REPEAL OF ASSET DEPRECIATION RANGE SYSTEM.

(a) Section 167(m) of the Internal Revenue Code of 1954 (relating to the Asset Depreciation Range System) is repealed.

(b) Section 167(a) of such Code (relating to a reasonable allowance for depreciation) is amended by adding at the end thereof the following: "Such reasonable allowance shall be computed, subject to the provisions of Revenue Procedure 62-21 (except for the provisions for the reserve ratio test) as in effect on January 1, 1972, on the basis of the expected useful life of property in the hands of the taxpayer."

(c) The amendment made by subsection (a) shall apply to property placed in service after December 31, 1972. The amendment made by subsection (b) shall apply to taxable years ending after December 31, 1972, but shall not apply to property placed in service by the taxpayer during the calendar year 1971 if an election has been made to have the provisions of section 167(m) of the Internal Revenue Code of 1954 apply to such property.

SEC. 602. (a) Nothwithstanding any other provision of law, the rate of tax (in the tax schedules in section 1401(a), section 3101(a), and section 3111(a), of the Internal Revenue Code of 1954) shall be reduced so as to cause the total revenues raised by such tax schedules to be reduced, for any calendar year (commencing with the calendar year beginning January 1, 1974), by an amount equal to the amount of the revenues which the Secretary of the Treasury determines, in the case of any calendar year, will be produced by reason of the application of the preceding amendments made by this title. The Secretary shall make the determinations required by the preceding sentence, for any calendar year, not later than the close of the month of September of the year immediately preceding such calendar year.

(b) In addition to the moneys authorized by law to be appropriated, for any fiscal year, to the Federal Old-Age and Survivors Insurance Trust Fund, and to the Federal Disability Insurance Trust Fund, there is hereby authorized to be appropriated to each of such funds an amount equal to the revenues produced for such fiscal year by reason of the amendments made by the preceding sections of this title, apportioned between each of such funds in the same ratio

as moneys appropriated thereto under title II of the Social Security Act.

Mr. NELSON. Mr. President, this is my last amendment. I will be very brief because obviously there is not much interest in this body in introducing some equity into the tax structure respecting social security. But I will make this wager: there are not 20 Members of this body who have taken out a chart and looked down the list to see the tax we are imposing upon workers in this country to pay for these benefits, for people who retired in previous years. The benefits are justified. The Advisory Council has been recommending and suggesting for 30 years that some of this money come from the general fund when we grant nonearned benefits to retirees. I am certain that not more than 20 Senators have looked at the tax schedule or they could not vote against these amendments.

I want to see the Member of this body who can go before any group of workers in America, in his district, and tell that worker who is making $12,000 that you came down here this year and that you increased his taxes $21 a month.

If any Senator came onto this floor with a proposal to increase the taxes on a man making $12,000 a year by $21 a month, he would be laughed off the floor of the Senate; and anyone who voted for it would be voted out of the U.S. Senate, and that is what should happen.

What the Senate is saying to that man is that this year he is paying $468 in social security, but a year and a half from now the U.S. Senate, with its vote, is going to make him pay $720 in social security taxes, a $252 increase in a year and a half; a 54-percent increase in his social security tax, just in 2 years; a $21 a month increase in social security taxes, and a 75-percent increase since 1971.

Well, if he does not revolt against those who voted for that he will not revolt against anything, and half of it is to pay for the benefits of people who retired years ago and who did not make the contribution to pay for it.

We all agree the benefits here are justifiable, desirable, and urgently needed. But we should go to the general fund, which is a more equitable tax system, and ask the general fund to pay for it, or pass legislation and pay for it, but not pay for it through the pocketbook of the overloaded working taxpayer in this country.

Have Senators looked at the schedule which shows the inequity in this social security tax schedule? Let us take a look at it. If a worker has an income of $3,000 a year the social security tax is 9.1 percent of his gross income. If he has an income of $7,500 a year it is 4.1 percent. If he has an income of $100,000 it is one-tenth of 1 percent. That is the regressivity built into this system.

So you are going to tell that worker that you are going to load $21 a month on him if he is making $12,000 a year. He has a wife and two children and he cannot make ends meet now, and all of a sudden you hit him with an additional $21 a month. I want to be present when we find the genius in this body who can go before any group of workers in this country and get applause for that marvelous increase. I want to hear his answer when the worker says, here is a man who has $100,000 in income and he computes his tax on that salary. Then, he has $60,000 in capital gains and you allow him to deduct the $31,000 he will pay on his $100,000, if he has a 15 percent deduction, and subtract that from his $60,000 capital gains, so now he has only $30,000. Then, the law provides he can subtract another $30,000. So what does he pay on that $60,000? Zero. It is all privileged untaxed income.

I want to see you stand up, any Member here, and defend that exemption, and tell the worker, "However, we are going to stick you with $21 a month," while the man making that $60,000 in capital gains does not even pay $21 a month on it; he does not even pay $21 a year on it. I want to see any Member here defend that kind of tax system. That is what we are doing here.

I hope every single Member here has to answer out loud to his constituents on that rollcall, and I wager you will because it is a question of ethics, honesty, and fairness with the American people and the American taxpayer.

We sit here allowing millionaires to pay nothing and we load the hard-working man in the factory with regressive, unfair taxes.

I cannot defend that; maybe you can. I hope the story is told all across the Nation. We represent the rich and the powerful. I do not know who represents the poor, but it is not this body.

I give up the floor.

Mr. LONG. Mr. President, the whole approach to the social security program is that you pay taxes for what you are going to get. You pay taxes now and you receive benefits later on. The more you pay in taxes the more you can expect to receive in benefits.

Admittedly, the fellow paying in the highest bracket does not get the benefit of the fellow in the lowest bracket. It is computed so that the fellow in the low bracket gets more benefit for what he pays than the person in the higher wage bracket gets. It is based on the theory if you pay more you are going to get more. That is how we justify tax increases for social securty. We consistently have done that.

In theory and in practice the people paying more overall will get more because they are paying more. We raise the taxes and the benefits too. The additional benefits provided here will be shared in and participated by those paying taxes.

The Senator from Wisconsin made an eloquent argument to the effect that we should tax the wealthy in order to reduce the tax on these future beneficiaries. Of course, that is an appealing argument but it defeats the purpose of social security, and causes one to raise a question, with the Government $40 billion in debt, if we can do it by raising the income tax. That is the tax that has been the principal support of Government. With the Government $40 billion in the red, if you are going to raise that income tax on people should we put that increase of $2 or $3 billion into replacing or reducing the tax of a program that is financing itself or should we put it into the General Treasury where it has been going, trying to reduce that $40 billion deficit we have? Some of us think, whether we like it or not, we may be forced to vote for a tax increase some day as a responsibility to this Nation to pay for defense and other things in the national interest, including public welfare, which is being increased to the tune of many millions of dollars in this bill. So if one wants to think of benefiting the poor, how about the poorest of all, those who would not be getting social security benefits? Why not take some of this money from the very wealthy and use it to help those who would not get any of these benefits, rather than reduce taxes for those who presumably are going to draw from the social security fund everything they put into it?

So, even though I agree with the general philosophy of taxing those best able to pay and providing help to those least able to provide for themselves, that is not what the Senator is doing here. If he did that, he would put money into the general funds to pay people who are not drawing social security benefits because they were not fortunate enough to participate in the program in their earning years.

I suggest that we have an up-and-down vote on the amendment.

Mr. NELSON. Mr. President, I would like to comment briefly on this matter. The distinguished Senator from Louisiana is always so persuasive, even when he is on the wrong side, but I am puzzled, because the distinguished Senator from Louisiana proposed general fund moneys to pay for his catastrophic insurance under the health care program, parts A and B. I want to commend the Senator, who took exactly my position at that time——

Mr. LONG. Mr. President, if the Senator will yield, is he talking about the Hartke amendment or the Long amendment? I proposed a catastrophic illness amendment which would be paid for by raising social security taxes.

Mr. NELSON. Well, I hope that my staff's research has not been inaccurate. Their research indicates that in the course of the Senate Finance Committee's consideration of the Social Security Amendments of 1965, Senator RUSSELL B. LONG proposed an amendment which would substitute a single and much broader system of health care aimed at covering catastrophic costs for the two complementary health care plan—parts A and B—contained in the House-passed bill, and in the legislation as it was finally enacted. Two-thirds of the cost of this program would have been paid from payroll taxes and one-third from general revenues. In a press release describing the amendment the Senator said:

My plan would also utilize, to a greater extent, general revenue financing. This is in recognition of the fact that workers who will enter the labor force in the future (and their employers) would have to pay at least 40% more in payroll taxes than would be necessary to finance their own costs if the benefits of the presently retired and current

workers were paid for wholly under the payroll system.

Mr. LONG. I think, if we can understand each other, at one time I did propose that. I realized I was in error, and if the Senator will look at the 1970 version, I had proposed paying for the whole thing in social security taxes.

Mr. NELSON. Let me say to the Senator I think he was right the first time.

I just conclude by saying that there are two proposals here. One is simply to repeal the ADR. I do not think any businessman, in the privacy of his office, would try to defend having both the ADR and the investment credit and a number of distinguished businessmen have said that publicly. Now we are saying we are willing to load down the low- and middle-income people with a heavy tax, but we will not consider going to the general funds and levying a modest tax on those who can afford to pay and who are being treated preferentially.

I think that says something quite significant about the philosophical bent of the Senate.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. NELSON. Mr. President, if I may take one moment, I ask unanimous consent that a statement may be printed in full in the RECORD preceding the debate on the minimum tax, together with some supporting documents, and I also ask unanimous consent that some supporting documents, statistics, and charts, be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

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

PROPOSAL TO PAY FOR INCREASED SOCIAL SECURITY BENEFITS THROUGH TAX REFORM

Unless Congress comes to its senses, the average American wage-earner will be faced with a monstrous increase in federal taxes. His wages frozen, inflation eating away the purchasing power of his dollar, the American worker can now expect a demoralizing cut in take home pay—almost $200 a year for some people—starting in just a few months.

H.R. 1 as reported by the Senate Finance Committee presents a $6 billion tax bill to the American worker. This tax boast would be in addition to a $7 billion tax bill rise already scheduled to go into effect January 1 to pay for the 20 percent across-the-board social security benefit increase voted by Congress in June. The earlier approved tax increase scheduled to go into effect January 1, 1973, would raise the payroll tax from 5.2 to 5.5%, and the wage base on which the tax is paid will rise from $9,000 to $10,800 with still another wage base increase to $12,000 a year later. The additional $6 billion tax increase approved by the Senate Finance Committee would come entirely from a rise in the tax rate from 5.5% to 6% effective in January. Just the Senate Finance Committee action in increasing benefits in H.R. 1 represents a 10% increase in the social security tax.

For the individual worker, this dramatic increase in the payroll tax means substantial reduction in his take home pay. For example, for a wage-earner with a $12,000 income in wages, his social security tax would increase in one one-year period from 1972 to 1973 by $252—a 54% increase. This wage earner will have undergone a 75% increase in social security taxes in the four-year period from 1971 to 1974.

Mr. President, I ask unanimous consent that table showing the amount of increase in social security taxes from 1972 to 1974 for various levels of wage-earners be inserted in the Record at this time.

Congress must face what is being proposed. Congress can no longer mindlessly approve more and more increases in the payroll tax.

The effective social security tax rate has been raised 10 times in the preceding 12 years.

Small in its first years, the payroll tax has now became one of the largest components of the federal tax system. Social Security taxes are now the second largest source of federal revenue, having passed corporate taxes in fiscal 1969. Indeed it produces more federal revenue than any tax other than the individual income tax.

The payroll tax achieved its present importance in a very short time. It is the most rapidly growing federal tax. In 1950, it produced only 5% of federal revenue. Next year it is scheduled to produce about 30%.

Indeed the most striking feature of the federal tax system over the last ten years has been the drop in the corporate income tax and the precipitous rise in the payroll tax. In the period 1961–72, the corporate income tax declined from 22.5% of federal revenues to 18.0% while the payroll tax rose from 19.1% to 30.0% of federal revenue.

The shift from taxes on corporations to taxes on individuals can be seen in the accompanying table. This gives the percentage of national income raised by different federal taxes—the personal income tax, the social security tax, the corporate income tax, and sales and excise tax. The comparison is between 1961 (before the Kennedy tax cuts) and 1972. The table shows that there is no change between 1961 and 1972 in the share of national income raised by the personal income tax, a significant drop in the corporate tax share, and a large increase in the payroll tax share.

Mr. President, I ask unanimous consent that the table I have been discussing appear in the RECORD at this time.

PERCENT OF NATIONAL[1] INCOME RAISED BY FEDERAL TAXES

	Personal income tax	Social security tax	Corporate income tax	Sales and excise taxes	Total Federal taxes
1961	8.7	3.9	4.6	2.7	20.4
1973	8.6	6.0	3.6	1.8	20.0

[1] National income at full employment.

Since the corporate income tax is one of the most progressive taxes, the net effect these changes is a much more regressive federal tax system. The social security tax is one of the most regressive taxes because the tax is levied on wages up to a given level without exemptions or deductions. The social security tax violates the fundamental principle of sound tax policy; the tax bears no relationship to ability to pay.

Because the burden of the payroll tax is focused on the low- and midde-income worker, increases in the payroll tax in recent years have largely eliminated the tax relief Congress attempted in 1964 and 1969 to extend to these taxpayers. At rates proposed by H.R. 1, the social security payroll tax burden will be larger in 1972 than the income tax burden for the average family of four with an income of $10,900 or less.

It is now proposed that we increase this highly regressive tax even more. Additional increases in the payroll tax would be financially crippling to the middle- and low-income wage earner. Increasing the tax rate from 5.5 to 6 percent would mean for a family of four with one wage earner in the $3,000 or $4,000 tax bracket a 9.1 percent increase in Federal taxes. The following table shows that the proposed increases place a disproportionate tax burden on the low- and middle-income wage earner. I ask unanimous consent that the table be inserted in the CONGRESSIONAL RECORD at this time.

Percentage increase in total Federal taxes paid by increasing the social security tax from 5.5 to 6 percent.

Tax bracket:	
$3,000	9.1
4,000	9.1
5,000	6.7
7,500	4.1
9,000	3.6
10,000	3.4
10,800	3.3
12,500	2.8
15,000	2.2
20,000	1.5
50,000	.4
100,000	.1

The excuse for imposing such a regressive tax so financially crippling to middle and low-income wage-earners is to finance needed and justifiable improvements in the social security and medicare programs. I strongly support these improvements. The problems of American elderly are real and tragic.

One out of every four elderly persons lives in poverty. Sixty percent of this nation's elderly who are living alone are also living in or near poverty. They are three-fifths of a generation who heard a promise made and now see that promise falling short. For them retirement is not a just reward for a life of effort but a sentence of punishment in a constricting cell of poverty. These are some of the improvements in the social security and medicare program contained in H.R. 1:

Raising the minimum benefits to $200 a month for low income workers who have been employed at least 30 years;

Making disabled workers under 65 eligible for medicare;

Extending medicare coverage to certain prescriptions, the so-called "life prescription" drugs used by the chronically ill older persons who are not hospitalized;

Increasing the widows cash benefits from the present 82½% of husband's benefit to a full 100%;

Increasing from $1680 to $3000 the amount an elderly person on social security can earn without loss of any social security benefits.

These are all meritorious, humane and justifiable benefit improvements for the elderly.

But I believe that it is not necessary to levy this dramatic tax increase on the American worker to provide for a just retirement for the elderly American. Our senior citizens deserve a decent retirement income, but it is not fair to place the whole burden on the low and moderate income wage-earner.

I propose that we pay for the social security improvements in H.R. 1 by correcting some of the major distortions and gross injustices that have crept into the federal tax system.

The well-known loopholes of the present system can send the wage-earning, taxpaying householder right up the dining room wall with a fistful of unpaid bills. How can we justify raising this man's tax by 54% when he and we know:

(1) that the tax levied on the wealthy in bold letters is frequently taken away in the small print;

(2) that there are paper paupers who live in mansions and pay no taxes.

I propose that Congress pass two tax reform measures—repeal of the asset depreciation range and strengthening the minimum tax provision—which would raise almost $42 billion between now and 1980. $42 billion would meet about 70% of the cost of the social security program arising from H.R. 1 and automatic increases by 1977. Passage of

these tax reform amendments would allow dropping the proposed payroll tax rate increase from 6.0 to 5.6%.

Both the ADR system and the existing minimum tax have been recently considered by the appropriate committees and by Congress—the minimum tax in 1969, and the ADR only last December. They are fully eligible for present consideration.

THE ASSET DEPRECIATION RANGE SYSTEM

The ADR system seeks to encourage investment by permitting corporations to deviate by as much as 20 percent from a true depreciation schedule for certain investments in plant and equipment. It cost the taxpayer some 2.5 billion dollars in revenue in FY 73.

Economically sound investments are made regardless of tax concessions. The ADR allows corporations to relax their strict profitability standards and invest in areas which offer only marginal return. This is clearly not the kind of investment which is likely to build back a strong economy. As James Roche, the chairman of the world's largest corporation, said about tax measures intent to stimulate the purchase of plant and equipment:

"It should be understood that most companies of any size determine their purchase of equipment by the needs of the business and not by any short-term tax advantages."

Our plants are currently operating at substantially less than full capacity; still corporate profits rose to a record annual rate of 93.1 billion last quarter; and unemployment continues at 5.6 percent.

There is thus no good reason for retaining the ADR system. It should be repealed, and the money regained allocated to the elderly.

THE MINIMUM TAX

The minimum tax was enacted in 1969 to insure that wealthy individuals with substantial income from tax loopholes do not escape tax altogether. It imposes a 10 percent tax on the aggregate amount of tax preference income in excess of the sum of $30,000, plus the regular income tax imposed on the taxpayer.

The minimum tax has not been effective. Only $117 million was collected from individuals last year under this add-on tax. A total of 394 people with incomes of over $100,000 paid no Federal income taxes at all. Of the 18,646 who were affected, an effective tax rate of only 4 percent was paid, less than half the percentage paid by the average wage earner.

In the interest of both equity and revenue, the minimum tax obviously needs to be tightened up. This amendment would reduce the exemption from $30,000 to $20,000, and eliminate the regular income tax deduction. It would raise the rate to one-half of the regular income tax rate for certain items of "preference income."

The minimum tax has little impact on productive investment, and no discernible effect on consumer demand.

By enacting these two tax reform measures, Congress can improve the lives of elderly Americans; restore some equity to our tax system; and save the American worker from an additional tax burden.

Of course, what I am proposing is general revenue-financing for some of the increases in benefits for social security or medicare.

H.R. 1 represents the most massive revision of the social security laws that the Congress has ever undertaken. When combined with the 20% social security benefit increase enacted into law July 1 of this year, the bill would increase Federal expenditures by 22 billion. Under these extraordinary circumstances, some form of general revenue financing is called for.

General revenue financing is not without precedent or logic. General revenues are now being used to finance some aspects of the social security program. For example, the special payments being made to people age 72 and over who have not worked long enough in employment covered under social security to qualify for reguar cash benefits are being paid from general revenues. In addition, the cost of providing hospital insurance protection for people who are age 65 and over and who are not eligible for regular social security cash benefits and one-half of the cost of the supplementary medical insurance program are being paid from general revenues.

There has been considerable interest in Congress in providing general revenue contributions for regular social security cash benefits. Several bills have been introduced in the Congress over the years calling for some general revenue financing of cash benefits, generally in connection with proposals for benefit liberalizations. Furthermore, there have been many sugggestions that parts of medicare be financed by general revenue financing. A most interesting example was the suggestion of the distinguished chairman of the Senate Finance Committee.

In the course of the Senate Finance Committee's consideration of the Social Security Amendments of 1965, Senator Russell B. Long proposed an amendment which would substitute a single and much broader system of health care aimed at covering catastrophic costs for the two complementary health care plans (Parts A and B) contained in the House-passed bill, and in the legislation as it was finally enacted. Two-thirds of the cost of this program would have been paid from payroll taxes and one-third from general revenues. In a press release describing the amendment the Senator said:

"My plan would also utilize, to a greater extent, general revenue financing. This is in recognition of the fact that workers who will enter the labor force in the future (and their employers) would have to pay at least 40% more in payroll taxes than would be necessary to finance their own costs if the benefits of the presently retired and current workers were paid for wholly under the payroll system. This 'social' cost of establishing the system, I believe, is more appropriately borne by federal revenue."

Many of the advisory councils that have been appointed to study the social security program have recomemnded the use of general revenue financing.

In 1935, the Committee on Economic Security, in explaining its plan for contributory annuities, made the following statements in its report to the President:

"The allowance of larger annuities than are warranted by their contributions and the matching contributions of their employers to the workers who are brought into the system at the outset, will involve a cost to the Federal Government which if payments are begun immediately will total approximately $500,000,000 per year. Under the plan suggested, however, no payments will actually be made by the Federal Government until 1965, and will, of course, be greater than they would be if paid as incurred, by the amount of the compound interest on the above sum."

In recommending a Government contribution the 1938 Advisory Council said:

"Since the Nation as a whole will materially and socially benefit by such a program, it is highly appropriate that the Federal Government should participate in the financing of the system. With the broadening of the scope of the protection afforded, governmental particiaption in meeting the costs of the program is all the more justified since the existing costs of relief and old-age assistance will be materially affected."

The Advisory Council of 1948 made the following statement in its report:

"The Council believes that old-age and survivors insurance should be planned on the assumption that general taxation will eventually share more or less equally with employer and employee contributions in financing future benefit outlays and administrative costs. Under our recommendations, the full rate of benefits will be paid to those who retire during the first two or three decades of operation even though they pay only a fraction of the cost of their benefits. In a social insurance system, it would be inequitable to ask either employers or employees to finance the entire cost of liabilities arising primarily because the act had not been passed earlier than it was. Hence, it is desirable for the Federal Government, as sponsor of the program to assume at least part of these accrued liabilities based on the prior service of early retirants. A Government contribution would be a recognition of the interest of the National as a whole in the welfare of the aged and of widows and children. Such a contribution is particularly appropriate in view of the relief to the general taxpayer which should result from the substitution of social insurance for part of public assistance."

The 1971 Advisory Council on Social Security, although it did not recommend the use of general revenue financing for the cash benefits of the social security program, it did recomend their use for the medicare program. In a minority statement included with the Council's report, five members of the thirteen member Council recommended that one-third of the cost of the cash benefits program should be paid from general revenues.

Mr. President, I ask unanimous consent that the views of the 1971 Advisory Council on Social Security appear in the Record at this time.

In recommending a Government contribution for the Medicare program, the 1971 Advisory Council on Social Security stated:

"The combined Medicare program should be financed with a general-revenue contribution equal to one-third of total program costs, with such share being lower than one-third at first and gradually increasing over a period of years to the one-third level.

"The Council believes that the cost of health insurance protection for workers who pay contributions that are less than the value of their benefit protection, should be met in part by the Nation as a whole through general revenues. If this cost is not met through general revenues, the regular worker and his employer, particularly the higher-paid regular worker, will be paying contributions in excess of the value of his protection in order to subsidize those who do not pay their own way.

"If there were no Medicare program, it is likely that the cost to the Government of necessary health care for the aged would be substantially increased, and these increased costs would have to be borne by all income-taxpayers. Since the Nation as a whole benefits from the Medicare program, the saving in general revenues that comes about from having such a program should be used at least in part to finance health insurance protection for those whose contributions do not cover the full cost of their protection."

In a minority statement, appended to the Reports of the 1971 Advisory Council on Social Security, five Council members expressed the following views:

"There are compelling reasons why a contribution from general revenues should be made to the cash benefits program. In order to make the program fully effective in its early years, full-rate benefits have been and are being paid to people who were already along in years when their work was first covered under the program. That is to say, workers retiring in the early years of the program, generally speaking, get the same benefits as they would get if the program had been in existence and they had been covered under it throughout all of their working life. Only a small part of the actual cost of the benefits being paid to these older people is met by the contributions they and their employers paid. The remainder is paid out of the

contributions of current and future workers and their employers. The cost of paying full-rate benefits to older workers is about one-third of the cost of the program. This means that future workers and their employers will pay contributions which are about 50 percent higher than the benefits payable to these future generations. Thus a substantial part of the contributions to the program goes to meet the cost of getting the program started. If this cost were to be met by a Government contribution, all of the contributions paid by future generations of workers and their employers would be available to furnish protection for them. The adoption of a financing policy calling for a general revenue contribution equal to the present employers and employee contribution rates—thus meeting one-third of the cost of the program through general revenues—would make possible an improved social security program without increasing payroll contributions. Such a general revenue contribution could finance nearly a 50-percent benefit increase."

It seems clear to me that the "social" aspects of the social security program—such as, the weighting in the benefit formula in favor of low-income workers, a high minimum benefit, and the payment of full-rate benefits to people who were already old, or in their middle years, at the time their work was first covered under the program—should be financed through general revenues instead of through payroll contributions because society as a whole benefits from these aspects of the program. Only in this way, we will be able to ensure a decent retirement for elderly Americans without placing an unfair burden on the present working generation of Americans.

Senator Nelson's Proposal To Pay for Increased Social Security Benefits Through Tax Reform

Senator Nelson has introduced two tax reform amendments to H.R. 1 in order to offer an alternative method of financing some of the necessary and justifiable improvements made by H.R. 1 in the social security and medicare programs.

Problem: H.R. 1, by providing for necessary improvements in social security, would impose an onerous increase in federal taxes on the average wage earner. For example, social security taxes for a wage earner with a $12,000 income in wages would increase in one year by $180—a 38% increase. In 1974 his social security tax would have increased by $252—a 54% increase. This wage earner will have undergone a 75% increase in social security taxes in the 4-year period from 1971 to 1974. Following is the amount and percentage of increase in social security taxes for selected wage earners from *1972 to 1974:*

Wages	*Amount of Increase*	*Percentage of Increase*
$5,000	$40	15
$7,000	56	15
$9,000	72	15
$10,000	132	28
$12,000	252	54

Solution: I propose that Congress pass two tax reform amendments—repeal of the assets depreciation range (Amendment #1610) and strengthening the minimum tax provision (Amendment #1609) which would raise about $42 billion between now and 1980. Passage of these tax reform amendments would allow dropping the proposed payroll tax rate increase from 6.0 to 5.6%

This would involve general revenue-financing for some of the increases in benefits for social security and medicare contained in H.R. 1. General revenue financing has been recommended by many of the advisory councils that have been appointed to study the social security program.

Conclusion: The "social" aspects of the social security program—such as, the weighting in the benefit formula in favor of low-income workers, a high minimum benefit, making disabled workers under 65 eligible for medicare, and extending medical coverage for certain prescription drugs as proposed by H.R. 1—should be financed through general revenues instead of through payroll contributions because society as a whole benefits from these aspects of the program. Only in this way will we be able to ensure a decent retirement for elderly Americans without placing an unfair burden on the present working generation.

Nelson Amendment To Strengthen the Minimum Tax

A. MINIMUM TAX

Congress enacted the minimum tax in an attempt to obtain some tax contribution from wealthy individuals who had previously escaped income taxation on all or most of their income.

B. MINIMUM TAX FAILS

Under the present minimum income tax, it is very easy for a taxpayer to avoid paying any minimum tax or to pay a very small amount of minimum tax. For example, a taxpayer filing a joint return with a regular income of $100,000 and preference capital gain income of $50,000, who happens to have itemized deductions of 15 percent and two exemptions, would pay no tax on his preference income.

C. THE EXTENT OF THE FAILURE

In 1970, 106 individuals with adjusted gross income exceeding $200,000 paid no federal income tax. Three individuals with incomes in excess of $1 million paid no federal income tax. The effective rate on individual income subject to the minimum tax is 4 percent instead of the statutory rate of 10 percent.

D. PROPOSED AMENDMENT

The proposed amendment would make three major changes in the tax treatment of the four major tax preference items—stock options, bad debts, depletion, and capital gain—of the minimum tax. First, it would repeal the provision of existing law that allows regular income taxes to be deducted from these tax preference items. Second, it would lower the present $30,000 exemption to $12,000. Finally, it would increase the minimum tax rate from 10 percent to 50 percent of the regular income tax rate that would otherwise apply. The tax treatment of the other items of tax preference in the minimum tax provision would not be changed.

This amendment would save the Federal Treasury $1.9 billion in 1973 and $21.8 billion between now and 1980. The savings to the Treasury for the rest of the decade would be:

[In billions]

Year:	*Savings to Treasury*
1973	$1.9
1974	2.1
1975	2.3
1976	2.5
1977	2.8
1978	3.1
1979	3.4
1980	3.7

ABLE I.—1972-74 SOCIAL SECURITY TAXES, EMPLOYER AND EMPLOYEE (EACH), LAW PRIOR TO CHURCH AMENDMENT, LAW AFTER CHURCH AMENDMENT, AND FINANCE COMMITTEE REPORTED BILL

	Prior to Church amendment			After Church amendment			Finance Committee bill		
	1972 [1]	1973 [2]	1974 [2]	1972 [1]	1973 [2]	1974 [2]	1972 [1]	1973 [2]	1974 [2]
Wages:									
$5,000	$260	$282.50	$282.50	$260	$275	$275	$260	$300	$300
$7,000	364	395.50	395.00	364	385	385	364	420	420
$9,000	468	508.50	508.50	468	495	495	468	540	540
$10,000	468	508.50	508.50	468	550	550	468	600	600
$12,000	468	508.50	508.50	468	594	660	468	648	720

[1] Tax rates apply to annual earnings up to $9,000.
[2] Tax rates apply to annual earnings up to $10,000.
[3] Tax rates apply to annual earnings up to $12,000.

AMOUNT AND PERCENTAGE OF INCREASE IN SOCIAL SECURITY TAXES, EMPLOYER AND EMPLOYEE (EACH), FROM 1972 TO 1974 AFTER CHURCH AMENDMENT AND H.R. 1 ARE APPROVED

	Prior to Church amendment 1972 [1]	Finance Committee bill 1974 [2]	Amount of increase	Percentage of increase
Wages:				
$5,000	$260	$300	$40	15
$7,000	364	420	56	15
$9,000	468	540	72	15
$10,000	468	600	132	28
$12,000	468	720	252	54

[1] Tax rates apply to annual earnings up to $9,000.
[2] Tax rates apply to annual earnings up to $12,000.

AMOUNT OF INCREASES IN SOCIAL SECURITY TAXES, EMPLOYER AND EMPLOYEE (EACH), LAW PRIOR TO AND AFTER CHURCH AMENDMENT AND COMMITTEE ON FINANCE BILL

	Prior to Church amendment 1972 [1]	After Church amendment 1973 [2]	Amount of increase	Finance Committee bill 1973 [2]	Amount of increase
Wages:					
$5,000	$260	$275	$15	$300	$25
$7,000	364	385	21	420	35
$9,000	468	495	27	540	45
$10,000	468	550	82	600	50
$12,000	468	594	126	648	54

[1] Tax rates apply to annual earnings up to $9,000.
[2] Tax rates apply to annual earnings up to $10,000.

MINIMUM TAX

Mr. NELSON. Mr. President, the enactment of the Tax Reform Act of 1969 should not result in complacency. It was merely the beginning—and a rather poor beginning—of meaningful tax reform. Our tax code, a document of mind-numbing complexity, still enshrines inequities and injustices. It still unduly rewards the rich and punishes the poor.

Perhaps the main reason why a modicum of tax reform was finally achieved in 1969 was the public's rightful outrage when it learned that many wealthy people were paying little or no income taxes. When Secretary of the Treasury Joseph Barr disclosed that in 1967, 155 Americans with income of over $200,000 paid no Federal income tax and, in fact, 21 of them made incomes of over $1 million each and still paid no taxes it was clear that something had to be done. Unfortunately, what was done, was not done well. Although the Tax Reform Act of 1969 adopted a minimum tax on income derived from tax-free preference provisions, it is still possible for the very rich to pay little or no tax. In 1970, 106 individuals with incomes of $200,000 or more paid no Federal income tax. Incredibly, three taxpayers with adjusted gross income of more than $1 million each pay no income tax at all.

As startling as these figures are, they grossly understate the number of wealthy people who, through tax loopholes, escape paying any Federal income tax at all. These figures include only individuals who file Federal income tax returns showing adjusted gross incomes in excess of the $200,000 and $1 million levels. Important tax preferences in the present Internal Revenue Code exclude certain classes of income from the definition of "gross income" altogether. More important than the tax preferences excluding income items from "gross income" are those which result in reduction of a taxpayer's "adjusted gross income" by means of special deductions. The deductions permitted by the percentage depletion allowance is an example of such a deduction. Because deductions of this kind reduce taxpayers' adjusted gross income—the figure upon which the Treasury statistics are based—they can prevent the statistics from including many individuals, who in fact, have large real incomes but pay no tax.

The fact that a millionaire can escape paying any Federal income tax at all, captures our attention, but the problem is much more serious and widespread. For every wealthy person who pays no Federal income tax there are many more who do not pay a fair share of their income in tax. In fact, the tax rate on these wealthy peoples' income is much less than the tax rate of the income of the average American worker.

The statutory rate schedule for the individual income tax has a sharply progressive structure. The tax rates rise from 14 percent to 70 percent. For married taxpayers filing joint returns, the 14 percent bracket applies only to the first $1,000 of taxable income; the 70 percent bracket applies to all taxable income in excess of $200,000.

Data on the rates of tax which taxpayers really pay manifests a marked departure from the statutory rates. Statistics disclosed by the Treasury Department in 1969 indicate that, at 1969 income levels, 28.2 percent of the tax returns showing "amended taxable income" between $500,000 and $1 million paid tax at effective rates of no more than 25 percent: 58.5 percent of the taxpayers in this income range paid tax at effective rates of no more than 30 percent—substantially less than half the top statutory rate. Of taxpayers having amended taxable income of $1 million and over, 62.8 percent paid tax at effective rates of no more than 30 percent.

Comparable data is not yet available for the first year after the Tax Reform Act of 1969 became effective. However, analysis of the data in light of specific reforms contained in the 1969 act suggests that post-1969 statistics would not show substantial deviations from the figures set forth above.

A study recently completed by Joseph Pechman and Benjamin Okner of Brookings affords additional evidence for the conclusion that the upper ranges of the individual income tax system possess very little real progressivity.

Computing the Federal income tax paid under existing law by all classes of individuals as a percentage of so-called "expanded adjusted gross income," the study finds effective tax rates rising from .5 percent—for the first $3,000 of income—to 29.5 percent—for expanded AGI from $100,000 to $500,000, 30.4 percent—for expanded AGI of $500,000 to $1 million, and 32.1 percent—for expanded AGI of $1 million and over. This data is based upon projections of 1972 income levels and computations of tax under the law as amended both by the Tax Reform Act of 1969 and by the Revenue Act of 1971. Here again, one finds clear evidence that the 1969 act did little to improve the progressivity of the upper ranges of the individual income tax. To put the matter somewhat differently, the fundamental goal of the income tax system—to correlate taxes paid with ability to pay—remains unrealized despite the 1969 act.

The purpose of the minimum tax was to make possible the taxation, to some extent, of income which previously through certain special deductions or exclusions allowed by the Internal Revenue Code had not been subject to taxation. Income accorded this special treatment is commonly referred to as "tax preference income." The minimum tax is derived by substracting from the total tax preference income the sum of $30,000 plus the amount of any regular income tax paid and then taking 10 percent of the remainder. Not all income accord preferred tax treatment, however, is subject to the minimum tax. For example, income derived from interest on State and municipal bonds is not subject to any Federal income tax and is not included in the minimum tax as a preference income item. Beside interest from State and local bonds there are other forms of income accorded tax preference treatment that could have been included in the minimum tax but were not. Other examples of preferred income not subject to the minimum tax are charitable contributions of appreciated property and the investment credit.

Minimum or additional tax for tax preferences was effective January 1, 1970, and applied to the following "tax preferences":

First. Accelerated depreciation on real property.

Second. Accelerated depreciation on personal property subject to a net lease.

Third. Amortization of certified pollution control facilities.

Fourth. Amortization of railroad railing stock.

Fifth. Stock options.

Sixth. Reserve for losses on bad debts of financial institutions.

Seventh. Excess percentage depletion.

Eighth. Excluded portion of capital gains.

Ninth. Amortization of on-the-job training and child care facilities.

The Nelson amendment would change the tax treatment for four of these preference income items—stock options, bad debts, depletion, and capital gains—of the minimum tax. First, it would repeal the provision of existing law that allows regular income taxes to be deducted from these tax preference items; second, it would lower the present $30,000 exemption to $12,000. Finally the rates which apply to these four items of preferred income would be changed. The tax rate is changed from a flat 10 percent to half the tax which would be paid on the amount of ordinary income computed as if the taxpayer had no other income. For individuals the new tax rate would begin at 7 percent and reach a maximum of 35 percent for those with otherwise tax-exempt preference income of over $112,000 or $212,000 for married couples filing joint returns.

These changes in the minimum tax are needed because it is not as effective as intended by Congress. When the minimum tax was enacted, it was estimated that it would raise $590 million in Federal revenue. In fact, for 1970 it raised only $117 million in individuals income tax return. Preliminary statistics of 1970 individual income tax returns reveal that the effective tax rate of the minimum tax on the preference income of individuals subject to the minimum tax is 4 percent instead of the statutory rate of 10 percent.

The effective rate of the minimum tax is only 4 percent because it is very easy for a taxpayer to avoid paying any minimum tax or to pay a very small amount of minimum tax.

Mr. President, I ask unanimous consent that there be inserted in the RECORD at this time three examples of how the minimum tax operates presently and as modified by the Nelson amendment. Furthermore, I would like to insert a memorandum explaining the present minimum tax and my amendment to it in the Record at this time.

There being no objections, the material follows:

Example A, a taxpayer filing a joint return with a regular income of $100,000 and preference capital gains of $50,000 who happens

to have itemized deductions of 15 per cent and two exemptions, would pay no tax on his preference income.

1. 15% of itemized deduction of $100,000 regular income is $15,000.

2. Two personal exemptions ($750 x 2) is $1500.

3. $100,000–$15,000–$1,500 is $83,500 of taxable income.

4. In the tax table for married individuals filing joint returns, $83,500 taxable income is between taxable income of $76,000 and $88,000 which pays $31,020 in taxes plus 58% of the difference between $83,500 and $76,000.

5. $83,500–$76,000 is $7,500.

6. 58% of $7,500 is $4,350.

7. $4,350+$31,020 is $35,570 which is the amount of regular income tax paid.

8. The present minimum tax allows a deduction for regular income tax paid. Therefore taxpayers can deduct $35,370 from the $50,000 of his preferred income—$50,000—$35,370 is $15,620.

9. The present minimum tax also allows a deduction of $30,000 resulting in taxpayer A having no preference income subject to the 10% tax rate of the minimum tax provision.

Under the Nelson amendment taxpayer A would pay $5,620 on his $50,000 of preference income.

(1) No deduction is allowed for the amount of regular income tax paid and the $30,000 deduction is reduced to $12,000—$50,000—$12,000 is $38,000.

(2) In the tax table for married individuals filing a joint return, $38,000 falls between $36,000 and $40,000 which pays a tax of $10,340 plus 45% of the difference between $38,000 and $36,000.

(3) $38,000—$36,000=$2,000×45%=$900.

(4) $10,340+$900=$11,240.

(5) One-half of $11,240 is $5,620.

For taxpayer A, there would be the following effective tax rates for different amounts of income:

EXAMPLE A

(1) under present law, this taxpayer would pay on income (minus deduction and exemption) of $133,500 a tax of $35,370 for an effective tax rate of $26.5%.

(2) on total income of $150,000 there would be an effective tax rate of 23.6%.

(3) under the Nelson amendment the taxpayer would pay a tax of $46,610 on $133,500 (income minus itemized deduction and exemption for an effective tax rate of 34.9%.

(4) on total income of $150,000, there would be an effective tax rate of 31%.

(5) if capital gains were treated as regular income, an income of $133,500 (deduction and exemptions) the tax would be $66,220 for an effective tax rate of 49.6%

(6) on total income of $150,000 the effective tax rate would be 44.1%

EXAMPLE B

A financial institution with taxable income of $500,000 and preference income of $250,000 of excess bad debt deductions would pay no tax on that preference income.

(1) Under the federal corporation income corporations pay 22% of the first $25,000 of taxable income; 22% of $25,000 is $5,000.

(2) $500,000—$25,000 is $475,000.

(3) $475,000 x 48% of federal income surtax is $225,200.

(4) $225,200+$5,500=$230,700 total federal corporate income tax paid.

(5) Under the present minimum tax a deduction is allowed for the amount of regular income tax paid—$230,700. This plus an $30,000 exemption also allowed would mean that there would be no preference income ($250,000—$230,700—$30,000) subject to the minimum tax provision.

Under the Nelson amendment taxpayer B would pay $53,870 on a preference income of $250,000.

(1) Deduction for regular income tax is not allowed but a $12,000 deduction is allowed. $250,000—$12,000 is $238,000.

(2) $25,000 x 11% (half the regular rate) is $2,750.

(3) $238,000—$25,000=$213,000 x 24% (half of the 48% surtax)=$51,120.

(4) $51,120+$2,750=$53,870 amount of tax on preference income.

EXAMPLE C

Y is a married taxpayer with $300,000 of long-term capital gains, $100,000 of dividends, $50,000 of salary, $50,000 of tax exempt interest, $200,000 of income from oil and gas production, $100,000 of percentage depletion in excess of cost, $250,000 of intangible drilling and development costs, $100,000 of real estate losses attributable to accelerated depreciation, $25,000 of deductible charitable contribution (including $10,000 of untaxed appreciation), and $25,000 of personal deductions. Under the present income tax law, Y will have no taxable income. He will pay a minimum tax of $32,000 making his effective tax rate 4.5 percent on total real income of $710,000.

(1) $50,000 of tax-exempt interest excluded from gross income.

(2) Gross income:

Capital gains	$300,000
Dividends	100,000
Salary	50,000
Income from oil and gas production	200,000
Total	650,000

(3) Deductions:

Percentage depletion in excess of cost	$100,000
Intangible drilling and development cost	250,000
Real estate losses attributable to accelerated depreciation	100,000
½ of capital gains	150,000
Total	600,000

(4) Gross income of $650,000 minus business deduction and ½ of capital gains leaves $50,000 of adjusted gross income.

(5) $50,000 of adjusted gross income minus $25,000 of deductible charitable contributions and $25,000 of personal deductions leaves a taxable income of zero.

(6) Under the minimum tax, the following items of preference income would be included:

Accelerated depreciation	$100,000
Percentage depletion	100,000
Excluded ½ capital gains	150,000
Total	350,000

(7) $350,000 minus the $30,000 deduction is $320,000.

(8) $320,000 x the 10% of the minimum tax provision results in $32,000 tax paid.

(9) Real income including capital gains, dividends, salary, tax-exempt bond interest, oil and gas income, and untax appreciation on charitable contribution of $10,000 amounts to $710,000.

(10) on a real income of $710,000, the total taxes paid is $32,000 for an effective tax rate of 4.5%.

Under the Nelson amendment taxpayer Y would pay a total tax of $76,990 on his preference income.

(1) The $100,000 of percentage depletion and $150,000 of capital gain would be taxed under the new rate.

(2) $100,000+$150,000=$250,000.

(3) $250,000—$12,000=$238,000.

(4) $238,000 is over the maximum rate. According to the tax table the tax would be $110,980 plus 70% of excess over $200,000 (or $38,000).

(5) 70% of $38,000 is $26,600.

(6) $110,980+$26,600=$137,580.

(7) ½ of $137,580 is $68,790.

(8) The $100,000 of accelerated depreciation would be subject to the old rate.

(9) $100,000—$18,000 (the amount after $2,000 is subtracted from the total deduction of $30,000) is $82,000.

(10) There is no regular income tax to deduct.

(11) 10% of $82,000 is $8,200.

(12) The tax on Category I income is $8,200 and the tax on Category II income is $68,790 for a total of $76,990.

(13) On real income of $710,000 the taxpayer pays at a rate of 10.8%.

EXAMPLE D

(1) Taxpayer with $30,000 taxable income and $50,000 capital gain

(2) $30,000+$25,000=$55,000 taxable income, his tax is $19,650

(3) under the present minimum tax he would pay no tax

(4) under the Nelson amendment he would pay in additional tax $1,255

(5) under the old law—his total tax is $19,650 on an income $80,000 for an effective tax rate of 24.5 percent

(6) under the new law—his total tax is $20,905 on an income of $80,000 for an effective tax rate of 26.1 percent

(7) if his entire taxable income was $80,000 his tax would be $33,340 for an effective rate of 41.6 percent

(8) it should be noted that this analysis is based on an income of $55,000 which comes after all exemptions, deductions and exclusions

The Nelson amendment does not change the present tax treatment of capital gains for any taxpayer, regardless of income, if he has capital gains of $24,000 or less in one year.

EXAMPLE E

(1) Taxpayer with $15,000 taxable income, and $50,000 capital gains

(2) $15,000+$25,000=$40,000 taxable income, his taxes are $12,140

(3) under the present minimum tax, he would pay no additional tax

(4) under the Nelson amendment, his additional tax would be $1,255

(5) under the old law, his total tax is $12,140 on an income of $65,000 for an effective rate of 20.2%

(6) under the new law, his total tax is $13,395 on an income of $65,000 would be 22.3%

(7) if his entire taxable income was $65,000 his taxes would be $24,970 for an effective rate of 38.4%

(8) it should be noted that this analysis is based on an income of $40,000 after all exemptions, deductions and exclusions

The Nelson amendment does not change the present tax treatment of capital gains for any taxpayer, regardless of income, if he has capital gains of $24,000 or less in one year

Mr. NELSON. Mr. President, Congress enacted the minimum tax provision in 1969 to achieve the rather simple principle of tax equity that every wealthy person should pay some Federal income tax. It is becoming painfully clear that we failed to achieve that goal. I propose that we try to finish the job. Acceptance of this amendment will not end the need for more thorough tax reform. On the other hand, acceptance of this amendment should not have to wait for a more comprehensive tax reform proposal. The minimum tax provision is by its very nature not an attempt to reform the entire tax code. It merely tries to insure that everyone, who can, pays some percentage of his income in taxes. The amendment I am proposing today has been the subject of extensive debate in recent years. It received detailed hear-

ings in Congress during the Tax Reform Act of 1969. There is no excuse for not doing at least this much this year.

Mr. President, I ask unanimous consent that a more detailed legal description of the minimum tax appear in the RECORD at this time.

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

A. PRESENT MINIMUM TAX PROVISION

The Tax Reform Act of 1969 provided a special minimum tax for certain special deductions or tax favored income, called preference income. The present minimum tax is levied on nine areas of preference income. The taxpayer is allowed a deduction of $30,000 plus any regular income tax paid, and the tax is levied at the rate of 10 percent.

The following tax preference income is subject to the minimum tax: (1) accelerated depreciation on personal property subject to a net lease. Straight line depreciation means that deductions for depreciation are taken in equal amounts over the useful life of the property. Taxpayers have the option of using methods of accelerated depreciation which may allow a larger portion of depreciation to be deducted in the earlier years than in later years. The excess of these larger deductions in earlier years over the amounts that would be deducted under straight line depreciation is preference income subject to the minimum income tax. The provision only applies to individuals, estates, trusts, Subchapter S Corporations (which may elect to be taxed as partnerships), and personal holding companies; they do not apply to other corporations. Personal property of a taxpayer, which is leased with a guarantee of a specific return or a whole or partial guarantee against loss of income, is personal property subject to a net lease eligible for this treatment.

(2) Accelerated depreciation on real property. Similarly, for real property (such as buildings) the excess deductions taken in any year under an accelerated method of depreciation over those which would be taken under the straight line method are subject to the minimum tax. In addition, depreciation deductions for rehabilitation expenditures on low and moderate income housing may be taken in equal yearly installments over a five-year period. This provision allows the deductions to be taken over a shorter time than the useful life of the improvement. The excess of these deductions in any one year over the deduction which would be taken if the expenditure were depreciated over the entire useful life of the property under straight line depreciation is subject to the minimum tax. These provisions are applicable to all taxpayers.

(3) Amortization of on-the-job training and child care facilities. Under present law, expenditures for one-the-job training and child care facilities can be deducted in equal amounts over a period of five years. The excess of these deductions over the deductions which would be taken under allowable depreciation methods (including accelerated depreciation) is preference income subject to the minimum tax.

(4) Amortization of pollution control facilities. Under present law, deductions for the costs of certified pollution control facilities attributable to the first 15 years of useful life can be taken in equal yearly installments over a five-year period. The excess deductions taken under this method over allowable methods of depreciation (including accelerated depreciation methods) are subject to the minimum tax. This provision is applicable to all taxpayers.

(5) Amortization for certain railroad rolling stock. Under present law, the deduction for the cost of certain railroad rolling stock may be taken in equal installments over a period of five years. The excess deduction under this provision over allowable depreciation deductions (including accelerated depreciation methods) are subject to the minimum tax. This provision applies to all taxpayers.

(6) Tax benefits from stock options. Stock options are often granted which allow employees to buy stock at some time in the future for a stated price regardless of the market price. The difference between the option price and the market price at the time the option is exercised, which is not considered taxable income until the stock is eventually sold, is subject to the minimum tax.

(7) Depletion allowances. Present law allows a method of percentage depletion, for recovering the cost of developing a well or mine, which is based on production rather than cost. Deductions for depletion may exceed the actual costs. The excess of the depletion allowance for the year over the adjusted basis of the property at the end of the year is subject to the minimum tax.

(8) Bad debt deductions of financial institutions. Financial institutions are allowed to deduct from their taxable income, reserves against bad debts. These reserves are generally higher than actual bad debt losses. The amount by which deductions for the purpose of adding to bad debt reserves exceed the amount which would have been allowed if a bank were to maintain its reserves on the basis of actual experience is preference income subject to the minimum tax.

(9) Capital gains. Long term capital gains are treated somewhat differently for individuals and corporations. For individuals, one half of net long term capital gains (to the extent they exceed net short term capital losses) are excluded from regular tax. This income is now subject to the minimum tax. For corporations, all net long term capital gains (to the extent they exceed net short term capital losses) may be taxed at the rate of 30 percent instead of the regular corporate rate of 48 percent. Long term gains considered as preference income for a corporation are determined by multiplying total long term gains by a fraction whose numerator is the regular rate minus the alternative 30 percent rate (or 18 percent) and whose denominator is the regular rate (or 48 percent). Thus, 18/48ths of corporate long term capital gains—the difference between the tax at the regular rate and the tax at the lower rate—is subject to the minimum tax.

B. PRESENT MINIMUM TAX INEFFECTIVE

Under the present minimum income tax, it is very easy for a taxpayer to avoid paying any minimum tax or to pay a very small amount of minimum tax. For example, a taxpayer filing a joint return with a regular income of $100,000 and preference capital gains income of $50,000, who happens to have itemized deductions of 15 percent and two exemptions, would pay no tax on his preference income. If his preference income were $100,000 he would pay a tax of $3,463 on that $100,000 of income. To take another example, a financial institution with taxable income of $500,000 and preference income of $250,000 of excess bad debt deductions would pay no tax on that preference income.

C. PROPOSED NELSON/CHURCH AMENDMENT

The proposed amendment would set up two categories of preference income. Category I income—excess depreciation and amortization for real property, personal property subject to a net lease, pollution control facilities, rolling stock and on-the-job training and child care facilities—would continue to be treated as they are under present law. Category II income—preferences due to stock options, bad debt reserves, depletion and capital gains—would be treated differently. For Category II income no deduction for regular income tax would be taken and the exemption would be $12,000 rather than $30,000. The $30,000 exemption for Category I income would be reduced by the amount of the exemption taken for Category II income in the case of a taxpayer who had both types of preference income.

The rates which apply to Category II income would also be changed. In the case of corporations, the rate would be 24 percent or half of the regular corporation tax of 48 percent (normal tax plus surtax). In the case of individuals, the tax on Category II income would be equal to one-half of the tax which would be due if the preference income were considered to be regular taxable income and the taxpayer had no other regular income.

NELSON AMENDMENT TO REPEAL ADR

Mr. NELSON. Mr. President, this amendment would repeal the asset depreciation range (ADR) approved by Congress as part of the Revenue Act of 1971.

The major change brought about by the ADR system was a 20-percent shortening of guideline lives. Thus, an asset which had previously had a guideline life of 10 years could now be depreciated over 8 years.

This amendment would repeal the 20-upercent speedup in guideline lives. It would save the Federal Treasury $2.7 billion in 1974 and $26 billion between now and 1980. The savings to the Treasury in each of the next 8 years would be as follows:

Savings to Treasury

[In billions]

1973	$.8
1974	1.9
1975	2.9
1976	3.4
1977	4.2
1978	4.6
1979	4.5
1980	4.1

ARGUMENT

There is now substantial evidence that the ADR has had little or no impact on investment. According to the Commerce Department's Survey of Current Business (June 1972):

There is some evidence that capital spending this year is stimulated by the liberalized depreciation rules and the new investment tax credit enacted last December. According to a survel of spending plans taken by McGraw Hill Publications Company in March and April, businessmen reported that their expected 1972 outlays are $¾ billion higher than they would have been in the absence of these two stimulants. Roughly $500 million of that amount was attributed to the investment tax credit and $250 million to liberalized depreciation.

The ADR is costing the Treasury $1.8 billion in 1972, $2.4 billion in 1973 and increasing amounts thereafter. So the McGraw Hill survey in effect tells us that ADR is increasing investment by 10–15 percent of its cost to the Treasury.

Mr. President, this amendment would repeal the asset depreciation range (ADR).

In January 1971, the Treasury issued new regulations governing the depreciation of plant and equipment. The major change was a 20-percent shortening of guideline lives. Thus, an asset which previously had a guideline life of 10 years could now be depreciated over 8 years.

This amendment would repeal the 20 percent speed-up in guideline lives.

It would save the Federal Treasury $2.7 billion in fiscal year 1974 and $28 billion between now and 1980. The savings to the Treasury in each of the next 8 years would be as follows:

Savings to Treasury

	In billions
1973	$0.8
1974	1.9
1975	2.9
1976	3.4
1977	4.2
1978	4.6
1979	4.5
1980	4.1

The ADR system became law last December as part of the Revenue Act of 1971. At that time, its proponents argued that it was needed to stimulate investment. This argument made little sense then, and it makes even less sense now.

On the floor of the Senate, I pointed out that most economists and many businessmen thought ADR would have little effect on investment in the near term. With industry operating at 73 percent of capacity, businessmen had little incentive to expand plant and equipment. I quoted Chairman James Roche of General Motors:

> It should be understood that most companies of any size determines their purchases of equipment by the needs of the business and not by any short-term tax advantages.

Mr. Roche went on to say that what mattered was consumer spending:

> It must be noted that the tax credit and accelerated depreciation applies only after equipment is purchased and put to use. This, like the other elements of the program, means very little unless we can achieve the improved economy the President has called for.

Today there is overwhelming evidence that the Nixon investment incentives—and particularly the ADR—have had little or no impact on investment. According to the Commerce Department's Survey of Current Business—June 1972:

> There is some evidence that capital spending this year is stimulated by the liberalized depreciation rules and the new investment tax credit enacted last December. According to a survey of spending plans taken by McGraw-Hill Publications Company in March and April, businessmen reported that their expected 1972 outlays are $3¾ billion higher than they would have been in the absence of these two stimulants. Roughly $500 million of that amount was attributed to the investment tax credit and $250 million to liberalized depreciation.

The ADR and the investment tax credit are costing the Treasury about $5.3 billion in 1972 and $6.3 billion in 1973. Yet here is an official organ of the Nixon administration reporting evidence that the effect on investment is negligible—less than 15 percent of the cost to the Treasury.

Of course, some people may have some doubts about the McGraw-Hill estimate. To satisfy any such doubts, we quote another source which should certainly be biased in favor of the Nixon investment incentives—Dr. Pierre Rinfret, President Nixon's principal economic spokesman for the 1972 campaign.

According to press reports, Dr. Rinfret conducted a comprehensive survey of major businesses, and concluded that if the investment credit, the ADR, and the oil depletion allowance were all repealed, investment would be cut by about 5.5 percent or $5 billion in 1973. Since these three tax provisions will cost the Treasury well over $7 billion in 1973, Dr. Rinfret's findings argue rather persuasively for their repeal.

This very point came up at Secretary Shultz' press conference on the McGovern tax program.

> Question: Pierre Renfret, the Administration's official spokesman on economic matters during this campaign, referring to Evans and Novak, conducted a survey among business investment among companies concerning their investment pensions, indicated that if you repeal ADR and investment tax credit, that investment would drop by about 5½ percent next year.
>
> Well, if you lower business investment by about 5½ percent, wouldn't that come awfully close to equalling, in dollar amounts, just about what you're losing in revenue because of ADR and investment credit?
>
> In other words, my question is this, is it a bargain when you would get about an additional dollar of investment for a dollar of revenue loss?
>
> Secretary SHULTZ. Well, I think the main point of it is to have tax structure be one that stimulates the economy, that leads it to be more productive, that invites investment in better tools for the American worker to use so that, as I said, he is competitive in world markets and is able to produce a rising standard of living here at home. I think that is the main point about it.

The reporter's point gets to the heart of the matter:

> Is it a bargain when you would get an additional dollar of investment for a dollar of revenue loss?

Secretary Shultz' response suggests strongly that he has no answer to this argument.

In any event, whether one accepts the three-quarter of a billion dollar figure from the McGraw-Hill survey, or Dr. Renfret's figure of $5 billion, it is clear that the effect on investment is relatively small—at least when compared to the cost.

True, investment has been increasing in the recent period. Nonresidential fixed investment in the second quarter of 1972 was running at an annual rate of $84.4 billion—in 1958 dollars—or about 9 percent above the 1970 level. According to the Commerce Department's survey, capital spending in the second quarter was running at $87.1 billion, also about 9 percent above the 1970 level.

[In billions]

	Nonresidential fixed investment GNP accounts (1958 dollars)	Capital spending (Commerce Department survey)
1970	$77.6	$79.7
1971	76.8	81.2
1972 1st quarter	82.2	86.8
1972 2d quarter	84.4	87.1

But this growth in investment was relatively modest; and it was hardly unexpected, since the economy as a whole was expanding throughout this period.

Much more dramatic was the growth in corporate profits and depreciation. In the second quarter, after-tax corporate profits were at an annual rate of $52.4 billion—or 30 percent above the 1970 level; and corporate depreciation was running over 23 percent above the 1970 level. The net result was a 26 percent jump in corporate cash in hand from 1970 to the second quarter of this year.

Nor is this result surprising: Since the investment credit and the ADR have had little impact on investment, it stands to reason that they must have served to swell corporate profits and depreciation allowances.

One other administration argument should be mentioned: That these tax subsidies to investment are needed to preserve the international competitiveness of American firms.

In his testimony before the Senate Finance Committee last fall, Secretary Connally presented data showing the effect of income taxes on the cost of capital goods in the major industrial countries. The United States was at the bottom of the list. The Secretary concluded that the U.S. tax structure is biased against capital.

However, the Treasury table failed to show any relationship between the Connally capital cost index and GNP growth or the growth of exports. Indeed, the United Kingdom which had the lowest capital cost figure, also had the lowest GNP growth rate and the slowest growth of exports.

The fact is that the tax treatment of capital plays a minor role in determining a country's competitive position. Other factors—such as inflation and technological change—are much more significant.

Nor is U.S. tax policy unfavorable to business. Thus, if we compare the effective corporate tax rates in the major industrialized nations—taking into account such special provisions of the tax laws as accelerated depreciation, percentage depletion and the like—the U.S. rate is not out of line with those elsewhere. Indeed, it is lower than that in Italy, Canada, Germany, and France.

I ask unanimous consent that a table showing the estimated effort of corporate tax rates in major industrialized countries (1966) be printed in the RECORD at this time.

There being no objection, the table follows:

Estimated effective corporate tax rates in major industrialized countries—1966

[In percent]

Italy	44.0
Canada	43.5
Germany	43.3
France	42.2
U.S.	42.1
U.K.	35.0
Netherlands	25.6
Japan	24.0

Mr. NELSON. Mr. President, the new depreciation rules—ADR—should be repealed. The investment tax credit and the ADR together represent an excessive corporate tax cut.

Most of the witnesses in last year's hearings on the new economic policy before the Joint Economic Committee took this position. Senator PROXMIRE, chairman of the committee, summarized their testimony as follows:

They (the witnesses) agreed that if there is to be an investment credit, then the ADR should be withdrawn.

Even Pierre Rinfret, now President Nixon's top campaign economic adviser, took a similar position. In testimony before the House Ways and Means Committee on September 14, 1971, he said:

Liberalized depreciation should not be allowed together with the use of the investment credit. Corporations should be given an either/or choice. If they opt for the investment credit, they cannot take liberalized depreciation, or vice-versa.

The issue is one of priorities. The investment credit and the ADR together represent a corporate tax cut of more than 15 percent. These and other measures have brought about a major shift away from the corporate income tax. Thus, in 1960, the Federal Government raised 35 percent of its revenues from the income tax on corporations. Today, the figure is under 27 percent.

This shift raises serious questions about our tax system, and about the way we spend our money. Do we need more plant and equipment as opposed to more schools, more hospitals or more cars and refrigerators?

These are difficult questions over which reasonable men will differ. But even those who believe that we need more plant and equipment—who favor investment incentives—must now recognize one fact: The ADR is simply not working. For every $1 of increased investment, the Federal Government is losing over $2 in revenues.

We cannot afford this waste. I propose that we close this expansive loophole and use the money regained to insure dignity and a full life to our elderly citizens.

Mr. President, I yield to the Senator from Iowa.

Mr. MILLER. Mr. President, I think the Senator from Wisconsin knows I share much of the philosophy that he espouses in this matter. I am concerned about some parts of it. I would feel much more comfortable about it if we could establish a principle that, to the extent that benefits may be paid out under social security that have not been funded by social security taxes on the participants, then the difference will come from the general funds of the Treasury. As the Senator has pointed out, there are people receiving social security benefits who have never paid an adequate amount of taxes to fund them. We are making up the difference by imposing a regressive tax on the present and future taxpayers of America. That does not support my concept of just taxation.

The Senator has taken this matter piecemeal and selected the tax relating to the asset depreciation range system, which has some merit in it. I think that we ought to be more selective. But the Senator has provided, on page 3 of his amendment, that "There is hereby authorized to be appropriated to each of such funds an amount equal to the revenues produced for such fiscal year by reason of the amendments made in the preceding sections of this title," and so forth.

I am not sure, but I think it would be an extremely difficult task for the Treasury Department to make that determination. They would require a massive quantity of returns to be examined, and I am not sure they are equipped to do this, and certainly not in the time range envisioned by that part of the amendment.

I know what the Senator from Wisconsin is trying to do. He is trying to establish a principle, but in the establishment of the principle, it seems to me the Treasury would get bogged down.

I point to a defect that might perhaps be cured by greater study by the staff or the Treasury.

I do not intend this to be an unfriendly comment, because I sympathize with what the Senator is trying to do, but I think we ought to do a better job, and I think we really ought to take money from the general funds and put it into the Social Security Trust Fund to make up the deficit that is now being levied on the present and future workers of this country.

Mr. NELSON. I thank the Senator.

There may be some technical problems involved, but, if we adopted the amendment, it would not be difficult, with all the expertise on the staff and elsewhere, to meet these problems between now and the time of the conference.

Mr. MUSKIE. Mr. President, will the Senator yield?

Mr. NELSON. I yield to the Senator from Maine.

Mr. MUSKIE. Mr. President, I think the Senator from Wisconsin has performed a service to the Senate and the Nation in focusing our attention on this problem, which has been a growing one, which has been visibly growing, which was coming, and I think it is time we came to grips with it.

I am not sure the formula the Senator proposes is ideal, but I intend to support it because it indicates and has as its objective the shifting of this burden from the overworked and overtaxed workers, as the Senator has so eminently described, to a more equitable tax system.

Another approach to it is one I introduced earlier this year with the distinguished Senator from Minnesota (Mr. MONDALE).

Our approach was not to resort to the General Treasury, but rather to reform the social security tax system itself in two very important respects. One was to lift the ceiling on earnings subject to the tax altogether. It makes no sense to me that a man earning $100,000 a year pays the same social security tax as his secretary who earns $8,000 a year. The Senator has pointed that out.

We propose to reform the system in one other respect, and that is to give a credit for dependents to the workingman, in order to make the tax more progressive, in the same way that the income tax is progressive.

The Senator from Minnesota (Mr. MONDALE) and I introduced this notion about a year ago for the first time, and we have been promoting and developing it, and I hope it will come to hearings next year and will receive attention as what we consider to be a responsible alternative to this problem of the increasing burden of the social security tax.

So I do compliment the Senator from Wisconsin, and I will support his amendment today, in order that we can get an expression of the Senate of concern for this problem and determination to meet it.

If we do not, I share the Senator's prediction that what we may face is a revolt on the part of the workers of this country against this ever-increasing and growing burden of the social security tax.

Mr. NELSON. I thank the distinguished Senator from Maine.

Mr. MONDALE. Mr. President, on behalf of the Senator from Maine (Mr. MUSKIE) and myself, I ask unanimous consent that the text of S. 2426, a bill to improve the social security tax system introduced by Senator MUSKIE and myself last October, may appear at this point in the RECORD.

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

S. 2656

A bill to amend chapters 2 and 21 of the Internal Revenue Code of 1954, and title II of the Social Security Act, to reduce social Security tax rates and provide a new method for their determination in the future, to remove the dollar limitation presently imposed upon the amount of wages and self-employment income which may be taken into account for tax and benefit purposes under the old-age, survivors, and disability insurance system (making allowance for personal income tax exemptions and the low-income allowance in determining such amount for tax purposes), and to increase benefits under such system to reflect the new tax and benefit base

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

TAX AND BENEFIT BASE

SECTION 1. (a)(1)(A)(i) Chapter 2 of the Internal Revenue Code of 1954 (relating to tax on self-employment income) is amended by inserting immediately after section 1401 the following new section:

"SEC. 1401A. DEFINITION OF SOCIAL SECURITY INCOME.

"For purposes of this title, the term 'social security income', in the case of any individual with respect to any taxable year, means the wages and self-employment income paid to or derived by such individual in such year, reduced by the sum of—

"(1) the total dollar amount of any personal exemptions to which such individual is entitled for such year under section 151, and

"(2) an amount equal to the low-income allowance which is determined with respect to such individual for such year under section 141(c) (or which would be so determined if such individual were eligible for and claimed the standard deduction under section 141 for such year);

except that with respect to periods before 1972, such term means only the individual's wages and self-employment income as determined under the provisions of sections 3121 (a) and 1402 which were in effect with respect to such periods."

(ii) The heading of section 1402 of such Code (relating to definitions) is amended by inserting "OTHER" before "DEFINITIONS".

(iii) The table of sections for chapter 2 of such Code is amended by striking out the second item and inserting in lieu thereof the following:

"Sec. 1401A. Definition of social security income.
"Sec. 1402. Other definitions."

(B) Section 1402(b)(1) of such Code (relating to self-employment income) is amended—

(i) by striking out "; and" at the end of subparagraph (E) and inserting in lieu thereof "; or", and

(ii) by striking out subparagraph (F).

(2)(A) Title II of the Social Security Act is amended by inserting immediately after section 210 the following new section:

"DEFINITION OF SOCIAL SECURITY INCOME

"SEC. 210A. For purposes of this title, the term 'social security income', in the case of any individual with respect to any taxable year, means the wages and self-employment income paid to or derived by such individual in such year; except that with respect to periods before 1972, such term means only the individual's wages and self-employment income as determined under the provisions of sections 209 and 211 which were in effect with respect to such periods."

(B) Section 211(b) of such Act is amended—

(i) by striking out "; and" at the end of subparagraph (E) and inserting in lieu thereof "; or", and

(ii) by striking out subparagraph (F).

(b)(1)(A) Section 3121(a)(1) of the Internal Revenue Code of 1954 relating to definition of wages) is amended to read as follows:

"(1) that part of the remuneration, received by an individual during any payroll period, which is equal to the number of withholding exemptions claimed by such individual under chapter 24 with respect to such payroll period multiplied by the amount of one such exemption as shown in the table in section 3402(b)(1); except that this paragraph shall not apply in determining an individual's wages for purposes of the tax imposed on employers with respect to wages received by such individual under section 3111(a)".

(B) Section 3122 of such Code (realting to Federal service) is amended by striking out the second sentence.

(C) Section 3125 of such Code (relating to returns in the case of governmental employees in Guam, American Samoa, and the District of Columbia) is amended by striking out the last sentence of subsection (a), the last sentence of subsection (b), and the last sentence of subsection (c).

(D) Section 6413(c)(1) of such Code (relating to special refunds of certain employment taxes) is amended—

(i) by striking out "or (E) during any calendar year after the calendar year 1971, the wages received by him during such year exceed $9,000,"; and

(ii) by striking out ", or which exceeds the tax with respect to the first $9,000 of such wages received in such calendar year after 1971".

(E) Section 6413(c)(2)(A) of such Code (relating to applicability in case of Federal employees) is amended by striking out "$7,800 for the calendar year 1968, 1969, 1970, or 1971, or $9,000 for any calendar year after 1971," and inserting in lieu thereof "or, $7,800 for the calendar year 1968, 1969, 1970, or 1971,".

(F) Section 6654(d)(2)(B) of such Code (relating to failure by individual to pay estimated income tax) is amended to read as follows:

"(B) The term 'adjusted self-employment income' means the net earnings from self-employment (as defined in section 1402(a)) for the months in the taxable year ending before the month in which the installment is required to be paid."

(2)(A) Section 209(a) of the Social Security Act is amended by striking out paragraph (6).

(B) Section 213(a)(2) of such Act is amended by striking out "$9,000" where it appears in clauses (ii) and (iii) and inserting in lieu thereof "twelve times the second figure specifically set forth in the last line of column III of the table in section 215(a) (as in effect on the last day of the year)".

(C) Section 215(e)(1) of such Act is amended by striking out "the excess of $7,800 in the case of any calendar year after 1967 and before 1972, and the excess of $9,000 in the case of any calendar year after 1971" and inserting in lieu thereof "and the excess of $7,800 in the case of any calendar year after 1967 and before 1972".

(c) The amendments made by subsection (b) (except paragraphs (1)(F) and (2)(A)(ii) thereof) shall apply only with respect to remuneration paid after December 1971. The amendments made by subsection (a) and by subsections (b)(1)(F) and (b)(2)(A)(ii) shall apply only with respect to taxable years beginning after 1971. The amendment made by subsection (b)(2)(C) shall apply only with respect to calendar years after 1971.

DETERMINATION OF SOCIAL SECURITY TAX RATES

SEC. 2. (a)(1) Section 1401(a) of the Internal Revenue Code of 1954 (relating to rate of tax for purposes of old-age, survivors, and disability insurance) is amended—

(A) by inserting "beginning before January 1, 1972" after "imposed for each taxable year" in the matter preceding paragraph (1);

(B) by adding "and" after the semicolon at the end of paragraph (2);

(C) by striking out "January 1, 1973" in paragraph (3) and inserting in lieu thereof "January 1, 1972";

(D) by striking out "and" at the end of paragraph (3);

(E) by striking out paragraph (4); and

(F) by adding at the ned thereof (after and below paragraph (3)) the following:

"and there shall be imposed for each taxable year beginning after December 31, 1971, on the social security income of every individual derived in or attributable to such taxable year, a tax as follows:

"(4) in the case of any taxable year beginning after December 31, 1971, and before January 1, 1975, the tax shall be equal to 4.0 percent of the amount of the social security income for such taxable year; and

"(5) in the case of any taxable year beginning after December 31, 1974, the tax shall be equal to the percentage determined (with respect to such income) under section 3126."

(2) Section 1401(b) of such Code (relating to the rate of tax for hospital insurance purposes) is amended—

(A) by inserting "beginning before January 1, 1972" after "imposed for each taxable year" in the matter preceding paragraph (1);

(B) by striking out "January 1, 1973" in paragraph (1) and inserting in lieu thereof "January 1, 1972";

(C) by striking out paragraphs (2) through (5); and

(D) by adding at the end thereof (after and below paragraph (1)) the following:

"and there shall be imposed for each taxable year beginning after December 31, 1971, on the social security income of every individual derived in or attributable to such taxable year, a tax as follows:

"(2) in the case of any taxable year beginning after December 31, 1971, and before January 1, 1975, the tax shall be equal to 1.2 percent of the amount of the social security income for such taxable year; and

"(3) in the case of any taxable year beginning after December 31, 1974, the tax shall be equal to the percentage determined (with respect to such income) under section 3126."

(b)(1) Section 3101(a) of such Code (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance) is amended—

(A) by striking out "the calendar years 1971 and 1972" in paragraph (3) and inserting in lieu thereof "the calendar year 1971"; and

(B) by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:

"(4) with respect to wages received during the calendar years 1972, 1973, and 1974, the rate shall be 4.0 percent; and

"(5) with respect to wages received after December 31, 1974, the rate shall be the percentage determined (with respect to such wages) under section 3126."

(2) Section 3101(b) of such Code (relating to rate of tax on employees for hospital insurance purposes) is amended—

(A) by striking out "1971, and 1972" in paragraph (1) and inserting in lieu thereof "and 1971"; and

(B) by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages received during the calendar years 1972, 1973, and 1974, the rate shall be 1.2 percent; and

"(3) with respect to wages received after December 31, 1974, the rate shall be the percentage determined (with respect to such wages) under section 3126."

(c)(1) Section 3111(a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended—

(A) by striking out the calendar years 1971 and 1972" in paragraph (3) and inserting in lieu thereof "the calendar year 1971"; and

(B) by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:

"(4) with respect to wages paid during the calendar years 1972, 1973, and 1974, the rate shall be 5.2 percent; and

"(5) with respect to wages paid after December 31, 1974, the rate shall be the percentage determined (with respect to such wages) under section 3126."

(2) Section 3111(b) of such Code (relating to rate of tax on employers for hospital insurance purposes) is amended—

(A) by striking out "1971, and 1972" in paragraph (1) and inserting in lieu thereof "and 1971"; and

(B) by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages paid during the calendar years 1972, 1973, and 1974, the rate shall be 1.2 percent; and

"(3) with respect to wages paid after December 31, 1974, the rate shall be the percentage determined (with respect to such wages) under section 3126."

(d)(1) Subchapter C of chapter 21 of such Code (general provisions relating to taxes on employees and employers under Federal Insurance Contributions Act) is amended by redesignating section 3126 as section 3127, and by inserting after section 3125 the following new section:

"SEC. 3126. DETERMINATION OF TAX RATES.

"(a) INITIAL DETERMINATION OF RATES.—On or before October 1, 1974, the Secretary or his delegate and the Secretary of Health, Education, and Welfare shall jointly estimate and determine (in accordance with subsection (c))—

"(1) the rates of tax under sections 1401(a), 3101(a), and 3111(a) which would be required in current prices, for the five-year period beginning January 1, 1975, and for each subsequent five-year period beginning on or before January 1, 2045, to assure that

social security revenues for the five-year period involved will be equal to social security expenditures for such period and that the total amount in the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund will not be less at the end of such five-year period (assuming the continuation of the current method of allocation between such Funds) than 90 percent of the estimated amount of the social security expenditures to be made during the first year of the immediately following five-year period; and

"(2) the rates of tax under sections 1401 (b), 3101(b), and 3111(b) which would be required in current prices, for the five-year period beginning January 1, 1975, and for each subsequent five-year period beginning on or before January 1, 1995, to assure that hospital insurance revenues for the five-year period involved will be equal to hospital insurance expenditures for such period and that the total amount in the Federal Hospital Insurance Trust Fund will not be less at the end of such five-year period than 90 percent of the estimated amount of the hospital insurance expenditures to be made during the first year of the immediately following five-year period.

"(b) PERIODIC REVIEW OF RATES.—On or before October 1 of 1979 and of each fifth year thereafter (up to October 1, 2044, in the case of rates specified in subsection (a)(1), and up to October 1, 1994, in the case of the rates specified in subsection (a)(2)), the Secretary or his delegate and the Secretary of Health, Education, and Welfare shall jointly review the rates of tax determined under subsection (a) for the five-year period beginning on the following January 1. If in their judgment any of the rates as so determined do not give the assurance required by subsection (a) they shall jointly redetermine such rates in the manner provided by such subsection; and such redetermination shall supersede the estimate and determination made with respect to such rates for the five-year period involved under subsection (a).

"(c) METHOD OF DETERMINATION.—The rates of tax determined under subsection (a) or (b) with respect to any calendar year in a given five-year period shall be such that—

"(1) the total revenue received in the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund as a result of the tax under section 3101(a) with respect to wages received during such calendar year will be the same as the total revenue received in such Trust Funds as a result of the tax under section 3111(a) with respect to wages paid during such calendar year;

"(2) the total revenue received in the Federal Hospital Insurance Trust Fund as a result of the tax under section 3101(b) with respect to wages received during such calendar year will be the same as the total revenue received in such Trust Fund as a result of the tax under section 3111(b) with respect to wages paid during such calendar year; and

"(3) the rates of the taxes under sections 1402(a) and 1402(b) on social security income derived in or attributable to taxable years beginning in (or with the first day of) such calendar year are equal to the rates of the taxes under sections 3101(a) and 3101(b), respectively, with respect to wages received during such calendar year.

"(d) DEFINITIONS.—For purposes of this section—

"(1)(A) the term 'social security revenues' means all amounts appropriated to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund under section 201 (a) and (b) of the Social Security Act, plus all interest and proceeds from sales and redemptions credited to such Trust Funds under section 201(f) of such Act, plus any other amounts (including amounts described in sections 201(g), 217(g), 218(h), and 228(g) of such Act) which may be appropriated or transferred to or deposited in such Funds in accordance with any provision of the Social Security Act or of any other law;

"(B) the term 'social security expenditures' means all benefit payments made from such Trust Funds (as described in section 201(h) of such Act) under sections 202, 223, and 228 of such Act, plus all administrative expenses incurred in connection with the payment of such benefits or otherwise incurred in connection with the programs involved, plus any other amounts which may be transferred from or expended out of such Funds in accordance with any provision of the Social Security Act or of any other law;

"(2)(A) the term 'hospital insurance revenues' means all amounts appropriated to the Federal Hospital Insurance Trust Fund under section 1817(a) of the Social Security Act, plus all interest and proceeds from sales and redemptions credited to such Trust Fund under section 1817(e) of such Act, plus any other amounts which may be appropriated or transferred to or deposited in such Fund in accordance with any provision of the Social Security Act or of any other law; and

"(B) the term 'hospital insurance expenditures' means all benefit payments made from such Trust Fund under part A of title XVIII of such Act, plus all administrative expenses incurred in connection with the payment of such benefits or otherwise incurred in connection with the program under such part A, plus any other amounts which may be transferred from or expended out of such Fund in accordance with any other provision of the Social Security Act or of any other law.

"(e) ROUNDING.—Each rate of tax determined under subsection (a) or (b) shall be rounded to the nearest .1 percent (or to the next higher .1 percent if it is a multiple of .05 but not of .1).

"(f) PUBLICATION AND EFFECTIVE DATE OF NEW RATES.—Upon determining under subsection (a) or (b) the rates of tax to be imposed under sections 1401, 3101, and 3111 during any five-year period, the Secretary or his delegate (on or before October 1 of the calendar year in which the determination is made) shall publish such rates in the Federal Register; and, if any such rate as so determined for such five-year period is different from the corresponding rate for the year in which the determination is made, he shall also publish in the Federal Register the actuarial assumptions and methodology used in making the estimates and determinations involved. The rates as so published shall be effective—

"(1) in the case of the tax under section 1402, with respect to taxable years beginning in (or with the first day of) the five-year period with respect to which the determination is made,

"(2) in the case of the tax under section 3101, with respect to wages received during such five-year period, and

"(3) in the case of the tax under section 3111, with respect to wages paid during such five-year period."

(2) The table of sections for subchapter C of chapter 21 of such Code is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 3126. Determination of tax rates.
"Sec. 3127. Short title."

(e)(1) Chapter 2 of such Code (relating to tax on self-employment income) is amended by redesignating section 1403 as section 1404, and by inserting after section 1402 the following new section:

"Sec. 1403. CREDIT FOR TAX ON WAGES.

"(a) IN GENERAL.—The amount of tax deducted under section 3102 from the wages of any individual shall be allowed to the recipient of such wages as a credit against the tax imposed by section 1401.

"(b) YEAR OF CREDIT.—The amount so deducted during any calendar year shall be allowed as a credit for the taxable year beginning in such calendar year. If more than one taxable year begins in a calendar year, such amount shall be allowed as a credit for the last taxable year so beginning."

(2) The table of sections for chapter 2 of such Code is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 1403. Credit for tax on wages.
"Sec. 1404. Miscellaneous provisions."

(f) The amendments made by this section shall apply only with respect to taxable years beginning after December 31, 1971, and with respect to wages received or paid after December 31, 1971.

BENEFITS RESULTING FROM INCREASE IN TAX AND BENEFIT BASE

SEC. 3. (a) Section 215(a) of the Social Security Act is amended by adding at the end thereof (after the table of benefits) the following new paragraph:

"In order to reflect in the computation of benefits any social security income in excess of the maximum amount specifically set forth in column III of the preceding table, the Secretary shall determine, keep current, and publish in the Federal Register a revision of such table, extending columns III, IV, and V in the manner provided in this paragraph. The amounts on each additional line of column III shall be the amounts on the preceding line increased by $5 until the second figure in the last such additional line of column III is equal to the second figure in the last line of such column as specifically set forth in the table plus one-twelfth of $10,000. The amount on each additional line of column IV, up to and including the line on which in column III appears the figure most nearly equalling the second figure in the last line of such column as specifically set forth in the table plus one-twelfth of $5,000, shall be equal to the amount on the preceding line (in column IV) increased by an amount (per dollar of difference between the second figure in column III on such additional line and the second figure in column III on the preceding line) equal to one-half of the amount (per dollar of difference between the second figure in the last line of column III as specifically set forth in the table and the second figure in the next-to-last line of such column) by which the last figure specifically set forth in column IV of the table exceeds the next-to-last figure specifically set forth in such column; and the amount on each remaining additional line of column IV shall be equal to the amount on the preceding line (in column IV) increased by an amount (per dollar of difference between the second figure in column III on such additional line and the second figure in column III on the preceding line) equal to one-fourth of the amount (per dollar of difference between the second figure in the last line of column III as specifically set forth in the table and the second figure in the next-to-last line of such column) by which the last figure specifically set forth in column IV or the table exceeds the next-to-last figure specifically set forth in such column. The amount on each additional line of column V shall be equal to 1.75 times the amount on the same line of column IV. Any amount determined under the preceding provisions of this paragraph which is not a multiple of $0.10 shall be increased to the next higher multiple of $0.10. For purposes of the first sentence of this subsection and section 203(a), and for all other purposes of this title, the extension of the table as determined and published in the Federal Register at any given time under this paragraph shall be deemed to be a part of such table as in effect at such time."

(b) The amendment made by subsection (a) shall apply with respect to monthly insurance benefits payable under title II of the Social Security Act for months after December 1971, and with respect to lump-sum death payments under such title in the case of deaths occurring after December 1971.

TECHNICAL AND CONFORMING AMENDMENTS TO SOCIAL SECURITY ACT

SEC. 4. (a) The following provisions of title II of the Social Security Act are amended by striking out "wages and self-employment income" each place it appears and inserting in lieu thereof "social security income":

(1) Subsection (h) of section 201.

(2) Subsection (b)(1)(B), (d)(1) (last sentence), (d)(2), (d)(6), (e)(1) (C) and (D), (e)(4), (e)(5), (f)(1)(C), (f)(5), (f)(6), (g)(1(D) and (F)(iii), (g)(1) (last sentence), (h)(2) (B) and (C), (i) (third sentence), (k)(1), (k)(2)(A), (l), (m), (n)(1), (q)(4)(B), (q)(5) (A)(ii) and (D), (q)(7) (B) and (C), (t)(4) (A), (B), and (D), (t)(5), (t)(6), and (v) of section 202.

(3) Subsections (a), (b), (c)(4), (d)(1), (f)(1), (f)(7), (h)(1)(B), (h)(3), and (i) of section 203.

(4) Subsections (a)(1) and (d) of section 204.

(5) Subsections (c)(2), (c)(6), and (o) of section 205.

(6) Subsection (l)(4)(B) of section 210.

(7) Subsection (g)(2) of section 215.

(8) Subsection (h)(1)(B) of section 216.

(9) Subsections (a)(1), (a)(2), (b)(2), (e)(1), (e)(2), and (f)(1) of section 217.

(10) Subsection (b)(3) of section 222.

(11) Subsection (a)(1) of section 224.

(12) Subsections (a)(6), (a)(7), (a) (last two sentences), (d), (e), (f)(1), and (g) of section 224.

(13) Section 225.

(14) Subsection (a) of section 229.

(b)(1) Section 201(a)(4) of such Act is amended—

(A) by inserting "or social security income (as defined in section 1401A of such Code)" immediately before "reported";

(B) by striking out ", which self-employment income" and inserting in lieu thereof "or social security income, which self-employment income or social security income"; and

(C) by striking out "records of self-employment income" and inserting in lieu thereof "records of self-employment income and social security income".

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

(A) by striking out "self-employment income (as so defined)" in clause (D) and inserting in lieu thereof "self-employment income (as so defined) or social security income (as defined in section 1401A of such Code)"; and

(B) by striking out "records of self-employment income" and inserting in lieu thereof "records of self-employment income and social security income."

(c) Section 202(u)(1) of such Act is amended by striking out "there shall not be taken into account" and all that follows and inserting in lieu thereof "there shall not be taken into account any social security income of such individual or any other individual which is derived in or attributable to a taxable year in which such conviction occurs or any prior taxable year."

(d)(1) Section 205(c)(2) of such Act is amended by inserting "and other social security income" after "self-employment income" where it first appears.

(2) Section 205(c)(3) of such Act is amended by inserting "or other social security income" after "self-employment income" each place it appears.

(3) Section 205(c)(4) of such Act is amended—

(A) by striking out "wages or self-employment income" each place it appears in the matter preceding subparagraph (A) and inserting in lieu thereof "wages or self-employment income, or other social security income,";

(B) by inserting "or other social security income" after "self-employment income" in subparagraph (A);

(C) by striking out "self-employment income" the first two places it appears in subparagraph (C) and inserting in lieu thereof "social security income other than wages"; and

(D) by striking out "self-employment income" the last two places it appears in subparagraph (C) and inserting in lieu thereof "social security income".

(4) Section 205(c)(5) of such Act is amended—

(A) by inserting "or other social security income" after "self-employment income" where it first appears;

(B) by striking out "wages or self-employment income" each place it appears in the matter preceding subparagraph (A) and inserting in lieu thereof "social security income";

(C) by inserting "or other social security income" after "self-employment income" in subparagraph (B);

(D) by striking out "self-employment income" in subparagraph (F) and inserting in lieu thereof "social security income other than wages"; and

(E) by striking out "wages or self-employment income" in subparagraph (G) and inserting in lieu thereof "social security income".

(e) Section 208(a) of such Act is amended by redesignating paragraph (3) as paragraph (4), and by inserting after paragraph (2) the following new paragraph:

"(3) whether other social security income was derived, or the amount of such income or the period during which it was derived or to which it is attributable, or the person by whom it was derived; or".

(f) Section 212 of such Act is amended—

(1) by striking out "SELF-EMPLOYMENT INCOME" in the heading;

(2) by striking out "self-employment income derived during any taxable year" in the matter preceding subsection (a) and inserting in lieu thereof "social security income (other than wages) derived in or attributable to any taxable year"; and

(3) by striking out "self-employment income" in subsections (a) and (b) and inserting in lieu thereof "social security income (other than wages)".

(g) Section 213(a)(2) of such Act is amended—

(1) by striking out "self-employment income" in the matter preceding clause (1) and inserting in lieu thereof "social security income (other than wages)"; and

(2) by striking out "has self-employment income for a taxable year" and inserting in lieu thereof "for a taxable year has social security income (other than wages)".

(h)(1) Section 215(b)(1)(A) of such Act is amended by striking out "his wages paid in adn self-employment income credited to" and inserting in lieu thereof "; social security income credited to".

(2) Section 215(b)(2)(B) of such Act is amended by striking out "the total of his wages and self-employment income" and inserting in lieu thereof "; social security income".

(3) Section 215(f)(2) of such Act is amended by striking out "wages or self-employment income" and inserting in lieu thereof "social security income".

(i) Section 1870 of such Act is amended by striking out "wages and self-employment income" where it appears in subsections (b)(4), (e)(2), (e)(3), and (e)(4) and inserting in lieu thereof "social security income".

(j) Whenever the term "wages and self-employment income" is used in any other provision of law or any regulation or document, with respect to the insurance system established by title II of the Social Security Act or the coverage of any individual thereunder, such terms shall be construed to mean "social security income" as defined in section 210A of the Social Security Act and section 1401A of the Internal Revenue Code of 1954.

(k) This section, and the amendments made by this section, shall take effect January 1, 1972.

TECHNICAL AND CONFORMING AMENDMENTS TO INTERNAL REVENUE CODE OF 1954

SEC. 5. (a)(1) The heading of chapter 2 of the Internal Revenue Code of 1954 (relating to tax on self-employment income) is amended by striking out "SELF-EMPLOYMENT INCOME" and inserting in lieu thereof "SOCIAL SECURITY INCOME".

(2) The table of chapters for subtitle A of such Code (relating to income taxes) is amended by striking out the item relating to chapter 2 and inserting in lieu thereof the following:

"CHAPTER 2. Tax on social security income."

(b) Section 1402(h)(1)(B) of such Code (relating to exemption for members of certain religious faiths) is amended by striking out "wages and self-employment income" each place it appears and inserting in lieu thereof "social security income".

(c) Section 1403(a) of such Code (relating to title of chapter) is amended by striking out "Self-Employment" and inserting in lieu thereof "Social Security".

(d) The amendments made by this section shall take effect January 1, 1972.

Mr. MONDALE. I wish to join with the Senator from Maine in commending the Senator from Wisconsin for what I think is a most creative proposal.

Unknown, I think, to most Americans, since adoption of the Internal Revenue Code in 1954 the proportion of revenues raised through the corporate income tax has dropped almost in half and the proportion of revenues raised through the payroll tax has almost tripled, while the proportion of revenue raised through the individual income tax has stayed about the same.

As the Senator from Wisconsin has pointed out, the amount being charged the wage earner in payroll taxes is rising at an astonishing rate. And I think he has accurately predicted it will soon be noticed by the average worker, when he finds that $40 or $50 will be taken out of that check each month, from money that has been programed and planned for essential expenditures at home.

I am sure that we will shortly be forced by the American public to change this system.

The question is whether those of us who have had a chance to see what is happening, who have seen these dramatic increases, who have seen the regressivity of the payroll tax and the imposition it makes upon hard-working Americans—should not act now, rather than wait a year or two and force the public to force us to face up to something we know is not right.

I think the Senator from Wisconsin is to be commended for leading this fight, making the case, and developing a record which, in my opinion, is unanswerable.

Mr. NELSON. I thank the Senator.

Mr. President, I ask unanimous consent that the names of the following Senators be added as cosponsors of amendment No. 1610: Mr. BAYH, Mr.

CHURCH, Mr. HARRIS, Mr. HART, Mr. MCINTYRE, and Mr. CHILES.

Mr. CHILES. Mr. President, will the Senator yield?

Mr. SCHWEIKER. Mr. President, the Senator from Wisconsin has rendered the public a service by focusing attention on the unfairness of the social security tax structure. And I agree with him that the assets depreciated range—ADR—should be repealed and the minimum tax increased. But I also believe social security benefits should be financed with a reformed social security tax structure and not out of general revenues at a time the Federal Government faces a $35 billion dollar deficit. I must therefore vote against amendment Nos. 1610 and 1609.

Mr. NELSON. I yield to the distinguished Senator from Florida.

Mr. CHILES. I compliment the Senator on his amendments and the thrust of these amendments. I think he is putting his finger right on where a great problem exists, especially with respect to the information he has presented to the Senate with regard to some of the increases that are going to come into play with what we are trying to do about the system.

Mr. President, most of us want to do something about the system. Most of us want to increase some of the benefits of the system, and broaden the benefits; but I think we now realize that we are about to break the back of the person who is carrying the load in this country, and has been: the person who is earning up to $12,000 a year.

Prior to the increases we are making now, that working man has already had the feeling that he was paying more than his share. He already knows that this tax is not progressive. He does not understand exactly what it is, but I think when he gets a $21 a month increase in the money that he has to pay, he is going to get the message loud and clear.

We were struggling in Florida one time with a tax, and one sage old fellow stood up—he was not too articulate, but when he was speaking against that tax, which again was going to go on the working man, he said:

Some of you fellows up here that vote for this tax ain't coming back no more 'cept for a visit.

I think we do not get a reform of the system, there is going to be what some people call a taxpayers' revolt by the working man, and the guy earning this $12,000 a year is going to get some new horses. He is going to decide that the horses he has had have been riding him a little too much, and he is going to change the gait, I think, and change the horses.

I think the amendments of the Senator from Wisconsin make a lot of sense. I am delighted to be a cosponsor with him, and I hope the Senate will adopt the amendments.

Mr. NELSON. I thank the Senator from Florida.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment—No. 1610—of the Senator from Wisconsin.

Mr. NELSON. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. They have not.

Mr. NELSON. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. HART). The question is on agreeing to the amendment—No. 1610—offered by the Senator from Wisconsin (Mr. NELSON). On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Louisiana (Mrs. EDWARDS), the Senator from Oklahoma (Mr. HARRIS), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Rhode Island (Mr. PELL), the Senator from Virginia (Mr. SPONG), the Senator from Connecticut (Mr. RIBICOFF), the Senator from New Mexico (Mr. ANDERSON), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I also announce that the Senator from Wyoming (Mr. MCGEE) is absent on official business.

On this vote, the Senator from New Hampshire (Mr. MCINTYRE) is paired with the Senator from Rhode Island (Mr. PELL).

If present and voting, the Senator from New Hampshire would vote "yea" and the Senator from Rhode Island would vote "nay."

I further announce that, if present and voting, the Senator from Louisiana (Mrs. EDWARDS), would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BAKER,), the Senator from Delaware (Mr. BOGGS), the Senator from Nebraska (Mr. CURTIS), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), the Senator from Ohio (Mr. SAXBE), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Nebraska (Mr. CURTIS), the Senator from Oregon (Mr. HATFIELD), and the Senator from Texas (Mr. TOWER) would each vote "nay."

The result was announced—yeas 21, nays 52, as follows:

[No. 531 Leg.]

YEAS—21

Bayh	Gravel	Mondale
Burdick	Hart	Moss
Byrd, Robert C.	Hughes	Muskie
Cannon	Jackson	Nelson
Chiles	Magnuson	Proxmire
Cook	Mansfield	Symington
Fulbright	Miller	Williams

NAYS—52

Aiken	Fannin	Pearson
Allen	Fong	Percy
Beall	Gambrell	Randolph
Bellmon	Griffin	Roth
Bennett	Gurney	Schweiker
Bible	Hansen	Scott
Brock	Hartke	Smith
Brooke	Hruska	Sparkman
Buckley	Inouye	Stafford
Byrd, Harry F., Jr.	Javits	Stennis
Case	Jordan, N.C.	Stevens
Cooper	Jordan, Idaho	Stevenson
Cotton	Long	Taft
Cranston	Mathias	Talmadge
Dole	McClellan	Thurmond
Dominick	Montoya	Weicker
Ervin	Packwood	Young
	Pastore	

NOT VOTING—27

Allott	Edwards	McIntyre
Anderson	Goldwater	Metcalf
Baker	Harris	Mundt
Bentsen	Hatfield	Pell
Boggs	Hollings	Ribicoff
Church	Humphrey	Saxbe
Curtis	Kennedy	Spong
Eagleton	McGee	Tower
Eastland	McGovern	Tunney

So Mr. NELSON's amendment (No. 1610) was rejected.

Mr. YOUNG. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. YOUNG. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

SEC.—(a) Section 402 (a)(7) of the Social Security Act is amended by striking out the comma and the language which follows "such aid," up to but not including the semicolon.

(b) Section 402(a)(8)(A)(ii) of such Act is amended by striking out "in the case" and all that follows through "such income for such month" and by inserting in lieu thereof the following: "in the case of the earned income of a dependent child not included in clause (i), a relative receiving such aid, and any other individual (living in the same home as such relative and child) whose needs are taken into account in making such determination, the first $60 (or, if such individual is not working at least 40 hours per week, or at least 35 hours per week and earning per week an amount at least equal to 40 times the hourly minimum wages specified in section 6(a)(1) of the Fair Labor Standards Act of 1938, the first $30) of such earned income for such month, plus one-third of the next $300 of such income for such month, plus one-fifth of the remainder of such income for such month, except that (i) reasonable child care expenses (subject to such limitations as the Secretary may prescribe in regulations) will first be deducted before computing such individual's earned income."

Mr. YOUNG. Mr. President, this amendment would restore a provision in the committee bill dealing with dependent children. There are some cases which the welfare boards would like to get off the rolls. This is recommended by Mr. T. N. Tangedahl, acting executive director of the Department of Social Services of North Dakota. He cites several examples. I will read one case which he thinks should be taken off the rolls, but because of the present law he cannot do so.

Case No. 4 is a mother and three children. She was receiving $300 per month AFDC. She was eligible for food stamps and all medical care. She secured employment paying $927.34 per month. Under present law she continues to be eligible for an AFDC payment of $22 per month, plus food stamps, plus all medical assistance.

This is on case of the four cases he cites. I could read on.

Mr. LONG. Mr. President, it is not necessary for the Senator to read on. We are persuaded that he is right. We understand the amendment. We agreed to it in the committee, and I feel that it should be agreed to. I do not think there would be any votes against it.

Mr. YOUNG. Mr. President, I ask unanimous consent to have printed in the RECORD a portion of Mr. Tangedahl's letter, starting with page 3, "Modification of Federal Statutes Which Require States To Continue AFDC Payments When No Need Exists," together with other related material.

There being no objection, the excerpt and the material were ordered to be printed in the RECORD, as follows:

3. *Modification of Federal statutes which require States to continue AFDC payments when no need exists.*

In the last five years both our caseload and expenditures have approximately doubled in the AFDC program. There undoubtedly are numerous contributing causes, such as the dramatic increase in the number of divorces and legal separations in North Dakota, along with a relatively recent decision of the U.S. Supreme Court ruling that all stepchildren are potentially eligible for AFDC. In our opinion, however, the major reason for the increase in caseload and expenditures is the result of a law enacted by Congress which requires us to provide AFDC payments to families where there is no need. Some persons refer to the "earned income disregard" provisions of Section 402 (a) (8) (ii) of Title IV of the Social Security Act as a work incentive; some refer to these provisions as inadequate. We consider them as outrageous in a program based on *need.*

Some years ago a lack of employment opportunities for mothers with children had a direct affect on our caseload. Since Congress amended Section 402 (a) (8) (ii) of Title IV of the Social Security Act we are unable to close AFDC cases even though the mother secures employment. A conservative estimate places the present number of employed AFDC caretakers, usually the mother, at 900 or 22% of the AFDC caseload. We believe at least half of these cases should be closed. We have selected some cases at random to illustrate the situation, and are enclosing copies of current budgets.

Case No. 1 is a mother and two children. She was receiving $245 per month AFDC. She was eligible for food stamps and all medical assistance. She found employment with a gross salary of $446.33 per month. Under present law she continues to be eligible for $148 per month AFDC, plus food stamps, plus all medical assistance.

Case No. 2 is a mother with one child. She was receiving $190 per month AFDC. She was eligible for food stamps and all medical assistance. She secured employment at a monthly salary of $516.53. Under present law she continues to be eligible for an AFDC payment of $102 per month, plus food stamps, plus all medical assistance.

Case No. 3 is a mother with three children. She was receiving $300 per month AFDC. She was eligible for food stamps and all medical care. She secured employment paying $548 per month. Under present law she continues to be eligible for an AFDC payment of $175 per month, plus food stamps, plus all medical assistance.

Case No. 4 is a mother and three children. She was receiving $300 per month AFDC. She was eligible for food stamps and all medical care. She secured employment paying $927.34 per month. Under present law she continues to be eligible for an AFDC payment of $22 per month, plus food stamps, plus all medical assistance.

Prior to the amendment referred to above, which was enacted by Congress, we would have closed these four cases. Under present law we are required to make AFDC payments and as a result this also increases our medical assistance costs. We think this situation compounds inequity. Our only response to comments and criticisms is that the payments must be made according to a law enacted by Congress. Some people still believe that Congress would not enact such laws. To us it seems ridiculous that a mother with three children, earning $927 per month, must be found eligible for an AFDC payment, plus food stamps, plus all medical assistance. We strongly recommend that this Section of the Social Security Act be amended. We have suggestions if anyone is interested.

Sincerely yours,

T. N. TANGEDAHL, ACSW,
Acting Executive Director.

STANDARD REQUIREMENTS AND BUDGET PLAN "BUY NORTH DAKOTA PRODUCTS"

HOUSEHOLD——CASE NUMBER——

SCHEDULE 1.—LIVING IN HOUSING UNIT

	Circle number of persons in assistance unit										
A.	1	2	3	4	5	6	7	8	9	10	over 10 (+)
B. Basic requirements	$125	$190	$245.00	$300	$340	$375	$400	$420	$435	$450	(1)
C. Special need [2]			100.00								
D. Total			345.00								
E. Less total net income (line 4C)			197.02								
F. Net need and grant			147.98								
AABD (——)											
AABD (——)											
AFDC (——)			148.00								

SCHEDULE 4.—COMPUTATION OF NET INCOME

A. Earned income:		B. Other income:	
1. Total gross earned income	[3] $446.33	1. OASDI benefits	——
2. Deduct appropriate earned income exemption ($30 and ⅓)	169.00	2. ——	——
3. Deduct earned income expenses:		3. ——	——
(a) Standard employment allowance	20.00	4. ——	——
(b) Withholding taxes	31.10	5. Add: Total other income	
(c) Social security deductions	23.21	C. Total net income (A5 + B5)	$197.02
4. Total earned income deductions (Lines 2 + 3a + 3b + 3c) plus $6 union dues			
5. Net earned income (A1 minus A4)	197.02		

Date —— Worker's signature ——

[1] Add $10 per person over 10.
[2] "Special need" portion of schedule 1 to be used only under conditions prescribed in sec. 3 of this charter.

[3] Remarks: $446.33 plus $148 equals $594.33; plus commodities, plus medical care.

SCHEDULE 1.—LIVING IN HOUSING UNIT

A.	Circle number of persons in assistance unit: 1	2	3	4	5	6	7	8	9	10	over 10 (+)
B. Basic requirements	$125	$190.00	$245	$300	$340	$375	$409	$420	$435	$450	(1)
C. Special need [2] child care		130.00									
D. Total and transportation		320.00									
E. Less total net income (line 4C)		218.26									
F. Net need and grant		101.74									
AABD (——)											
AABD (——)											
AFDC (——)		102.00									

SCHEDULE 4.—COMPUTATION OF NET INCOME

A. Earned income:		B. Other income:	
1. Total gross earned income	[3] $516.53	1. OASDI benefits	——
		2. ———	——
2. Deduct appropriate earned income exemption	192.00	3. ———	——
3. Deduct earned income expenses:		4. ———	——
(a) Standard employment allowance	20.00	5. Add total other income	——
(b) Withholding taxes	58.90		
(c) Social security deductions	27.37	C. Total net income (A5 + B5)	218.26
4. Total earned income deductions (lines 2+ 3a+ 3b+ 3c)	298.27		
5. Net earned income (A1 minus A4)	218.26		

Date ——— Worker's signature ———

[1] Add $10 per person over 10.
[2] "Special need" portion of schedule 1 to be used only under conditions prescribed in sec. 3 of this chapter.
[3] Remarks: Plus medical care, plus surplus commodities.

SCHEDULE 1.—LIVING IN HOUSING UNIT

A.	Circle number of persons in assistance unit: 1	2	3	4	5	6	7	8	9	10	over 10 (+)
B. Basic requirements	$125	$190	$245	$300.00	$340	$375	$400	$420	$435	$450	(1)
C. Special need [2] child care				108.00							
D. Total				408.00							
E. Less total net income (line 4C)				233.32							
F. Net need and grant				174.68							
AABD (——)											
AABD (——)											
AFDC (——)											

SCHEDULE 4.—COMPUTATION OF NET INCOME

A Earned income:		B. Other Income:	
1. Total gross earned income	[3] $548.00	1 OASDI benefits	——
		2 ———	——
2. Deduct appropriate earned income exemption ($30 and ⅓)	−$202.67	3 ———	——
	21.92	4 ———	——
3. Retirement program—Deduct earned income expenses:		5 Add: Total other income	
(a) Standard employment allowance	20.00		
(b) Witholding taxes	41.60	C Total net income (A5+B5)	233.32
(c) Social security deductions	28.49		
4. Total earned income deductions (lines 2+3a+3b+3c)	314.68		
5. Net earned income (A1 minus A4)	233.32		

Date_____ Worker's signature_____

[1] Add $10 per person over 10.
[2] "Special need" portion of schedule 1 to be used only under conditions prescribed in sec. 3 of this chapter.
[3] Remarks: Food stamps pays $88 for $112 plus medical care. She just bought a new car.

SCHEDULE 1.—LIVING IN HOUSING UNIT

A.	Circle number of persons in assistance unit: 1	2	3	4	5	6	7	8	9	10	over 10 (+)
B. Basic requirements	$125	$190	$245	$300.00	$340	$375	$400	$420	$435	$450	(1)
C. Special need [2] child care				107.50							
D. Total				407.50							
E. Less total net income (line 4C)				385.67							
F. Net need and grant				21.83							
AABD (——)											
AABD (——)											
AFDC (——)				22.00							

SCHEDULE 4.—COMPUTATION OF NET INCOME

A. Earned income:		
1. Total gross earned income		[3] $927.34
2. Deduct appropriate earned income exemption	329.11	
Mandatory united fund contribution	5.50	
3. Deduct earned income expenses:		
(a) Standard employment allowance	20.00	
(b) Withholding taxes	138.85	
(c) Social security deductions	48.21	
4. Total earned income deductons (lines 2+3a+3b+3c)		541.67
5. Net earned income (A1 minus A4)		385.67
B. Other income:		
1. OASDI benefits		—
2. ———		—
3. ———		—
4. ———		—
5. Add: total other income		none
C. Total net income (A5+B5)		385.67

Date ——— Worker's signature ———

[1] Add $10 per person over 10.
[2] "Special Need" portion of schedule 1 to be used only under conditions prescribed in sec. 3 of this chapter.
[3] Remarks: Plus medical care, $88 for $112 food stamps.

The PRESIDING OFFICER (Mr. HART). The question is on agreeing to the amendment of the Senator from North Dakota (Mr. YOUNG).

The amendment was agreed to.

Mr. SPARKMAN. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

At the end of the bill, add the following new section:

SEC. —. If as a result of the provisions of this section 511 of this Act, the rental charge for a family which occupies a low rent housing dwelling unit assisted under the United States Housing Act of 1937 would be increased, the required adjustment in the family's rental charge will be accomplished as follows:

(1) On the first day of the twelfth month immediately following the month in which this section becomes effective, the family's monthly rental will be increased by an amount equal to one-half the additional amount of rent which would be required; and (2) on the first day of the twenty-fourth month following the month in which this section becomes effective, the family's monthly rental charge will be increased to the full amount of the rental charge required. Notwithstanding any other provision of Federal law or regulations thereunder, a public agency shall not reduce welfare assistance payments to any tenant or group of tenants in low rent housing as a result of the provisions of this subsection which postpone the imposition of the full amount of any increase in rental charge.

Mr. LONG. Mr. President, we have examined this amendment. It has been studied by the staff and also by the Senator from Massachusetts (Mr. BROOKE) and those of us who are managing the bill and we think it is a good amendment and should be agreed to by the Senate.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama (Mr. SPARKMAN).

The amendment was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER (Mr. HART). The Chair recognizes the Senator from Oklahoma (Mr. BELLMON).

The Chair would like to explain that when the Chair got up here there was a list. So, on occasions, it has been convenient but at other times it has been frustrating. Periodic consultations have modified the list. As long as the present occupant of the Chair is here, there is going to be no list. The Chair will respond to the first Senator addressing the Chair.

The Senator from Oklahoma.

Mr. BELLMON. Mr. President, I should like to say that I have been standing here for quite a long time waiting to get recognized.

I have an amendment at the desk which I ask be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

At the end of the bill, insert the following new section:

SEC. — Part D. of Title IV of the Social Security Act, as added by this Act, is further amended, effective February 1, 1972, by adding after Section 458 the following new section:

"SEC. 459. The Child support collection or paternity determination services established under this part shall be made available to any individual not otherwise eligible for such services under the proceeding sections of this part upon application filed by such individual with the Attorney General or, if a State or political subdivision has a program approved under Section 454, with such State or political subdivision as may be appropriate. Any costs incurred by the Attorney General (or by a State or political subdivision) in furnishing such services shall be paid by such individual by deducting such costs from the amount of any recovery made.

Mr. LONG. Mr. President, the Senator's amendment would allow a mother not on welfare to use the mechanisms provided in the bill to require a runaway father seeking to avoid his duty to his family, to support their children.

The idea of the amendment is, rather than make the mother become a welfare client she could have the assistance of the government in obtaining support from the runaway father.

I hope that the Senate will agree to this amendment.

Mr. BELLMON. Mr. President, I should like to thank the distinguished chairman for his eloquent explanation of my amendment and would like to congratulate him and his committee for the fine work they have done in helping to stop this business of increasing the AFDC load because of runaway fathers.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma (Mr. BELLMON).

The amendment was agreed to.

Mr. CHILES. Mr. President, I call up my two amendments at the desk, and ask unanimous consent that they be considered en bloc, and that the reading thereof be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; the amendments will be considered en bloc and will be printed in the RECORD at this point.

The texts of the two amendments are as follows:

On page 581, line 6, insert immediately before the period the following: "or otherwise permanently residing in the United States under color of law".

At the end of Part A, Title 5 of the bill, add the following new section:

"SEC. —. Meaning of "permanently residing in the United States under color of law"; for the purposes of this act and any provision of the Social Security Act amended by this Act, the term "alien permanently residing in the United States under color of law" shall include an alien refugee who is lawfully present in the United States as a result of the application of the provisions of section 203 (a) (7) or section 212(d) (5) of the Immigration and Nationality Act".

Mr. CHILES. Mr. President, I introduce these two amendments on behalf of my colleague, Mr. GURNEY, and myself. They simply make clear in the bill that it would not detract from the right to benefits of Cuban refugees, of which 12,000 reside in Florida. They are receiving benefits presently under the existing system, but there has been some question as to whether, under this bill, they would be eligible. These amendments would make clear that they are eligible.

The staffs of the distinguished chairman and the ranking minority member of the committee have seen these amendments. If there is no objection, I should like to have them agreed to.

Mr. GURNEY. Mr. President, these amendments which we are introducing at this time are designed to prevent a great and unintended economic hardship being placed upon the people of Dade County, Fla.

I know that the Finance Committee and its distinguished chairman did not intend this result, however, the effect of the limiting language concerning aliens which appears in the next to the last paragraph on page 466 of the committee report does just that.

Florida has about 12,000 refugees from Communist Cuba within its borders who are either over 65 years of age, blind, or disabled. At my request, HEW has provided an estimate that the payments for these individuals are about $18 million per year.

Mr. President, the Cuban refugee program is one of Federal responsibility and the State of Florida should not be required to bear the cost of that commitment alone. The categories of eligibility must, in all fairness, be amended to include these political refugees.

It was the Federal Government that established, under four successive administrations, the policy of opening this country's doors to refugees from Castro's tyranny. This policy was formalized dur-

ing the preceeding administration by President's Johnson's personal actions and by international agreement.

Moreover, under international protocols of general application, the United States has agreed to accord refugees staying in its territory equal treatment. If these amendments are not approved, the State of Florida, and Dade County will be forced to pay for programs which ought to be supported by the Federal Government. I am sure that this is not what the Members of this body want.

It is clear where the responsibility for these individuals lies and I urge my colleagues to support these two amendments.

Mr. LONG. Mr. President, we have no objection to the Senator's amendments.

The PRESIDING OFFICER. The question is an agreeing to the amendments en bloc of the Senator from Florida (Mr. CHILES).

The amendments were agreed to en bloc.

AMENDMENT NO. 1613

Mr. ROTH. Mr. President, I call up my amendment No. 1613 and ask that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, further reading of the amendment will be dispensed with and it will be printed in the RECORD at this point.

The text of the amendment is as follows:

At the end of title V of the bill, add the following new section:

TREATMENT OF CHILD'S SOCIAL SECURITY BENEFITS UNDER SUPPORT REQUIREMENTS

SEC. . (a) Section 152 of the Internal Revenue Code of 1954 (relating to definition of dependent) is amended by adding at the end thereof the following new subsection:

"(f) CHILD'S SOCIAL SECURITY BENEFITS.—For purposes of subsection (a), child's insurance benefits received by or on behalf of an individual under section 202(d) of the Social Security Act shall not be taken into account in determining whether the individual received more than half his support from the taxpayer."

(b) The amendment made by subsection (a) shall apply to taxable years ending after the date of the enactment of this Act.

Mr. ROTH. Mr. President, this amendment is cosponsored by Senators BOGGS, MANSFIELD, SCOTT, AIKEN, COOPER, RIBICOFF, PACKWOOD, RANDOLPH, STEVENS, MOSS, JAVITS, DOLE, BROCK, TAFT, GAMBRELL, DOMINICK, and BEALL. It is a simple amendment.

Its purpose is to provide that social security benefits paid on or on behalf of a child shall not be taken into account in determining whether such child is receiving more than half the support from the taxpayer. The purpose is to correct what I consider to be a gross inequity in the law.

Under the present law, a parent must contribute more than half the cost of a child to claim the child as a deduction. Social security benefits paid in behalf of children of a widow or widower is considered income of the children. Consequently, the widow must be able to prove that she contributed more to the support of the child than the value of the social security benefits paid for that child. I believe this is grossly unfair to widows or widowers of low income.

Let me illustrate and this is a true case. A widow with four children received $1,900 social security benefits on behalf of the children. She worked and earned $3,000 a year. So she had a total of $4,900 to raise her children. But the Internal Revenue challenged her right to a deduction for the children because she could not prove that she contributed more than $1,900 for the care of her children.

This is a gross inequity because it discriminates against widows with low annual incomes. If a widow has a large annual income she can, of course, pass the dependency test easily. For example, if this widow has a $20,000 income instead of $3,000, she would have no difficulty at all showing that she contributed more than $1,900 for the care of her children. Furthermore, a wealthy family can hire lawyers and be in a position to prove it, but the widow with a low income is handicapped because she is not in the practice of keeping receipts, canceled checks, or the other things which she must do in order to show that she is supporting her children to this extent.

As I say, this is a true case which occurred in Delaware. We will find it is true throughout the country.

I received a letter from the widow who caused me to introduce this legislation, and I should like to read it to the Senate:

MAY 8, 1972.

Senator WILLIAM V. ROTH, JR.,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR ROTH: I am writing in an appeal for help in my problem with Internal Revenue Service. This is my story.

My husband died in 1968, leaving me with four children, ages 17 yrs, 15 yrs, and twins 2½ years. I applied for and received Social Security benefits for these children. However, I still claimed them as dependents on my Income Tax return. The problem is this: They are checking my Income Tax Return for the year 1970, because they say that since they received Social Security benefits I cannot claim them as dependents. Now, this seems a little ridiculous to me because anyone can tell you that Social Security benefits will not contribute enough income to keep an individual alone.

This is all I receive and I have never asked for anything else as far as medical, dental, or anything. I have continued to work every day, which necessitates babysitting money, which I am not wondering if it was a wise choice. My husband, being a heart patient, did not obtain the mortgage fee insurance he should have had. As a result of this, I had to give up the home we had built. I have made personal loans when the going became rough and have done the last and final thing I can do. I have sold my furniture to pay bills. I have nothing else to sell. I have borrowed the limit I feel I can repay.

The Internal Revenue Service notified me that I must substantiate that I had contributed more than Social Security benefits towards the keeping of these children. This I have tried to do as you will see by the enclosed. Cancelled checks are all I have to prove anything, since I had no idea that there was any question that I would claim them for dependents. They will not accept what I have given them as proof. I did not submit copies of cancelled checks for the whole year, but picked different months to try to show them that what I had given them was correct. I do not know what else I can do. I do know that I think I should be allowed some credit for working every day and using this money to keep my family in a home, food, clothing, heat, medication, etc.

There are only a few alternatives that I can think of: No. 1—Send all the bills pertaining to the children's upkeep to IRS, No. 2—Have the children put in a home and let them receive the Social Security on which they must be kept, No. 3—Quit work, apply for additional benefits and let the taxpayers keep all of us, or No. 4—Find the deepest river and highest bridge and take a flying leap and let the State worry about keeping the children. What would you suggest?

I only have ten days to come up with more proof for IRS, but I really at last am at my wit's end. I only know that it takes all I make plus what they receive to keep a roof on their heads, clothes on their back, food in their stomachs, insurance, and medication when they are ill.

The woman was finally able to prove her case, but she has given up claiming the children as a deduction because the burden is too great. But as I say, this part of the revenue code is a gross inequity. Instead of rewarding a woman and giving her an incentive to work, we are encouraging her to go on relief. I might say that I have checked into the amount she would obtain if she were to go on relief and it turned out that she would receive more than $5,000 a year in welfare benefits. And of course she would pay no taxes.

I say this is contrary to the purpose of H.R. 1, that is to get people back to work and taking care of their own children.

I ask the Senate to support my amendment.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. ROTH. Mr. President, I yield to the Senator from New York.

Mr. JAVITS. Mr. President, I think the Senator from Delaware (Mr. ROTH) has taken a very fine initiative. As a cosponsor of the amendment I am very grateful to the Senator from Delaware for taking the lead in helping my State and I believe all others.

I hope the amendment is agreed to.

Mr. LONG. Mr. President, the Senator is offering a tax amendment. I would plead with the Senator not to offer it at this time. Under the law, if one wants to claim a deduction for the support for his own child, he has to show that he is providing at least 50 percent of the child's support.

Let us assume that the mother is drawing social security payments for herself and is also being paid the benefits for the child. The child is getting maybe $80 from the social security system and the mother is paying about $40 of her income to support the child. So, she does not meet the 50 percent test.

The Senator would say, "Let us not count social security, so that she can deduct the $40 she is spending to support her child."

He wants to say that Congress provided the deduction and we would not deny them the tax advantage they would have had if Congress had not provided them with social security benefits.

It would not stop here. Someone else would say, "All right, here is a case involving veterans' benefits." And the Senator from Indiana (Mr. HARTKE) has demonstrated how eloquent he can be in saying that veterans are being discriminated against.

The will say we are not counting the child's income from social security for

the tax benefit, but we are holding it against the child so that he will not get the veterans' benefit. They will say that the son should get the veterans' benefit, because the father served his country. They will say that Congress meant to have him receive the benefit and did not mean to penalize him. It will be said that we are discriminating against veterans, and indeed we are.

Then someone comes up with the question of civil service retirement income and the Government insurance program. They will say that we are discriminating against our loyal Government employees and that we have to take care of them, too.

Goodness knows, I do not know where we would go with this, and these are only the examples that I think of offhand.

By the time we get through, everything that has a Government interest or a humane interest is presented to us for consideration. The next thing we know, someone will mention a private insurance plan into which the father has paid for insurance protection. It will be said that we are discriminating against the child and the father who toiled and sought to protect his family with a private insurance plan. It will be said that we do not want to discriminate against thrift and family responsibility and that we should not count the income from the private insurance that is being paid to the family.

It goes on and on and on.

Mr. President, if I thought this was an amendment to which we could agree at this point, I would be willing to do it. However, I hope that the Senator will let us study this matter and see if we can take care of the very meritorious cases without setting a precedent that will come back to plague us again and again and without having the argument made to us that we are discriminating against widows, veterans, and people who work for the railroads and against private enterprise.

If we pass this amendment, some of these things will come back to plague us. It will be said that the Senate voted for this and must have known what it was doing, that the Senate created a precedent for which we should do for all these other people. We would set the stage for it to come back to haunt us and we will be as bad to provide tax advantages for one group or another until it goes on indefinitely. I think the Senate ought to pursue its own orderly processes and give us an opportunity to consider this, which is a tax amendment, as a tax matter. I assure the Senator that if the Senator would respect our position and not be insistent about it at this time, we would consider the amendment and resolve it in a way that would not lead to the consequences that I fear.

Mr. ROTH. Mr. President, I feel that this is a grave injustice. I feel very strongly that it is wrong for us to leave on the books legislation that has the opposite effect of what we are trying to accomplish by welfare reform; that is, to get people to go back to work.

I think it is an unbelievable injustice for social security benefits, under these circumstances, to count as income of the children. And the unreal thing about it is that the widow or widower who has adequate income does not suffer in these kinds of circumstances because she can easily show that she has enough income to provide more than half of the support of the child.

I ask you how can a widow with only $3,000 income of her own demonstrate that she has given more than $1,900 which she receives in social security benefits for the care of her four children.

I believe we are putting an impossible task upon this widow. I think the current law disillusions people as to the equity of our laws; it helps make people lose confidence in the fairness of our Government. In fact, it runs counter to the whole purpose of the welfare reform we all seek.

I understand that 3 or 4 years ago similar legislation was offered and passed the Senate, but it was not agreed to in conference. I am not interested in going through the exercise of trying to make a point on the floor. I am interested in correcting what I think is a fundamental inequity in law. I think it is time that we stood up to this, and not do it on the basis of how it affects other provisions.

It is my understanding, Mr. President, that while other programs such as railroad retirement or veterans' survivor benefits could be in the same category, and frankly I would be happy to accept a perfecting amendment to include them, it nevertheless is my understanding, that veterans' survivor benefits take in consideration social security benefits, so it pretty much washes out.

From the standpoint of cost it will not be as much as some claim because many widows and widowers are not aware that they are not entitled to dependency exemptions because of social security benefits.

I think this is a situation that we should not postpone indefinitely but we should try to correct now in justice to those who are trying to do the right thing and who are willing to work to take care of the children and not go on relief.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware.

Mr. ROTH. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. LONG. Mr. President, I move that the amendment be laid on the table. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Delaware. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Texas (Mr. BENTSEN), the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Louisiana (Mrs. EDWARDS), the Senator from Oklahoma (Mr. HARRIS), the Senator from South Carolina (Mr. HOLLINGS), the the Senator from Minnesota (Mr. HUMPHREY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. McGOVERN), the Senator from New Hampshire (Mr. McINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Rhode Island (Mr. PELL), the Senator from Connecticut (Mr. RIBICOFF), the Senator from California (Mr. TUNNEY), and the Senator from Mississippi (Mr. EASTLAND) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. McGEE) is absent on official business.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PELL) would vote "yea."

On this vote, the Senator from Louisiana (Mrs. EDWARDS) is paired with the Senator from Connecticut (Mr. RIBICOFF). If present and voting, the Senator from Louisiana would vote "yea" and the Senator from Connecticut would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BAKER), the Senator from Delaware (Mr. BOGGS), the Senator from Nebraska (Mr. CURTIS), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), the Senator from Ohio (Mr. SAXBE), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Oregon (Mr. HATFIELD), and the Senator from Texas (Mr. TOWER) would each vote "nay."

On this vote, the Senator from Nebraska (Mr. CURTIS) is paired with the Senator from Delaware (Mr. BOGGS). If present and voting, the Senator from Nebraska would vote "yea" and the Senator from Delaware would vote "nay."

The result was announced—yeas 31, nays 43, as follows:

[No. 532 Leg.]

YEAS—31

Bellmon	Gurney	Muskie
Bennett	Hansen	Nelson
Bible	Hart	Pastore
Byrd, Harry F., Jr.	Hartke	Proxmire
Byrd, Robert C.	Hruska	Randolph
Cotton	Jordan, N.C.	Stennis
Ervin	Jordan, Idaho	Talmadge
Fannin	Long	Weicker
Fulbright	McClellan	Williams
Gravel	Miller	Young
	Mondale	

NAYS—43

Aiken	Dominick	Percy
Allen	Fong	Roth
Bayh	Gambrell	Schweiker
Beall	Griffin	Scott
Brock	Hughes	Smith
Brooke	Inouye	Sparkman
Buckley	Jackson	Spong
Burdick	Javits	Stafford
Cannon	Magnuson	Stevens
Case	Mansfield	Stevenson
Chiles	Mathias	Symington
Cook	Montoya	Taft
Cooper	Moss	Thurmond
Cranston	Packwood	
Dole	Pearson	

NOT VOTING—26

Allott	Edwards	McIntyre
Anderson	Goldwater	Metcalf
Baker	Harris	Mundt
Bentsen	Hatfield	Pell
Boggs	Hollings	Ribicoff
Church	Humphrey	Saxbe
Curtis	Kennedy	Tower
Eagleton	McGee	Tunney
Eastland	McGovern	

So Mr. LONG's motion to lay on the table Mr. ROTH's amendment was rejected.

Mr. LONG. Mr. President, so far as I am concerned, every Senator who voted against the motion to table I presume would vote for the amendment and, to save the Senate's time, I ask unanimous consent to vacate the order for the yeas and nays, and I am willing to accept the amendment by a voice vote.

The PRESIDING OFFICER (Mr. INOUYE). Is there objection to the request of the Senator from Louisiana? Without objection, it is so ordered.

The question is on agreeing to the amendment (putting the question).

The amendment was agreed to.

Mr. MONDALE. Mr. President, I send an amendment to the desk and ask unanimous consent that its reading be waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. MONDALE, for himself, Mr. JAVITS, Mr. RIBICOFF, Mr. CRANSTON, and Mr. BUCKLEY, is as follows:

At the end of the bill add the following:

CHILD CARE SERVICES

SEC. —— In order to provide financial assistance under section 403(a)(3) of the Social Security Act for child care services meeting the requirements of section 1130(a)(2)(A) of such Act (in addition to any funds which may be made available for such purposes from the State's allotment under section 1130(b)(1) of such Act), there are authorized to be appropriated $800,000,000 each for the fiscal year ending June 30, 1973, and for the succeeding fiscal year.

(b) From the sums appropriated under subsection (a) of this section, the Secretary of Health, Education, and Welfare shall allot to each State—

(1) an amount which bears the same ratio to 50 per centum of the sums so appropriated as the population of such State bears to the total population of all of the States; and

(2) an amount which bears the same ratio to 50 per centum of the sums so appropriated as the number of children in families receiving payments under title IV of the Social Security Act in such State bears to the total number of such children in all of the States.

(c) The Secretary shall reallot the amount of any State's allotment under this section which will not be required for the period for which such allotment is available to any other State which he determines has need thereof.

(d) For purposes of this section, the term "State" means any one of the fifty States, the District of Columbia, or Puerto Rico.

(e) Not withstanding any other provision of this Act, the provisions of section 431 and section 433(b) of this Act shall not be effective until such date as the Congress shall designate to subsequent legislation.

(f) Section 422 of the Social Security Act is amended by inserting at the end thereof the following new subsections:

"(c) The Secretary is directed to establish appropriated procedures to ensure that no child shall be the subject of any research or experimentation under this title (other than routine testing and normal program evaluation) unless the parent or guardian is informed of such research or experimentation and is given an opportunity as of right to except such child therefrom.

(d) Nothing in this Act shall be construed or applied in such a manner as to infringe upon or usurp the moral and legal rights and responsibilities of parents or guardians with respect to the moral, mental, emotional, or physical development of their children. Nor shall any section of this Act be construed or applied in such a manner as to permit any invasion of privacy otherwise protected by law, or to abridge any legal • • •

Mr. MONDALE. Mr. President, this amendment is offered by myself, the junior Senator from New York (Mr. BUCKLEY), the senior Senator from New York (Mr. JAVITS), and the senior Senator from Connecticut (Mr. RIBICOFF), and the senior Senator from California (Mr. CRANSTON).

It is designed to retain the $800 million in this bill for day care but send it through the present delivery system for day care in the Department of Health, Education, and Welfare, which involves the various State departments of welfare, and in the local government systems.

The amendment would retain the new $800 million child care authorization provided in the bill, but would make these funds available for child care through the existing title IV–A program, rather than through the creation of a new Bureau of Child Care.

Thus, the amendment supports the commitment in the bill for an expansion of day-care opportunities, but proposes that a different and more familiar mechanism be used to deliver the day care authorized.

DAY CARE NEEDED

Mr. President, I want to emphasize my support for an expansion of quality day care in the pending legislation. There is a tremendous need for more day-care opportunities in this country. Half of all mothers with school-age children, and one-third of all mothers with preschool children are working today. Yet, there are fewer than 700,000 spaces in licensed day-care facilities to serve the over 5 million preschool children whose mothers work.

I commend the committee for identifying this need, and for authorizing an additional $800 million to help meet it. The concerns I expressed yesterday were directed not at the objective of expanding day care, but solely at the mechanism proposed to provide this additional day care.

TITLE IV A PROPOSAL

That is why my amendment retains the commitment to authorize an additional $800 million for day care. And that is why it retains unchanged section 432 authorizing grants to States for establishment of model day care. While I believe very deeply that we need comprehensive child development legislation to provide a coordinated approach to day care and child development efforts, I do not believe we can overlook interim steps such as this while we await enactment of a more complete proposal.

Thus, our amendment would authorize an additional $800 million for child care under the existing title IV–A program in the Social Security Act, in addition to the $2.5 billion presently authorized under title IV–A for all social services, including child care. It would distribute these funds among the States according to a formula based 50 percent on population, and 50 percent on AFDC recipients in order to target it on areas of greatest need.

It would provide the Secretary of Health, Education, and Welfare with authority to reallocate funds from States which will not use their entire allocation to States which would use more than their allocation. And it would be subject to the existing standards and requirements for title IV–A programs, including the Federal Interagency Day Care Standards.

Shifting the proposed $800 million authorization from a Bureau of Child Care to the existing title IV–A program—as we propose—would meet the concerns I have raised about the Bureau. By using an existing program, it would not add confusion and further fragmentation to the system of Federal assistance to child care. By retaining the Federal-State-local partnership arrangement in title IV–A it would not bypass the other levels of government or create a system with total Federal control. By avoiding a new and inadequate set of standards with respect to adult-child ratios and parent participation, it would be governed by the existing interagency day care standards now applicable to all federally assisted child-care programs.

Mr. President, I believe this amendment provides a more reasonable and more familiar framework through which to provide the additional and desperately needed funds for day care authorized in the committee bill.

This amendment, it seems to me, is essential——

Mr. LONG. Mr. President, would the Senator be willing to agree to a time limitation?

Mr. MONDALE. I think I will in a few minutes. I am waiting for the Senator from New York (Mr. BUCKLEY) to arrive. Then I think we can enter into a time limitation, because I am anxious to dispose of this amendment quickly. At this time I yield to the Senator from Illinois (Mr. STEVENSON).

Mr. STEVENSON. Mr. President, I ask unanimous consent that during the debate on the amendments to H.R. 1 a member of the staff of the Committee on Labor and Public Welfare, Mr. Basil Condos, be granted the privileges of the floor.

Mr. LONG. Mr. President, reserving the right to object, is the Senator asking for the whole staff or just one member?

Mr. STEVENSON. I named Basil Condos of the Labor and Public Welfare Committee staff.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. MONDALE. I am glad to yield.

Mr. DOMINICK. I just want to make sure about this amendment. During the debate on the child care bill having to do with the day care centers, I put in an amendment, as to which I had a big argument with the Senator from Minnesota, and finally prevailed on it, to let them go through the States where they could be prime sponsors, along with everybody else. Do I understand the Sen-

ator's amendment, if amended, would make sure this circle would be retained, instead of going directly from the Government to the welfare mother?

Mr. MONDALE. The Senator is correct. My amendment is very similar to the Dominick amendment which the Senator offered some months ago. The Bureau of Child Care which is set forth in this measure establishes a permanent new Federal office, which does not now exist, and permits it to run day care centers anywhere in the country, in any fashion it wishes, with no involvement of State or local government. The Bureau can completely disregard State departments of welfare, and probably will. There is no requirement that they do so. It is not even mentioned in the measure. It can completely disregard county and local governments. It ignores the present system, and sets up an entirely new delivery system. There is no allocation State by State. One State could get all of the $800 million set out in this amendment. In addition to that, there are no real adult-child standards set forth. The so-called standards in this bill require that there can be no fewer than eight or 10 children per staff member. Real standards are just the opposite, require no more than a certain number of children per adult.

I know the Senator from New York (Mr. BUCKLEY), who will speak shortly, thinks that this——

Mr. DOMINICK. Mr. President, will the Senator yield further?

Mr. MONDALE. I yield.

Mr. DOMINICK. The Senator's amendment would do what? What would the Senator's amendment be in place of?

Mr. MONDALE. It would provide $800 million to be used in the present delivery systems established with HEW and the State Departments of Welfare, in the present way the day care under title IV-A of the Social Security Act is delivered.

Mr. DOMINICK. I am glad the Senator brought that out. What I do not want to do is set up a whole new agency to take care of that program.

Mr. MONDALE. I would like to make one further comment to the Senator from Colorado. I believe the Senator from New York (Mr. JAVITS) will shortly be reading a letter from the Secretary of Health, Education, and Welfare in which he very clearly opposes the committee's approach.

Mr. LONG. Mr. President, will the Senator yield?

Mr. MONDALE. I yield.

Mr. LONG. Mr. President, I would urge Senators to remain on the floor during the debate on this amendment. It should be brief. One of the worst things is for Senators to hear the initial presentation, walk out and not hear the other side of the argument, and then spend years explaining why they did not understand the other side of the argument. This is an important amendment. I do not agree with the Senator's argument. I would like Senators to hear the committee's reasons why this amendment should not be agreed to. I hope Senators will hear both sides of the argument. I think the Senator's argument should be heard, and so should the position of the committee be heard.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. MONDALE. I yield.

Mr. JAVITS. I agree with the Senator from Louisiana and hope Senators will listen to the opinion of the Secretary of Health, Education, and Welfare, who ought to know something about this. He says, in a letter dated October 4, of which copies are being distributed to all Senators, the following:

The Committee bill would establish a Bureau of Child Care within the proposed independent Work Administration. The powers and duties of the child care bureau would be essentially the same as those of the Child Care Corporation which Chairman Long offered on the parallel bill in the 91st Congress.

We would oppose these provisions just as we opposed them in 1970. We prefer instead the child care provisions in the House-passed version of Title IV, which would provide the Secretary of Health, Education, and Welfare with the authority to bring together in a single system all federally-assisted child care, with priority to children of families assisted under the workfare provisions of the Family Assistance Plan. As I have repeatedly testified before a number of committees, we believe it is essential to develop a single, primary system for the delivery of all federally-assisted day care and child development services rather than further fragmenting the already highly disorganized and fragmented existing child care resources. In addition, the Administration prefers the House-passed version because it would place in HEW the responsibility for developing national standards for assuring the safety and quality of all federally-assisted child care services. We also favor inclusion of parents of children in such a system in advisory councils.

I ask unanimous consent that the letter be printed in the RECORD.

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

WASHINGTON, D.C.,
October 4, 1972.

Hon. JACOB K. JAVITS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR JAVITS: Thank you for your letter of Friday, September 29, requesting the Administration's position on the Child Care provisions of H.R. 1 as reported to the Senate by the Committee on Finance.

The Committee bill would establish a Bureau of Child Care within the proposed independent Work Administration. The powers and duties of the child care bureau would be essentially the same as those of the Child Care Corporation which Chairman Long offered on the parallel bill in the 91st Congress.

We would oppose these provisions just as we opposed them in 1970. We prefer instead the child care provisions in the House-passed version of Title IV, which would provide the Secretary of Health, Education, and Welfare with the authority to bring together in a single system all federally-assisted child care, with priority to children of families assisted under the workfare provisions of the Family Assistance Plan. As I have repeatedly testified before a number of committees, we believe it is essential to develop a single, primary system for the delivery of all federally-assisted day care and child development services rather than further fragmenting the already highly disorganized and fragmented existing child care resources. In addition, the Administration prefers the House-passed version because it would place in HEW the responsibility for developing national standards for assuring the safety and quality of all federally-assisted child care services. We also favor inclusion of parents of children in such a system in advisory councils.

With kindest regards.

Sincerely,

ELLIOT RICHARDSON,
Secretary.

Mr. JAVITS. I ask the Senator this question——

Mr. LONG. Mr. President——

Mr. JAVITS. Mr. President, the Senator has yielded to me and I would like to complete our argument, if I may.

Mr. LONG. Will the Senator yield for just one moment?

Mr. JAVITS. Let me complete the thought, then I will be happy to yield. The Senator knows I would never cross him, but I really want to complete the point.

Mr. LONG. I do not mind the Senator completing any point he wants to complete, but I would like to get a time limitation agreement, so that both sides would have an equal amount of time.

Mr. JAVITS. Can the Senator hold that a minute? That can come after I have completed as well as before.

Will the Senator from Minnesota tell me whether and to what extent, and how, his amendment differs from that adopted by the other body on this subject?

Mr. MONDALE. We do not create a new system. We retain the present title IV system. The letter from the Secretary of Health, Education, and Welfare makes the same point I made, that this new corporation that would be established under the pending bill goes completely outside the present delivery system, completely ignores the States, completely ignores the local governments, and sets up an entirely new organization with no standards.

I would like to add to the letter the Senator has read a letter which I received from the National Governors Conference, signed by Mr. Jensen, in which he opposes the establishment of this bureau. It says, among other things:

There is a total lack in the proposal of a presumed role for States in planning and administering child care programs. This is a serious deficiency in the proposal and is totally contrary to the policy position of the National Governors' Conference.

Mr. JAVITS. Will the Senator yield again?

Mr. MONDALE. I yield.

Mr. JAVITS. How does the amendment conform to the criteria the Secretary has stated?

Mr. MONDALE. In the sense that it turns the administration over to the Department of Health, Education and Welfare under the present delivery system.

May I also add that this proposal for establishing this separate bureau is also opposed, in addition to the administration and in addition to the National Governors' Conference, by the League of Cities, and the Council of Mayors, by the National Association for the Education of Young Children, the Child Welfare League, the Day Care and Child Development Council of the American Acad-

emy of Pediatrics, and the Children's Lobby.

I would now like to yield——

Mr. JAVITS. Before the Senator yields, will he yield to me again?

Mr. MONDALE. I yield.

Mr. JAVITS. Let us get clear on this Governors' conference proposition. Do the Governors take the same position the Secretary of Health, Education and Welfare does on this subject?

Mr. MONDALE. That is corrcet.

Mr. JAVITS. That is clear?

Mr. MONDALE. Yes. I ask unanimous consent that the letter from the National Governors' Conference opposing the creation of the corporation be printed in the RECORD at this point.

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

NATIONAL GOVERNORS' CONFERENCE,
Washington, D.C., October 4, 1972.

Senator WALTER MONDALE,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MONDALE: I appreciate your request for an analysis of the impact on States if the provision, as contained in the Senate Finance Committee's version of H.R. 1, to establish a Bureau of Child Care is enacted.

The National Governor's Conference has adopted the following policy statement regarding child care programs as related to welfare reform legislation:

"Provide for adequate day care programs for children of parents who are working or in training programs with provisions for a central state role and a comprehensive state plan, and which would not bypass States in the administration of such programs."

In analyzing the Senate Finance Committee's proposal in establishing the Bureau of Child Care, we would like to make the following comments:

1. We seriously question whether there is sufficient federal level knowledge of state or local conditions or the desirability as related to other licensing activities to justify the proposed federal preemption of all state or local health, fire, safety, sanitary, or other requirements with respect to facilities providing child care.

2. There is a total lack in the proposal of a presumed role for States in planning and administering child care programs. This is a serious deficiency in the proposal and is totally contrary to the policy position of the National Governor's Conference.

I hope that these comments will be useful to you.

Sincerely,

ALLEN C. JENSEN,
Special Assistant.

Mr. MONDALE. I have promised to yield to the distinguished junior Senator from New York (Mr. BUCKLEY).

Mr. BUCKLEY. I thank my colleague from Minnesota.

Mr. President, I have become tremendously interested in this whole problem of child care. I did an extraordinary amount of research into the literature and the studies, and have talked with some of the experts, in trying to build up the case for torpedoing the proposal offered by my distinguished senior colleague (Mr. JAVITS) and by the distinguished Senator from Minnesota (Mr. MONDALE), because I thought that the child development legislation was too ambitious, going too far, and the system would harm the children.

But I believe that the distinguished Senator from Minnesota and I agree, as a result of what we have read in common, that the experience abroad and the experience and studies at home demonstrate that unless the quality and standards of day care, especially that given to very young children, is of the highest order, the chances for serious, real damage are too large to be ignored.

I therefore have joined in endorsing the amendment we are now discussing, and it includes a couple of provisions that I have recommended, for the simple reason that we have established, in existing legislation, a modus vivendi, we have established procedures for working through the States, we have established safeguards, and I think it would be dangerous to ignore those and to set up this statutory warehousing approach, when we could channel the children of welfare recipients through the existing structure and make sure that we have insured that limitation of the number of children per supervisor which we are told by every expert is critical, especially to those under 4 years of age.

I therefore urge the adoption of the amendment.

Mr. MONDALE. I thank the Senator from New York, and I gratefully acknowledge his role in helping us to better understand the potential damage—permanent, disastrous damage—that can be visited upon preschool children if they are placed in environments that are custodial, understaffed, and unsupportive.

First of all, I think we all understand the best place for a young child or infant is with his parents in a healthy home. Everyone agrees with that. But if the parents work, or if the family, for some reason, is broken down so that the normal functions of a healthy family cannot be performed, and there must be a substitute day care program, every expert we heard from said, "For crying out loud, make sure it is a good one, supportive, strong, and when you are dealing with the youngest infants, make sure there is a very low staff ratio, maybe only one staff person to three, in order to deliver the kind of substitute care that offers help."

The Senator from New York has made that point very clear, and I want to say the bureau proposed here has no real standards whatsoever, and no government, not even the State or local government, will be able to intervene to protect the little children.

I yield to the Senator from Pennsylvania.

Mr. SCOTT. I thank the Senator.

Mr. President, I think the record ought to be very clear that Senators are not discussing the issue of whether there should or should not be child care, or whether anyone in this body would for one moment deny the best possible solution of a very vexing problem. The only question is how to provide the best child care for those who justly, reasonably, and rightly should have it.

What is most persuasive to me, as a Senator, of anything I have heard yet, is to have another Senator, namely, the junior Senator from New York, say that his research at the beginning was devoted to the purpose of finding reasons to oppose this proposal, this amendment, but, having done more research, I suspect, than almost any of us, having pursued all the avenues, he comes out at a different exit from that which he expected to come out, and finds himself, therefore, able to give his full and generous support to the amendment.

That is very persuasive to me, and I thank the Senator for giving me a chance to make this observation.

Mr. MONDALE. I thank the Senator from Pennsylvania.

I should say that if the distinguished floor manager wishes to propose a time limitation agreement, he may do so.

Mr. LONG. Mr. President, after those talking for the amendment have used up 25 minutes, if it is all the same, we will just take our turn when we can obtain recognition and explain our side without any limitation.

Mr. MONDALE. I yield to the Senator from Wyoming. If he cares to have the floor in his own right, I will be glad to yield the floor.

Mr. LONG. Mr. President, I would hope that the Senator would yield and let us speak on the bill's side for a while.

Mr. MONDALE. I yield.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. LONG. Mr. President, when we approached this problem of day care 2 years ago, the answer seemed very simple. If you wanted to seek a solution to a situation in which a mother wanted to work, she could be provided day care and could take a job and support the family. It all seemed very simple. Why not do that? Instead of paying the $2,400, for example, to a mother with a family of three, for doing nothing, why not just provide a day care center for the child and let the child be in the day care center while the mother took a job at $2,400 or more than that. Why not just let the mother earn something and put the child in a day care center?

That all seemed fine, and it seemed like a fine answer, until we discovered that these people, in wanting to seek such child development and a fulfillment of all the things that one could desire for the child, had worked it out so that the cost of day care for one child would exceed what the administration was proposing to support the whole family.

For example, the administration was proposing a level of $2,400 for a family of four. How much do you think it was proposed to pay for day care for just one child? $2,400. Now it is $2,700, going to $3,000. So it would cost more to put one child in a day care center than it would to support the whole family of four, which would cause one to say, "Just forget about the day center."

If Senators want to get the other side of the argument, they should just talk to their own secretaries. For example, take the best secretary in my office, a lady who is as well qualified to be a U.S. Senator as I am. She was Scott Lucas' secretary when she came here from the State of Illinois. She was the shorthand champion and the typing champion of the State of Illinois, and she is one of the best secretaries on the Hill. As a

mother, she provided for her children when her husband died.

She said:

That cost of day care is ridiculous. I could take you to good day care centers in Washington, D.C., where you can provide day care for your child at a hundred dollars a month while you're working to earn a living for the family. At that rate, you could provide for three children, at the price those people would have you pay for one. That's ridiculous.

Then they passed a bill to establish some standards for day care. They got their standards so high that now the $2,400 is hardly enough to provide the care. They are violating their own standards because to comply with the standards would cost at least $2,400 a year, and they dare not obey the law that has been passed.

They passed themselves a bill for all this kind of child development that they could advocate, with all these lovely garden club groups and one thing and another. The people who advocate this type of care do not have the problem for the most part. They are thinking about how somebody else should do it, and they are going to make full use of all the psychologists, and all the psychiatrists, and all the social workers, and everything the mind of man can think of, to give full development to the child. And what do they achieve? They get a bill worked up in that fashion and get it sent to the White House, and it is vetoed, because it started out costing $2 billion and wound up costing $20 billion. The President sent it back to them with a veto message. They are still at war with the President today for vetoing that day care proposal.

It is all right with me if those who advocate the soup-to-nuts day care approach would spend as much as they can get. But they keep sending their day care proposals down and getting them vetoed and finding fault with the President, as though he is not interested in little children. Meanwhile, the mother cannot get a job because she cannot find day care.

This is what one of our experts in this matter told us. He said it appears that the main thing wrong with day care is that there is not enough of it, and the main reason why there is not enough of it is that it costs too much.

I discussed this problem with Ronald Reagan, who I think is a pretty knowledgeable man on these problems, and this is the way he put it to me:

I wouldn't suggest that you just put a child on a playground, in a sandbox; not at all. I would propose that you provide an adequate number of people to look after the child, have some entertainment, some recreation, some playing for the child to do; and, having done that, that you would provide for the child that way, and it would learn as much that way as in the home with the welfare mother. I would not advocate that you load the place down with psychiatrists, child development specialists, and so forth.

Senators heard the Senator from Minnesota say that he would like to have one person supervising every three children. That is pretty expensive, if you are going to pay a good wage, especially for a person qualified in child psychology, who has a college degree—one for every three children. It would cost a fortune. We cannot afford all that.

So here is our approach. We said, "If you fellows want to provide $2,400, $3,000 or $5,000 per year for a child, more power to you. If you can get your business together with the administration and you can provide all these fine, educational opportunities, great."

I think it is said that a child learns half of what he is ever going to learn before he is 5 years old. He has learned how to find his foot with his hand, and he has learned that this hand can touch this hand; that the fingers are attached to his hand, and so forth—all sorts of things he needs to know. I think it is fair to conclude that if he did not learn that at age one, he would learn it by age three. In any event, he would have found it out before he reached maturity.

Mr. President, our approach was that if you look at what mothers are actually doing—keep in mind that 45 percent of mothers are working to help support their families. Look at what those mothers are doing, those who are paying their own way. They are not enjoying any $2,400 day care or $3,000 day care. Most of them simply pay a neighbor to look after the child while they go out to earn some income.

We had an argument about the Tunney amendment, where a mother pays someone to come in and do some housework and look after the child while she is working. It is true that the person she is bringing in is not a college professor, but she does have someone looking after the child, and it is costing a great deal less than $2,400. They pay a neighbor or they prevail upon a relative to look after the child while they go to work. That is what people who are paying the taxes to support this elaborate day care arrangement provide for their own children.

So our approach was to say, "Great. If you can provide $2,400 a year for day care, or $3,000 a year for day care, or $5,000 a year for day care, more power to you. Go ahead and provide it, and we would advocate that every welfare mother take advantage of it, if you can find the opportunity to use it."

Perhaps it is preferred that she have the elaborate day care centers that the Senator from Minnesota advocates than to have something that costs less than that, but we could find money to provide about $800 million of day care. And we are proposing to do the one thing they have failed to do in talking about all their beautiful standards. We would provide for day care where they do not. If they can provide the $2,400 type of day care, great. The welfare mother will get that, if it is available. But suppose it is not available. We would say, "Take the $800 million; spread it across the country, to try to give every welfare mother a chance to go to work and improve the family income, if that is what she wants to do."

We want to do the best we can for the people with the $800 million. We want to provide day care where there is no day care for the mother—for a needy welfare mother who needs it and cannot get it. It would be great if she could get the $2,400, the $2,600, or the $3,000 day care. That would be great. But she cannot get it. The President cannot come into agreement with Senator MONDALE or with Senator JAVITS. They cannot get together on that. But we provide day care that she can get under this bill.

Now some people say that day care programs must bring all the parents in and they must consult and they must help in the teaching of the educational programs, and so forth. The people we are trying to help are the mothers who are so tired when they get home from work that they are in no position to go to the PTA. Still, we do offer to meet with the parents and for the parents to consult with the staff of the facilities on the development of the child and to observe from time to time the child while he is receiving care in such a facility. What more is needed? We provide in the bill for establishng standards in the day care centers, to assure adequate staffing—for example, the Bureau of Child Care could require at least one person supervising for every 10 children if this is a child care facility or a child development center.

Most States have about a 12-to-1 ratio. Thus, the Bureau could require a more favorable ratio from the parent's point of view than exists in most States today. Then we say, if there is a playground and children are running around playing tag or something of that sort, that on that basis one person can look after 25 children which is a fairly safe ratio. I think most Senators know what it is to be in school and have the teacher take the class out to the playground. You do not have to have more than one teacher doing that for 25 children. This is about the ratio which would seem appropriate.

Then we get into the question of bureaucracy. The Department of Health, Education, and Welfare does not want anyone to upset their control of these programs. And the man over there believes in the $2,400 standard. They are wedded to the situation where they are spending more money than we think should be necessary. Here we provide $800 million to provide for the people as much day care as can be provided, and we require that the day care meet minimal standards.

I was amazed when the Senator said we did not have in this provision any sort of standards for fire safety.

We were concerned about the fact of so many conflicting standards, some dictated by building material people for certain types of gutters, or material for sewage lines, and so forth and that some standards were so ridiculously high that we could not comply with them for that reason or because they were so confusing and contradictory. However, what we did write into the bill was a standard.

We wrote in a uniform standard, the National Safety Code of the National Fire Protection Association, 21st edition, 1967, as the fire standard. Now, why do we have that? Because that is the fire standard required in a nursing home. Many of the older people in those homes are not ambulatory; they do not have the power to get up and walk out of a building under their own power if fire should break out. So that is a very high standard, and a Federal standard.

If we meet that standard, that should be adequate for fire, rather than having to look at all the different local standards that might exist around the coun-

try. It should be adequate for day care purposes.

So that this is a matter of providing day care, of providing the $800 million on the basis of where the costs for a single child would not exceed the cost of supporting the entire family. In other words, the average family of four in this Nation under public welfare is getting about $2,400. The standards our friends advocate would make us spend more money than that to provide for a single child's day care. For three children, it would cost three times as much as to provide for a family on welfare, if we are thinking in terms of money—and we on the committee have to think about that. We know we have to raise the taxes to pay for these things and the Government is limited in the amount of money it can raise in the long run. And if we do not have the money we cannot put the program into effect, and the bill now is already in the serious position of probably being vetoed by the President, even though it will hurt the President during this election year, because the cost would break his budget something awful. So when we have to think about the limited resources available, we see that if we want to give mothers a chance to accept a job then we will have to use the $800 million in a program where we will not try to provide such an elaborate program that the children wind up without day care. Here is the $800 million for day care. We are trying to provide that day care for everybody rather than providing it for a favored few. We will take what we have available, establish a reasonable day care standard, and try to provide day care to all those who cannot get it.

Mr. BENNETT. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. BENNETT. My memory is not too good but it seems to me that the basic welfare allotment in the State of New York for a woman with three children is somewhere between $5,000 and $6,000.

Mr. LONG. Yes. If you include medicaid and public housing.

Mr. BENNETT. What is the money benefit?

Mr. LONG. Roughly $4,000.

Mr. BENNETT. Roughly $4,000 for a woman with three children in New York. I think that is the highest in the United States. But if we put these standards on, even in New York, this woman cannot put her three children in a day-care center unless it will be paid for entirely by Federal money and she makes no contribution to it. This is the basic problem.

I should like to add one other point: The problem the committee is trying to wrestle with is to find a practical way in which women on welfare can go to work and to make it possible for them to go to work. One of the ways, obviously, that first suggests itself is that some women might take care of their neighbor's children while the neighbors are at work and be paid for that service. Now this is with no psychiatrist and no trained nurse, but the children would be approximately in the same atmosphere as they would be if the mother stayed at home.

A lot has been made about the fact that women should not be required to go to work because it is so important that the mother stay home and take care of the children. But we are not willing to let the children live for part of the day in the same atmosphere in which they would be living if the mother stayed at home.

And we have the question fundamentally whether we want to make it possible for these women to go to work or whether we want to carry out the highest possible standard for day care then force the Government to provide that for these women who go to work.

If we expect them to pay for it, obviously they cannot because they do not earn enough to pay really for the cost of the care of one child, let alone three.

So, the effect of the amendment of the Senator from Minnesota, in my opinion, is simply to say that we do not want them to go to work. And the easiest way to prevent them from going to work would be to write the Senator's proposal into law.

Several Senators addressed the Chair.

Mr. LONG. Mr. President, I will yield in a moment. I will be glad to yield. However, I want to continue for a moment.

This is one more reason why some of the members of the Finance Committee, after studying the plan somewhat, thought it was a complete farce to expect to be able to put people to work under these conditions. We can take the city of New York, for example. From the tax point of view, they could not afford to put her to work. It would cost—even without the liberal benefits in New York—too much money. She would be getting $4,000 a year on welfare, plus the other liberal benefits that are available. However, if we want to put her to work, it will cost $7,200 for child care. It would be an enormous burden on the taxpayers to ask her to go to work.

If we take the average State, where the benefits would be $2,400 a year, it would cost three times as much for her to go to work as it would for her to stay home. So, the States would have to beg her not to go to work.

Mr. MONDALE. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. MONDALE. Mr. President, the trouble with that argument is that the average annual cost under the proposed program is not $2,400, but about $800. That is what HEW testified, taking into account the fact that two-thirds of those served would be school-aged children, and preschool programs would involve both family day care and day care centers. So, the Senator has built a straw man that he is knocking down.

Mr. LONG. That is exactly the point. As it stands now, the Department has a standard that requires the payment of $2,400. They are only spending $800. They are violating their own law. When we pass a law we should pass a law that we can comply with. The Senator wants us to pass a law that we cannot obey.

I do not know how it would be done. I would hope that we would obey our own law. The point is whether it is better to try to pursue a step that would place us out of the market and force us to violate the law or whether it makes better sense to do what we can afford to do.

Mr. HANSEN. Mr. President, will the Senator yield?

Mr. LONG. I yield.

The PRESIDING OFFICER (Mr. MUSKIE). The Senator from Wyoming is recognized.

Mr. HANSEN. Mr. President, I thank the Senator for yielding. I think we ought to consider several things.

First, in the financial condition that most American families are in, they have to recognize priorities. They cannot have the best of everything if they are going to live well, and most people in America hope to. They have to decide what it is possible for them to do. They cannot have an airplane, a new car, and take a 3-months' vacation. They have to decide what is best. If they are typical, maybe it is important to take care of their children. Maybe it is important to give them a good vacation.

People decide what are the important things.

That is what the Finance Committee tried to do in the overall problem involved here. I certainly defer to my colleagues, the junior Senator from New York and the senior Senator from New York, in recognizing that they would like to impose a high ideal. That is all well and good. We can find all kinds of psychiatrists and psychologists who will testify to the extreme importance of child development before they reach school age. But after all has been said and done, not always do the children of psychiatrists and psychologists turn out to be the best citizens.

It just so happens that tender, loving care is a pretty important ingredient, too. It could be that a child's parent who has a Ph. D. is concerned about this and is giving the child basic instructions in honesty, decency, and fairplay. That child may turn out to be a better citizen than some child who is raised in what some psychologists might feel would be the ideal environment.

We are talking about a situation that would provide enough child care services to make it possible for more Americans to work in order to take care of their families. Some will say that we must have one supervisor for every three children.

If we are to do that, I can do no better than echo the words of my chairman and agree that it is a fine ideal. However, there would not be more than one out of 100 mothers who would be able to afford these services although they might want to go to work. They will not be able to place the child in that kind of an institution. It is too expensive.

I want to say that we went through this same thing when we were talking about homes for old citizens, or as the chairman has said, people who are not ambulatory. I sat on a special subcommittee to consider what we might like to do. If we had incorporated into law all of the ideas that the experts appearing before that Special Committee on the

Aging recommended, I can guarantee the Senate that there would have been few deaths from fires; there would have been few deaths from any kind of infection or disease that could have been controlled; there would have been few deaths from accidents. In short, there would have been very, very few people in that kind of home because not one person out of 100 today needing that kind of home would be able to afford to be there.

Mr. LONG. Mr. President, would the Senator yield for a question?

Mr. HANSEN. I yield.

Mr. LONG. Mr. President, is the Senator aware of the fact that in our bill we say that insofar as there is day care available as provided for in these other programs initiated by the Committee on Labor and Public Welfare, that they will seek this care there first and they will only get the day care we are trying to provide here if they cannot get it in some other program?

Mr. HANSEN. Mr. President, the manager of the bill is precisely correct. Something else occurred to us. If we were to make it possible for the neighbors of mothers to undertake the responsibility of caring for some extra children—not many, but maybe one, two, or three—it would provide an opportunity for employment.

The chairman of the Finance Committee immediately saw the opportunity for a job that would be constructive, that would be productive, that would be helpful, that would free some other mother so that she could take a job. I think that that sort of situation has a great potential.

However, if we are going to impose standards that require one supervisor for every three children, we are going to put the cost up to $2,400. If we have the Department of Health, Education, and Welfare put its finger into this operation, I can think of no better way to make certain that it is going to fail. Why do I say that? I say that because HEW recognizes only one standard. They want to have the same wages apply in Mississippi, Arizona, and Alaska, as apply in New York and Wyoming.

What does that mean? That means that instead of paying salaries that will compare with local conditions and the cost of living in Arizona or New Mexico as contrasted with Alaska and New York, they will have a Federal standard imposed. They will have a Federal grade level. I suppose that the supervisor will get a federally set salary.

A garbage collector in New York City, as I understand it, now starts at $12,000 a year. I would point out that we could hire plenty of businessmen in some of the States in this contry for less than $12,000 a year.

We will run into that situation if we let the HEW run it. They will tell us what standards and wages they will impose. They will impose such standards on us that it will not work. I can think of no better way to defeat this proposal than to say that we should turn it over to the HEW. We will then make certain that it fails.

Mr. MONDALE. Mr. President, I have never seen so many strawmen established and then knocked down so successfully. Two-thirds of the children in day care centers are not there on a full-time basis. They cost about $800 and the 1-to-3 ratio that I referred to was only for the most tender aged infants.

Mr. HANSEN. When does the child not become a "tender aged infant"?

Mr. MONDALE. Say, age 1 or 2.

Mr. HANSEN. The Senator says "say, age 1 or 2." I asked the Senator a question.

Mr. MONDALE. That is very tender—1 or 2.

Mr. President, I yield to the Senator from Massachusetts.

Mr. BROOKE. Mr. President, I listened to the proponents of this amendment, and as pointed out by the distinguished chairman, the manager of the bill, I have listened to the persuasive arguments of the opponents of the bill. I must say I have not researched it in such depth as my distinguished colleague from New York, but I have visited many day care centers, and it is regrettable that this important piece of legislation has to come before the Senate in the waning days of the session and at 10:21 at night with so many Senators who are tired and so many Senators not in the Chamber, because it is a very vital piece of legislation.

What are we talking about? We are not talking about cars and airplanes, air fare, and all those things that have been mentioned. We are talking about children, and we are talking about children in the most formative years of their lives, the preschool years.

All the arguments that have been made are money arguments. I know we want to retain our fiscal sanity, and we have to be concerned about the cost of these major programs. But we are not concerned with merely putting a supervisor on a playground and watching the children play tag. That is what is wrong in the country today. These children are on the playgrounds, running the streets with no supervision at all, and consequently in the very early years of their lives they develop some of the habits which follow them throughout their lives.

Studies have indicated these children are not able to comprehend, they are not able to learn, they are slow readers, and when they go to school as our committee found out when we had exhaustive hearings on this subject, they fall far behind and they never catch up. They are doomed at birth and it keeps perpetuating itself so that generation after generation we have hundreds of thousands of children who are growing up in the jungle, who are let run loose like wild animals without a real opportunity to learn so that when they get to school they are completely unable to cope with the educational process.

Now, what kind of parents are we talking about? We are not talking about advantaged or educated parents. In the main, we are talking about poor, disadvantaged parents who themselves have not had the benefit of education. So what does that child get when he goes home? He has been in a day care center, with no supervision as he plays tag; some have psychiatric problems, some have psychological problems, and some have grave need for psychiatric and psychological care at that early age. So if we would provide these services it would help us down the road when we do not have to bother with the children who would become dope addicts, criminal offenders, and all the other myriad of social problems that come as a result of unattended children.

Two of the most important programs we have had, and they have been successful, are Headstart and the day care centers. As has been pointed out by the distinguished proponent of this proposal, you talk about $2,400 and going to $3,000, but in the main most of them are getting $800 for the care of two children. What kind of care can you give that one child for $800? It is hardly any care at all. They are sometimes worse off in that situation than they are at home.

Again, we are concerned with children who in many instances come from fatherless homes, so when they go home they have no paternal supervision at all, as pointed out by my distinguished colleague from Wyoming, or the distinguished manager of the bill; the mother has been working all day; she is tired when she gets home, and she has perhaps four or five teenage children to cope with; she does not have the reserve of energy to even give supervision or any guidance to this preschool age child who is in a day care center. So we are talking about something much more than just dollars and cents. We are talking about the future of this country because we are going to continue to have thousands and hundreds of thousands of children run wild in the streets of this Nation, and we are going to perpetuate all the social ills we have today. They are going to be multiplied over and over again, and we are going to compound our problems. We are not adding money to this bill; we are asking for a distribution formula. I wish to ask the Senator from Minnesota if that is correct.

Mr. MONDALE. If the Senator will yield, the difference is this. Under both the committee bill and my amendment the money which will be provided is exactly the same: $800 million. But under my amendment it would be provided under the present system which involves State welfare departments. But under the committee bill it would be provided by something no one can describe, a new bureau, not accessible to the States and not accessible to local government. And all the $800 million authorized in the pending bill could be spent in a single State.

Mr. BROOKE. And HEW made an in-depth study of it. I do not accept the charges that HEW is not knowledgeable. They are experts in the field. They have watched this day care center program and they know its strengths and its weaknesses. I have great respect for the Secretary, Elliot Richardson. He is an able administrator. I am sure he would not support this if he had not done research and if he did not believe this was the best way to do it. I think that is buttressed by the distinguished junior Sena-

tor from New York who admits initially he was opposed to the bill and he has come around because of his research.

Mr. BUCKLEY. I want to say that I voted against the bill. I will explain why.

Mr. BROOKE. Very well. That is a stronger case. He voted against the bill, and he did research and now believes this is the best way to handle it.

So I say this is very, very important legislation and I do not want to prolong the Senate on this. I think the debate is important. I have great sympathy with the charman of the committee. We all do. We know he has money problems, but we recognize the need to take care of these hundreds of thousands of young children of preschool age who need training and care, and this treatment, in many instances that they can only get in a day care center where they have these capabilities.

Mr. MONDALE. I would like to say in response that I agree. In light of the hour I wonder if the distinguished floor manager would like to agree on a time agreement of his choosing because I think at this point we are imposing on everyone and I certainly would like to agree, if he would, to a time agreement.

Mr. LONG. Mr. President, I am going to move to table, after awhile, to bring this to a vote, but I shall wait until I obtain recognition.

Mr. MONDALE. Mr. President, I yield to the Senator from New York (Mr. BUCKLEY).

Mr. BUCKLEY. Mr. President, the hour is late. I shall take only 3 or 4 minutes.

I want to point out that I voted against the child development program after I did my homework, because I do not believe in mass produced, even quality mass produced, day care for children. I am talking about children under 4. I think every study and common human experience indicate that the best place for the average child is at home, and I do not exclude women on welfare from being average. The average mother gives the affection and attention which the child needs.

If, for some reason, the mother cannot stay at home, then the next best place is to bring in a relative or place that child with neighbors, where there is a continuity of a single adult the child gets to know, where the bonds of affection are established, and where the surroundings are familiar. I believe child care for children of these ages should be reserved only in a remedial situation, in the rare case where the mother is positively a bad influence, or where she cannot find neighbors to take care of the child.

I believe the parts of the bill which encourage one mother in an apartment with children to take on two or three more is terrific. It is good. But for that situation where a given child has to be taken out of its home and away from a kind relative or a foster home or a day care family and placed in the hands of someone who has no interest in him or abuses him, or is placed in a large group where he is adequately cared for, then, if we are not going to damage that child, we have to have these extraordinary and expensive measures. Given the great danger of psychological, intellectual, and emotional damage to young children from deprived or neglectful care, we cannot afford to scrimp when providing child care arrangements.

That is why I am arguing for standards which take this into consideration, even while begin in a different camp from my distinguished friend from Minnesota and my distinguished friend from Massachusetts, as far as the desirability of day care centers as institutions and the wisdom of a massive day care program for children in general is concerned.

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. MONDALE. I yield.

Mr. BROOKE. The Senator referred to a statement which was made by the distinguished Senator from Wyoming about the mother putting her child for supervision with a neighbor and her children. But now, who is the neighbor in those instances? The Senator from New York has been in those areas. He knows what we are talking about. Is that neighbor any better qualified to take care of the child of her neighbor who is working, with her brood of four or five children, usually, and on an average, who in the main are running the streets themselves? Is that going to be the solution? Can we really in good conscience say the best system is to let the neighbor take care of the child of a neighbor who wants to work?

Mr. BUCKLEY. If that mother is the average mother with the average instincts.

Mr. BROOKE. How do we understand that? We have a problem——

Mr. BUCKLEY. I wish I had my file with me of exhibit after exhibit of people who have studied this situation with the greatest care. I think the most specific answer is in some of the European countries where they had day care centers for children—Czechoslovakia, for example—which are now discouraging it because of the experience they have had. Their experience has been that it is better to leave the mother at home or find a different situation.

Mr. BROOKE. The Senator is talking about children between the ages of 1 and 4?

Mr. BUCKLEY. Yes.

Mr. BROOKE. That is all right. I am not taking away from a mother's instinct, but do we find that in such neighborhoods?

Mr. BUCKLEY. I will credit all average mothers with mothers' instincts.

Mr. MONDALE. Mr. President, I yield to the senior Senator from New York.

Mr. HANSEN. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Minnesota has the floor.

Mr. MONDALE. First, Mr. President, I would like to say that I would hope that those Senators who have joined with me in this amendment could agree that we could end our arguments as soon as possible, so the floor manager could make his case and we could come to a vote.

Mr. JAVITS. Mr. President, I shall take only 5 minutes. I shall not duplicate what any other Senator has said, but I invite Senators who are here to look at the record.

The Senator from Louisiana (Mr. LONG) has given us no figure for day care under his system. The fact is that, whether HEW is violating its own guidelines or not, it is spending only just about what would be spent under the Senator from Louisiana's plan, or even less, and for this reason: It would provide also for $800 million, but being piped through HEW, and HEW estimated it would provide for 175,000 slots. That is less than $1,000 a slot. That is divided, $219,000 for preschool and $584,000 for after school. So, on the cash expenditure, there is not any real difference.

The second point is that much was said about one employee to three children, but is there any difference in the Long proposal? If one reads the fine print, and I generally do, at page 839 of the bill, line 5, it reads:

> Any child under age three shall be considered as two children.

Lay that beside the items of supervision, and the ratio is 8 to 1. The highest is 10 to 1. That is 1 to 4 supervision of a child under 3, or 1 to 5.

What is the House proposal? From 3 to 8 years, 1 to 5; 4 to 6 years, 1 to 7; 9 to 14 years, 1 to 10.

One other point, again looking at the record: The committee has very nobly and very generously set forth the purpose of its title. Let us see if the purpose of this title sounds any different from the Senator from Louisiana's criticism of the purpose of HEW:

> It is therefore the purpose of this title to promote the availability of adequate child care services throughout the Nation by providing for the establishment of a Bureau of Child Care which shall have the responsibility and authority to meet the Nation's unmet needs for adequate child care services, and which, in meeting such needs, will give special consideration to the needs for such services by families in which the mother is employed or preparing for employment—

And here it is—

> and will promote the well-being of all children by assuring that the child care services provided will be appropriate to the particular needs of the children receiving such services.

This child care, I might tell the Senator, under this definition, is likely to be more gold plated than which the Senator is accusing HEW of doing and which it is not.

The whole point is that the committee does not trust HEW. It is not that the Senator from Minnesota (Mr. MONDALE) and I are in conflict with the President. If we were in conflict with the President, would the Secretary of Health, Education, and Welfare write us as being for our position and not for the committee's position? That is the whole point.

The reason why we have, with Senator BROOKE's views, with Senator MONDALE's views, and with Senator BUCKLEY's views, proposed this amendment is that it makes more sense to do this through a single agency that is doing it anyway and which is thoroughly experienced. There is every good reason for doing

what we propose in the amendment, and not for doing it any other way.

I deeply believe this is one amendment that truly makes sense if we are going to do the job we have to do, and that the Senate ought to adopt it.

Mr. President, I would like now to present a statement of our basic position in respect to this proposal, in terms of the elements involved.

Our amendment would strike from the committee bill section 431 which would add to the Social Security Act a new title XXI for Child Care and establish a new "Bureau of Child Care" to administer the program; the new title contains an authorization of $800 million for fiscal year 1972 and "such sums" for years thereafter.

In lieu of the completely new program contemplated under title XXI, our amendment would provide a special authorization for child care in the amount of $800.0 million for each of the fiscal years 1973 and 1974, to be administered through the existing social services program conducted under title IV A of the Social Security Act.

We submit that now that implementation of comprehensive welfare reform will be delayed it is inappropriate to launch a new comprehensive program through an essentially new agency and that the interim authority which we propose is needed.

THE COMMITTEE PROPOSAL

Mr. President, unlike the Ribicoff and administration backed provision of H.R. 1, the committee proposal is not merely an effort to provide a new quotient of child care to deal with the problem of welfare dependency.

The committee proposal is in fact, nothing less than a comprehensive proposal for child care throughout the Nation for all children.

Section 2101(b) of the proposed new title states as its purpose:

To promote the availability of adequate child care services throughout the Nation by providing for the establishment of a Bureau of Child Care which shall have the responsibility and authority to meet the Nation's unmet needs for adequate child care services, and which, in meeting such needs will give special consideration to the needs for such services by families in which the mother is employed or preparing for employment, and will promote the well-being of all children.

Mr. President, as a comprehensive proposal for child care throughout the Nation it must not be adopted.

Its formulation is inimical to each of the basic criteria outlined by the 1970 White House Conference on Children.

It proposes a plan contrary to the administration's own general criteria for a comprehensive child care system and it is in fact opposed by the administration.

It is duplicative and inconsistent with S. 3617, the Comprehensive Headstart Child Development and Family Services Act of 1972, which passed the Senate only 3 months ago by a vote of 73 to 12 and is now awaiting House action.

THE 1970 WHITE HOUSE CONFERENCE ON CHILDREN

The 1970 White House Conference on Children identified the establishment of a comprehensive system of child care as the No. 1 priority and took pains to elaborate on the central elements of any system to be established.

The Conference statement was very explicit:

We recommend that the Federal Government fund comprehensive child care programs, which will be family centered, locally controlled, and universally available with initial priority for those whose needs are the greatest. These programs should provide for active participation of family members in the development and implementation of the program. These programs—including health, early childhood education, and social services—should have sufficient variety to ensure that families can select the options most appropriate to their needs.

Mr. President, the committee proposal offers virtually none of these essential elements.

First in terms of comprehensiveness, it is quite clear that there will be no guarantee that the programs to be provided under the new title will be comprehensive in nature; that is, provide as options early childhood education, health and other essential items.

The statement of purpose refers to the promotion of the well-being of all children and appropriateness for the particular needs of the children receiving such services, but there is little provision for the essential ingredients of health and other services which would insure full attention to the needs of children, as opposed to the needs of working parents.

The committee bill does not indicate that educational, health and other services will be provided by the Child Care Bureau to children whose parents request them; in fact, the report at page 446, goes out of its way to say the educational components will be hard to find under the title.

In view of the considerations discussed above, the committee bill does not require that all child care arranged for by the Bureau of child care be educational in nature, nor does it require a formal educational component. However, in arranging for a child's care the Bureau would first have to see if a place is available under a child development program under other legislation, if the parent prefers this type of care.

Mr. President, this distinction between "child development" and "child care" is false. The fact is that no legislation requires education in any case, but that all authorities recognize education as a component that should be available under any child care program.

President Nixon, commenting upon the child care provisions contained in the House-passed H.R. 1 has said:

The child care I propose is more than custodial. This Administration is committed to a new emphasis on child development in the first five years of life. The day care that would be part of this plan would be of a quality that will help in the development of the child and provide for its health and safety, and would break the poverty cycle for the new generation.

Second, rather than local control, the committee bill envisages a system of child care from the top down virtually ignoring the contribution which the States, counties and cities have made and should continue to make in this essential area.

Section 2103 charges the Bureau with an obligation to arrange for child care services in the various communities in each State.

Virtually no provision has been made for local decisionmaking or involvement.

But even more critically the establishment of yet another agency outside the Department of Health, Education, and Welfare—which has been responsible for administration of most child care programs to date—exhausts any hope of integration and coordination of programs at the local level.

At the present time, the Department of Health, Education, and Welfare—having concern over the Nation's children—administers approximately $800 million in funds for child care programs; through the Headstart program, the social services program, WIN, day care and educational sources.

We should be bringing these sources together and not adding yet another centralized layer to the child care bureaucracy.

S. 3617, the Comprehensive Headstart, Child Development and Family Services Act of 1972 would provide the basis for that kind of consolidation and coordination through its system of State and local prime sponsors and in fact that bill contains coordination provisions which I worked out with the Committee on Finance.

The committee's bill would merely add to the confusion by establishing a new Bureau of Child Care.

In so doing, it would seem to collide with President Nixon's action in 1969 in establishing the Office of Child Development in the Department of Health, Education, and Welfare; while all HEW child care programs are not administered by that office, it does provide a possible future basis for coordination.

Mr. President, with respect to family involvement, the committee bill lacks any sense of the participation of parents or even their consent in the running and conduct of child care programs.

We took great care in the comprehensive legislation to meet the necessary concerns of a number of members—including my colleague Senator BUCKLEY, to insure that child care services would be provided only when requested by parents, and then under safeguards of the most careful nature.

This proposal lacks those safeguards—in fact rings of the universal care notion for which we were unfairly attacked—and beyond that fails to provide for parental involvement in programs or in decisionmaking.

THE ADMINISTRATION'S POSITION

Mr. President, for these and other reasons, the administration opposes this measure.

I ask unanimous consent that there be included at this point in the RECORD an exchange of correspondence between me and the Secretary of Health, Education, and Welfare Elliot Richardson.

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

THE SECRETARY OF HEALTH,
EDUCATION, AND WELFARE,
Washington, D.C., October 4, 1972.

Hon. JACOB K. JAVITS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR JAVITS: Thank you for your letter of Friday, September 29, requesting the Administration's position on the Child Care provisions of H.R. 1 as reported to the Senate by the Committee on Finance.

The Committee bill would establish a Bureau of Child Care within the proposed independent Work Administration. The powers and duties of the child care bureau would be essentially the same as those of the Child Care Corporation which Chairman Long offered on the parallel bill in the 91st Congress.

We would oppose these provisions just as we opposed them in 1970. We prefer instead the child care provisions in the House-passed version of Title IV, which would provide the Secretary of Health, Education, and Welfare with the authority to bring together in a single system all federally-assisted child care, with priority to children of families assisted under the workfare provisions of the Family Assistance Plan. As I have repeatedly testified before a number of committees, we believe it is essential to develop a single, primary system for the delivery of all federally-assisted day care and child development services rather than further fragmenting the already highly disorganized and fragmented existing child care resources. In addition, the Administration prefers the House-passed version because it would place in HEW the responsibility for developing national standards for assuring the safety and quality of all federally-assisted child care services. We also favor inclusion of parents of children in such a system in advisory councils.

With kindest regards,
Sincerely,

ELLIOT RICHARDSON,
Secretary.

SEPTEMBER 29, 1972.

Hon. ELLIOT L. RICHARDSON,
Secretary, Department of Health, Education, and Welfare, Washington, D.C.

DEAR MR. SECRETARY: As you know, the Senate is considering H.R. 1, the Social Security Amendments of 1972.

As reported by the Senate Committee on Finance, Section 431 of the bill would add a new title XXI to the Social Security Act establishing a Bureau of Child Care, within a new Work Administration to be formed for the administration of the welfare program contemplated under the Committee bill.

I am aware, of course, of the Administration's opposition to the welfare provisions contained in the Senate Finance Committee bill and its insistence on its own proposal, as passed by the House.

However, I would appreciate very much a statement of the Administration's position with respect to the proposed "Bureau of Child Care" and the other provisions of proposed title XXI as a separate measure.

Sincerely,

JACOB K. JAVITS.

Mr. JAVITS. Thus—while the Department may disagree on certain elements of the comprehensive bill passed by the Senate—and these can be worked out with the House—it opposes this measure as going in a basically different direction than desired.

THE PROPOSED SUBSTITUTE

Mr. President, while we do not consider the committee bill an appropriate comprehensive system, we share with the Senate Committee on Finance a recognition that additional needs should be met through the Social Security Act.

I have consistently supported an element of child care in the context of welfare reform.

The fact that the vehicle which has held this element—welfare reform—appears once again to have stalled along the road does not obviate the necessity of meeting the need which it was designed to reach.

We continue to have a dramatic rise in the number of persons receiving welfare assistance, particularly under Aid to Families With Dependent Children and we cannot merely wait until action on comprehensive welfare reform.

The Department of Health, Educaton, and Welfare estimates that it will pay a total of $7.7 billion in fiscal 1973 in cash payments to 12,479,074 persons on AFDC; this represents an increase of 1.1 billion and 1,486,188 persons above the amounts in fiscal 1972. In New York State alone, the number of AFDC recipients has jumped from 1.1 million to 1.3 million in the last 2 years and the Federal expenditures have risen by $123 million.

And so we must provide adequate child care to meet these real needs, in the interim until welfare reform can be enacted.

We propose that the same quotient of $800 million identified by the Senate Committee on Finance—incidentally only $50 million above that contained in the administration-backed House bill—be made available for fiscal years 1973 and 1974 for child care under title IVA.

Title IVA is focused on former and potential welfare recipients; the same focus generally as the proposed child care provisions under the committee bill.

And it is to be run by the Social Rehabilitation and Services Administration of the Department of Health, Education and Welfare through a system of State plans, with the localities participating, thus ensuring administrative efficiency.

Therefore, we do not have to add a new administrative organization to do the job.

Mr. President, we propose this quotient—the Committee's own quotient—as an amount addition to the $2,500,000,000 which may be available for social services generally, of which child care is a part.

The committee amendments already incorporates that agreement—which is contained in the Revenue Sharing Act—for that limit.

It is well known that under that limitation, it will be necessary for a number of States and cities to cut back on child care efforts under present law; New York City and New York State are among those which would be adversely effected.

I reserve the right to question or modify the overall limitation—as it affects so many social services—but I hope that the Senate will agree that the additional amount for child care which the committee was willing to add to general social service funds available—may best be channeled for now through the social services system under title IV-A and not through a new structure such as proposed.

The $800 million would therefore be an addition to approximately $326 million for child care to be spent in fiscal year 1973 under the social services section generally.

Mr. President, as title IV-A—like the committee proposal—allows for flexibility in the kind of child care provided in terms of family care and other forms and they vary considerably according to cost, there can be no clear estimate of the number of opportunities which would be made available with the $800 million.

However, as a guideline it may be noted that under H.R. 1—which provided a slightly lesser amount—the administration contemplated the provision of 875,000 slots, consisting of 219,000 preschool opportunities and 584,000 after-school opportunities.

Finally, I should note that this is only an interim authority—for 2 fiscal years and thus we do not wish to undermine either the need for welfare reform or comprehensive child development legislation which is still pending.

Mr. President, I ask unanimous consent that a letter from the Child Welfare League be inserted in the RECORD.

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

CHILD WELFARE LEAGUE
OF AMERICA, INC.,
October 2, 1972.

Hon. JACOB K. JAVITS,
Committee on Labor and Public Welfare,
U.S. Senate, Washington, D.C.

DEAR SENATOR JAVITS: The Child Welfare League of America believes that a very important principle regarding child care programs may be discarded during the debate of the complicated welfare legislation, H.R. 1, this week. For that reason, we would like to bring to your attention our position on parts of that legislation which relate directly to the well-being of children.

As you know, the Child Welfare League testified before the Senate Finance Committee on a number of occasions over the last months regarding our position on child care and other matters. I am attaching, for your information, a copy of our most recent testimony as it appeared in the Hearings record. Since that testimony runs to many pages, I have selected the following paragraphs from that testimony which is particularly pertinent.

First of all, we believe that there is a need for child care. Second, we believe that there is no need for the establishment of a new Bureau of Child Care in the Department of Labor. Third, we believe that child care legislation should be similar to the comprehensive child development legislation passed by the Senate and the House but vetoed by the President. Fourth, there are portions of Title XXI of H.R. 1—expanded authorizations for child welfare services and language setting up a National Adoption Information Exchange System—which we believe the Senate should pass and that we hope the Conference would retain.

Excerpts from our Feb. 2, 1972, testimony before Senate Finance follow:

"We believe that there should be adequate provision for the availability of child care in order that women on welfare who seek employment may take jobs without detriment to their children's welfare. In this sense, we agree with Senator Long that the 'availability of child care is a key element in welfare reform.' We do not believe it essential, however, to include legislative provisions for the establishment of child care programs in the welfare reform bill. Separate child care legis-

lation which provides for comprehensive programs for all children needing child care, including those receiving welfare assistance, would be preferable. A welfare reform bill might, however, include authorizations to pay for the needed child care of welfare families.

"Child care is not, in our opinion, a proper function of the Department of Labor. Child care should not be viewed primarily as a manpower device. It must be child and family-oriented to ensure that the child's welfare comes first. Therefore, the Department of HEW is the more logical department to administer child care programs. Expertise with respect to the services required for these programs is, or should be, in that Department. The HEW experts in the areas of child welfare, child development, health, education and nutrition, etc., are needed to establish and administer sound child care policies.

"It also seems unnecessary, as well as administratively and economically unsound, to have duplicate systems of child care in two departments.

"We believe that child care legislation now before the Senate Finance Committee should have much in common with the comprehensive child development program passed by the Senate and House but vetoed by the President. We hope that programs of the same scope and quality of the vetoed bill will become part of all child care legislation, although there may be differences in plans for the administration and financing of these programs.

"In closing, we wish to stress the need for quality child care to help all children achieve their maximum potential so that they may emerge from childhood as healthy, secure, and productive adults. They are, indeed, the future of this nation."

Senator JAVITS, we know that the Senate agrees that our children are the future of this Nation; we hope that their votes will reflect this fact.

Sincerely,

JOSEPH H. REID.

Mr. LONG. Mr. President, I think the Senator from New York made clear that the money could not all be spent in one State, because the act provides that day care shall be provided throughout the United States.

It is our proposal, and we require in this committee proposal, that we provide day care where it was not provided by other agencies such as HEW and Headstart. By all means we have to go there if the day care is available. Otherwise, if it is not there, we will provide day care.

What is the big difference in the standards? The big difference is, Mr. President, that we do not have an educational requirement here. We would provide educational day care if we had the money to provide it, but, if we do not have the money, we have to trim our sails according to what is available so that we can fill the need for day care for these mothers.

A point has been made, Mr. President, about the cost. In many cases, States have requirements that you have to have all these additional degrees, college degrees or other degrees, in order for a person to work in a day-care center where, in most instances, what we are trying to do is just provide day care for a child from the time the child comes home from school until the time the mother can pick the child up and take him home with her. School-age children are being educated in the schools, and presumably they are being taught all their little minds can absorb during the hours in school. We are just trying to find someone to look after them and keep them out of harm's way after school, until the mother can come and pick them up at the day care center, wherever that may be.

So the education requirement which many States have and the Senators would require here is totally superfluous, if all we are trying to do is find someone to look after the child after school until the mother can pick him up.

Mr. President, I move that the amendment be laid on the table.

Mr. JAVITS. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. HARTKE). The question is on agreeing to the motion of the Senator from Louisiana (Mr. LONG) to lay on the table the amendment of the Senator from Minnesota (Mr. MONDALE). On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SPARKMAN (after having voted in the affirmative). Mr. President, on this vote I have a pair with the Senator from Connecticut (Mr. RIBICOFF). If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." Therefore, I withdraw my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Texas (Mr. BENTSEN), the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Louisiana (Mr. EDWARDS), the Senator from Oklahoma (Mr. HARRIS), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Rhode Island (Mr. PELL), and the Senator from Connecticut (Mr. RIBICOFF) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE) is absent on official business.

On this vote, the Senator from Louisiana (Mrs. EDWARDS) is paired with the Senator from Rhode Island (Mr. PELL). If present and voting, the Senator from Louisiana would vote "yea" and the Senator from Rhode Island would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BAKER), the Senator from Delaware (Mr. BOGGS), the Senator from Nebraska (Mr. CURTIS), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

Also, the Senator from Connecticut (Mr. WEICKER) and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

If present and voting, the Senator from Texas (Mr. TOWER) would vote "yea."

On this vote, the Senator from Nebraska (Mr. CURTIS) is paired with the Senator form Oregon (Mr. HATFIELD). If present and voting, the Senator from Nebraska would vote "yea" and the Senator from Oregon would vote "nay."

The result was announced—yeas 26, nays 47, as follows:

[No. 533 Leg.]

YEAS—26

Allen	Cotton	Jordan, Idaho
Bellmon	Ervin	Long
Bennett	Fannin	McClellan
Bible	Fong	Randolph
Brock	Gambrell	Stennis
Byrd, Harry F., Jr.	Gurney	Stevens
Byrd, Robert C.	Hansen	Symington
Cannon	Hruska	Talmadge
	Jordan, N.C.	Thurmond

NAYS—47

Aiken	Hart	Pastore
Bayh	Hartke	Pearson
Beall	Hughes	Percy
Brooke	Inouye	Proxmire
Buckley	Jackson	Roth
Burdick	Javits	Saxbe
Case	Magnuson	Schweiker
Chiles	Mansfield	Scott
Cook	Mathias	Smith
Cooper	Miller	Spong
Cranston	Mondale	Stafford
Dole	Montoya	Stevenson
Dominick	Moss	Taft
Fulbright	Muskie	Tunney
Gravel	Nelson	Williams
Griffin	Packwood	

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Sparkman, for

NOT VOTING—26

Allott	Edwards	McIntyre
Anderson	Goldwater	Metcalf
Baker	Harris	Mundt
Bentsen	Hatfield	Pell
Boggs	Hollings	Ribicoff
Church	Humphrey	Tower
Curtis	Kennedy	Weicker
Eagleton	McGee	Young
Eastland	McGovern	

So the motion to lay on the table was rejected.

Mr. MONDALE. Mr. President, I move to reconsider the vote by which the motion was rejected.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LONG. Mr. President, in view of the fact that the majority of the Senate did not see fit to table, I assume that the majority wants to vote for this amendment, and I would urge that we have a voice vote on the amendment.

Mr. MONDALE. Mr. President, normally I would demand a rollcall vote; but in light of the time and in light of the large margin, I would ask my cosponsors to agree to a voice vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SCOTT. Mr. President, yesterday

evening I voted against the Roth-Long amendment for several reasons, one of which was the administrative problems this so-called test would create and another, the almost unbelievable costs of conducting such a test. Because I thought Senators should have a more detailed analysis of what the effects of this amendment will be if it is enacted into law, I asked the Secretary of Health, Education, and Welfare to prepare a summary for me.

I ask unanimous consent that Secretary Richardson's letter outlining the reasons for the administration's opposition to this amendment be printed in the RECORD.

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

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE,
Washington, D.C., October 5, 1972.

Hon. HUGH SCOTT,
U.S. Senate,
Washington, D.C.

DEAR SENATOR SCOTT: In response to your request, I would be glad to explain why I oppose the provisions of the Long-Roth amendment added to H.R. 1 by the Senate yesterday.

First, the Administration would oppose a test amendment even if it stood alone. Tests of the kind this amendment would involve would delay real reform for at least five years, as I explained in the letter I sent each Senator on October 2. Results are available from already-completed and ongoing tests. The pattern we see in these tests, which I feel will be duplicated in any additional testing, reflects the inexactness and controversy which inevitably attach to social experimentation.

The Long-Roth amendment, however, goes far beyond testing and contains provisions which would effect substantial permanent changes in this Nation's welfare system, changes which I believe are both expensive and undesirable. Together these provisions would cost at least $5 billion and perhaps as much as $6.5 billion more than current law projections. By way of comparison, the entire family welfare reform contained in the House-passed version would cost approximately $3 billion more than current law.

For example, the Bellmon provision of the Long-Roth amendment for State fiscal relief could cost almost $1.5 billion in fiscal 1973. Beyond this the 10% Social Security rebate will cost over a billion dollars a year. The wage supplement is estimated to cost almost $2 billion a year.

Furthermore, numerous changes which the Long-Roth amendment would make in existing programs would severely restrict the authority of the Secretary of HEW and cause major administrative problems. Some of the provisions concerning deserting parents and child support, while certainly well-motivated, raise serious questions of administrative feasibility and the protection of individual rights. The chld care provisions of the bill would establish a sweeping new system which would further fragment the already high disorganized and fragmented existing child care resources.

In short, the Long-Roth amendment would enact into law welfare proposals broader in scope and more costly than any since 1967. While we have agreed with some of the principles involved, such as coverage of the working poor, we cannot agree with the chaotic and costly manner in which they have been assembled.

With kind regards,
Sincerely,

ELLIOT L. RICHARDSON,
Secretary.

Mr. MATHIAS. Mr. President, when the distinguished Secretary of HEW, Eliot L. Richardson testified on July 21, 1970, before the Senate Finance Committee on behalf of the administration's welfare reforms proposal, then called the Family Assistance Act of 1970, he observed that—

> This Administration did not enter office determined to put into effect the specific kinds of welfare reforms which we have proposed. Neither the philosophy of the President nor our currently-restricted budgetary situation would have permitted us to propose such revolutionary and expensive legislative initiatives unless we were convinced that they were inescapably necessary.

And, indeed, since the President first proposed his family assistance plan on nationwide television in August 1969, the American people have been bombarded with accounts centered around the failure of our present welfare system. We have heard that it is not a system at all, but a "confused clutter of many systems" from which has flowed "disparity, inequity, and inefficiency".

We have been told by the administration that the AFDC program with its 54 different programs in 54 different jurisdictions operating without national standards for benefits or eligibility ceilings, has resulted virtually in an uncontrollable drain on the Federal Treasury.

Indeed, the current system has been indicted by the administration for—

Its notorious redtape, paternalism, and endless paperwork, which places social caseworkers in the role of policemen.

Reaching only 34 percent of the poor children in the country.

Making it possible for a man on welfare who does no work at all to be economically better off than a man who works full time.

Providing social tension with ominous racial overtones because current AFDC recipients are about 50 percent nonwhite—while the working poor—those who are excluded from help are about 70 percent white.

Providing wrong-way incentives—incentives which encourage men who are employed part-time to keep their work effort limited and not seek full-time employment—incentives which encourage families to dissolve and couples not to marry.

As a result of all these deficiencies, our society pays a lot—in economic, human, and spiritual terms—but gains very little.

In reporting out its welfare reform proposal, H.R. 1, the House Ways and Means Committee noted the alarming rate at which the AFDC caseloads size and maintenance costs have mounted—32.1 and 36 percent, respectively—less than a year and a half after the President's initial welfare message to Congress was submitted in August 1969

The Senate Finance Committee report on the social security amendments observed further that—

> The number of recipients under (AFDC) program has more than doubled since January 1968, and the need to pay for AFDC has forced states to shift funds into welfare that would otherwise go for education, health, housing, and other pressing social needs.

I also read with great interest the lucid description of our welfare system's failures that the Senator from Connecticut provided last week when he introduced his proposal.

We all know that most of our States are operating at tremendous deficits with public assistance being responsible for a major share. Spending and services are either being cut back or eliminated, funds are being transferred among programs, and our State legislatures are being pressured to provide supplemental appropriations.

There may be many great issues that divide us in the country, but there is one on which we can all agree: our present system of welfare is in abysmal chaos.

For 3 long years, welfare reform has been the subject of intense study and debate in the Congress and our States. We now face decisions on the subject of welfare at several levels. In each of the State capitals, local questions must be answered immediately about the level of welfare assistance in the days immediately ahead. We must decide if we want to bring about a structural reform of the present welfare system; we must decide if we shall provide fiscal relief to our States and cities. As Secretary Richardson stated recently:

> The Nation can no longer afford the luxury of talking about welfare reform but doing nothing about it. Public confidence in government itself requires that we now create a system which taxpayers can support and administrators can administer, and which effectively aids the poor.

We cannot postpone action on this critically important problem. The choices we have before us today may be difficult and unpleasant; however, they must be made. We cannot afford to perpetuate this current mess.

I commend the distinguished senior Senator from Louisiana (Mr. LONG) and his colleagues on the Senate Finance Committee for their intensive work on this problem. Their proposal reflects many long hours of thoughtful consideration and hard work. But, I am disappointed with this proposal for it fails to do what we had hoped welfare reform would do. Rather than reform the system, it would set in concrete the defects of the current program by leaving intact the inefficient State-administered AFDC system for those who are unemployable. It fails to represent the kind of decent and humane welfare reform measure that this Congress, the administration, the American taxpayers, and the poor are looking for. Accordingly, I could not support the bill reported out of the committee.

What then do we have left to consider? Frankly, Mr. President, I am perplexed. Here we have the President of the United States in favor of welfare reform, Congress and our States want reform of our welfare system, the American taxpayer is demanding that we do something about this welfare mess, and, of course, the beneficiaries or shall we say the victims of the AFDC system want to see positive changes in the welfare system. Everybody, it seems, stands behind welfare reform. Can I assume, Mr. President, that the distinct possibility of welfare reform being dropped this year has come about as a result of our 1,000 percent backing for welfare reform?

We want welfare reform so badly that we dropped the Ribicoff compromise. Our passionate desire for ridding ourselves of the present system with its "crazy quilt" of standards, disincentives to work, and incentives for family breakup is such that we have dropped the administration's proposal which ironically enough was designed to correct all that.

The distinguished chairman of the Senate Finance Committee and his colleagues on that committee have labored long and hard to find a solution to this problem—in spite of which we shall probably drop their proposal.

The subject of welfare has troubled government for thousands of years. The Romans wrestled with the problem of how much is enough and how much is too much in distributing both general aid to the poor and veterans benefits. It was the decision on these questions that Gibbon felt accelerated the decline and fall of the Roman Empire. And so, if misery loves company, we have a long record of fellow men who have been anguished by the dilemma of the poor and the states' responsibility for them and to them.

Now that we examined in detail these proposals before us, perhaps we should also have thought a little about the purpose, the scope, and the philosophy of welfare. Most people would agree that government has a duty to see that every citizen has a minimum of the necessities of life—at least enough to sustain bare existence. Some would justify this on humane or moral grounds, while cynics would say that it is done in self-interest to prevent riots and violence by the hungry, the unclothed and the unhoused.

Beyond the bare subsistence level is the area of debate. Some envision welfare as an institution in its own right, but I would prefer to think of it ideally as a process. Its goal should be like that of a flood relief program—to go out of business when its work is done.

Welfare beneficiaries should constantly have the hope that they can be liberated from welfare and should constantly be aware of the availability of assistance to learn how to break out. This, it seems to me, must be the focus of welfare.

If we in this body who truly want welfare reform can find some common ground on which we all might stand, let us agree to: Remove the faults and abuses of our present wasteful, destructive and degrading welfare system that victimizes 7 million children;

Help those who can work, find and keep work—work which fosters independence, pride, and a sense of dignity;

Provide fiscal relief for our States and local governments from this awful financial burden—a burden that has more than tripled in the last 10 years with the end nowhere in sight.

I regret that the proposals of the distinguished Senators from Connecticut and Illinois have been tabled. They are to be commended for their efforts at attempting to fashion a decent and humane reform measure.

I believe the American people do want to change the welfare system—it is still up to us to do it.

SOCIAL SECURITY AMENDMENTS OF 1972

The Senate continued with the consideration of the bill (H.R. 1) to amend the Social Security Act, to make improvements in the medicare and medicaid programs, to replace the existing Federal-State public assistance programs, and for other purposes.

Mr. CRANSTON. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. CRANSTON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

Insert at the end of section 1131 of the Social Security Act, as added by section 306 of this Act, the following new subsection:

"(c) For the purposes of this section, any increase in the standard of need made by a State after June 30, 1972, and before the certification made by the Secretary pursuant to subsection (b) of this section on account of the Social Security increase contained in Public Law 92-336, may be included in the increase in in the standard of need required by this section."

Mr. CRANSTON. Mr. President, let me say, first, without apology, that I have five amendments. Four will take no time at all. They should go very quickly, one way or the other. The fifth will take a little time, but I hope not too much.

Mr. President, earlier this week, Senator TUNNEY and I offered an amendment, No. 1619, which was graciously accepted by the distinguished chairman of the Finance Committee (Mr. LONG). I insured that recipients of aid to the aged, blind, and disabled would receive the full 20 percent social security increase intended for them by Congress.

This was accomplished by requiring the States to raise the standard of need used to determine eligibility for aid to the aged, blind, and disabled by an amount commensurate with the social security increase.

It has since been brought to my attention that the $12 increase in aged, blind, and disabled benefits recently enacted in California would not be counted in this commensurate increase—but rather, because of a technical error in the amendment adopted the other day, California would be required to enact an additional 20 percent increase in benefits—on top of the $12 increase.

This was certainly not our intention, and the amendment Senator TUNNEY and I have just sent to the desk would correct this situation.

I believe this to be a noncontroversial amendment. And I would hope the committee could accept this amendment.

Mr. LONG. Mr. President, this is a necessary modification of an amendment we accepted the other day.

Mr. CRANSTON. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

AMENDMENT NO. 1708

Mr. CRANSTON. Mr. President, I call up my amendment, No. 1708.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. CRANSTON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 574, between lines 8 and 9, insert the following:

CERTAIN INDIVIDUALS DEEMED TO MEET RESOURCES TEST

(g) In the case of any individual or any individual and his spouse (as the case may be) who for the month of December 1973 was a recipient of aid or assistance under a State plan approved under title I, X, XIV, or XVI, the resources of such individual or such individual and his spouse shall be deemed not to exceed the amount specified in sections 1611(a)(1)(B) and 1611(a)(2)(B) during any period that the resources of such individual or individual and his spouse (as the case may be) does not exceed the maximum amount of resources, as specified in the State plan (above referred to, and as in effect in October 1972) under which he or they were entitled to aid or assistance for the month of December 1972.

Mr. CRANSTON. Mr. President, this amendment is of a basically noncontroversial nature, and would simply "grandfather" in present eligibility and resources of those receiving aid to the aged, blind, and disabled. This encompasses approximately 1,500 individuals whose resources are presently within the allowable resources in their respective States, but who would be over the maximum resource "disregard" in the Senate Finance Committee version.

I stress that this covers only those individuals who presently receive aid to the aged, blind, and disabled—who resources are, under present State laws, higher than the maximum in the Senate Finance Committee bill. Of particular concern to me are those recipients of said to the blind in my home State of California, which has a resource maximum for couples receiving aid to the blind of $2,600. Under the $2,500 limit now contained in the Senate Finance Committee bill, these individuals would be forced to dispose of $100 in order to be eligible for assistance.

I would hope that the distinguished Senator from Louisiana will accept this amendment designed to help those pres-

ent recipients who would suffer unnecessary hardship under the committee bill.

Mr. LONG. Mr. President, I accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

AMENDMENT NO. 1693

Mr. CRANSTON. Mr. President, I call up my amendment No. 1693 and send to the desk a modification. It is a technical modification.

The PRESIDING OFFICER. The clerk will report the amendment, as modified.

The assistant legislative clerk proceeded to read the amendment.

Mr. CRANSTON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment, as modified, will be printed in the RECORD.

The amendment, as modified, is as follows:

On page 935, between lines 8 and 9, insert the following new section:

RECIPIENTS OF ASSISTANCE FOR THE AGED, BLIND, AND DISABLED INELIGIBLE

SEC. 513. (a) Section 402(a) of the Social Security Act is amended (1) by striking out the period at the end thereof and inserting in lieu of such period "; and", and (2) by adding at the end thereof the following new paragraph:

"(24) If an individual is receiving benefits under title XVI, then, for the period for which such benefits are received, such individual shall not be regarded as a member of a family for purposes of determining the amount of the benefits of the family under this title and his income and resources shall not be counted as income and resources of a family under this title."

(b) The amendments made by subsection (a) shall be effective on and after January 1, 1973.

Mr. CRANSTON. Mr. President, this amendment is designated to prohibit so-called double counting of recipients of aid to the aged, blind, and disabled living in AFDC households.

The amendment prohibits counting of an aged, blind, and disabled recipient, or his or her resources, who live with other recipients of AFDC assistance, in determining the amount of the AFDC assistance payment to such a family. This affects one of every 11 AFDC households, and has been included in almost every welfare reform proposal introduced in Congress.

My amendment would include this provision in title III of the bill, since title IV—the usual place for this provision—now contains the test proposal adopted by the Senate yesterday, and no longer contains the provision I am seeking to amend.

I would hope that the chairman of the Finance Committee, Mr. LONG, will be able to accept this amendment as being a necessary provision to prevent excessive assistance payments in some cases, and allow—in cases where there is an aged, blind, or disabled recipient in the household—the resources of that individual to be exempted in the computation of AFDC benefits.

The PRESIDING OFFICER. The Chair must interrupt the Senator, due to the fact that the Senator's amendment is not in order.

Mr. CRANSTON. For what reason?

The PRESIDING OFFICER. It is a part of the bill which has been locked in and is no longer open to amendment.

Mr. LONG. Mr. President, I ask unanimous consent that the amendment might be considered. I ask unanimous consent that it be modified to add it at the end of the bill.

Mr. CRANSTON. I so modify it.

The PRESIDING OFFICER. It is modified accordingly; and, accordingly the amendment is permissible and no longer is out of order.

Mr. CRANSTON. Mr. President, I have explained the amendment. It is in the chairman's hands.

Mr. LONG. Mr. President, I have some doubts about this amendment; but in view of the lateness of the hour, and rather than have long debate, I would be willing to take it to conference.

Mr. CRANSTON. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

AMENDMENT NO. 1694

Mr. CRANSTON. Mr. President, I call up my amendment No. 1694.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. CRANSTON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 569, lines 10 and 11, strike out "Each aged, blind, or disabled individual who does not have an eligible spouse" and insert in lieu thereof "Each blind or disabled individual, and each aged individual who does not have an eligible spouse".

On page 569, line 29, strike out ", blind, or disabled".

Beginning on page 584, line 22, strike out all through page 585, line 5, and insert in lieu thereof the following:

"(b) For purposes of this title, the term 'eligible spouse' means an aged individual (who is not blind or disabled) who is the husband or wife of another aged individual (who is not blind or disabled) and who has not been living apart from such other aged individual for more than six months. If two such aged individuals are husband and wife as described in the preceding sentence, only one of them may be an 'eligible individual' within the meaning of section 1611 (a)."

Mr. CRANSTON. Mr. President, this amendment directs that in cases where one or both of the members of a couple receiving aid to the aged, blind, or disabled is blind or disabled, their benefits shall be computed as if both individuals were single.

Mr. President, 80 percent of the individuals receiving assistance under aged, blind, and disabled are eligible for benefits under the the aged category, and would not be affected by this amendment. But in those instances where one member of the couple is disabled or blind, the benefit level would be computed as if both members of the couple were single.

There is general consensus that the expenses of a blind or disabled person are higher—special household items and adaptive devices must be purchased—the opportunities for the other member of the couple to seek outside income are severely limited—and the costs and frequency of medical care are more extensive. The net effect of "couple" benefit levels is to provide one member with full "single" benefits and the other member with reduced benefits—in effect penalizing those people for their companionship.

I realize, of course, that the committee is limited in their ability to expand benefits to the extent that we all would like, and congratulate the distinguished chairman of the Finance Committee, Mr. LONG, and the members of the committee for the many excellent benefits they have included in the bill—but I would hope that the committee could accept this extension of benefits to those recipients of aid to the aged, blind, and disabled with the most limited opportunities to earn supplemental income, and with the highest expenses.

Mr. LONG. Mr. President, I do not think we should agree to this amendment. This would treat the disabled in a fashion better than we would treat the aged. It would then require us to avoid discrimination and do the same thing for the blind as for the disabled. As it stands now, a disabled couple will get $260 whereas under this an aged couple would get $195. But whether aged or disabled, the individual would get the same $130. This would tend to discriminate against the aged and would set the stage for others doing the same thing for the aged which would cost a great deal of money. When two people live together, as we know, the expenses are not so great as it is for people who live in two different households. For that reason, I do not think the amendment should be agreed to.

Mr. CRANSTON. The blind and the disabled have a greater need. That is the reason for this. I am ready to vote.

The PRESIDING OFFICER (Mr. HARTKE). The question is on agreeing to the amendment of the Senator from California (Mr. CRANSTON) (No. 1694).

The amendment was rejected.

AMENDMENT NO. 1707

Mr. CRANSTON. Mr. President, I now call up my last amendment, No. 1707, which I send to the desk with a modification, a technical modification, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated and the clerk will report the modification.

The legislative clerk read as follows:

Insert at the appropriate place in the bill the following new section:

"SEC. Notwithstanding any other provision of this Act (section 512 and) subsection (c) of section 452 of the Social Security Act, as added by this Act, shall not be effective until such date as the Congress shall designate by subsequent legislation."

Mr. CRANSTON. Mr. President, I ask unanimous consent that during the consideration of this amendment Mr. Richard Johnson, counsel to the Poverty Subcommittee be given the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. Mr. President, this amendment which I now submit on behalf of myself and Senator JAVITS and 24 other Senators from both sides of the aisle would nullify two provisions of the welfare reform legislation now on the floor. Both sections of the pending measure which would be postponed indefinitely—section 452(c) in part D of title IV and section 512 in part A of title V, would subvert the OEO legal services program, our system of justice, and the separation of powers among the legislative, executive, and judicial branches of Government, and would result, Mr. President, in destroying the faith of the poor in the fairness of our justice system.

SECTION 452(C)

Section 452(c) would require an agreement between OEO and the Attorney General whereby legal services attorneys would be made available to the Justice Department to serve as prosecutors and collection agents. This would place legal services attorneys in a position contrary to the purposes and intent of the legal services program as set forth by Congress in 1965. The legal services program was created "to further the cause of justice among persons living in poverty." The intent was to provide the poor with access to our courts so that they may redress their grievances peacefully within the legal and judicial system—not in the streets.

The program was founded to provide the poor with legal counsel to represent their interests and enforce their rights. It was founded to counter the image the poor have always had of the law, or as Robert Kennedy said:

> The poor man looks upon the law as an enemy, not as a friend. For him the law is always taking something away.

The legal services program has done much to change that image of the law and the lawyer. If we now turn the program into an extension of the Justice Department, or ever place these lawyers temporarily in the role of prosecutors, much of the substantive accomplishments, much—if not all—of the faith it has restored to the poor, will be destroyed.

This section also raises the most serious ethical and legal questions. Last year, the District of Columbia Court of Appeals held that under the Code of Professional Responsibility of the American Bar Association, two legal services attorneys from the same program could not separately represent both the husband and the wife in a contested matrimonial action—Borden against Borden, 277 A–2nd 89 (1971). This would most likely be true for other types of cases placing legal services attorneys on both sides of a single case. Under section 452(c) such a situation could very well arise where the missing parent is already being represented by the only legal services program in the area and the Attorney General requests the program to prosecute the same parent. This would present an impossible ethical conflict which could well result in depriving poverty clients of essential legal representation.

In addition, this section provides a most cumbersome way of achieving its goals. It provides for the Attorney General to reimburse OEO for the use of legal services attorneys in locating and prosecuting missing parents. Why not appropriate these same funds directly to the Department of Justice for additional staff for the U.S. attorney's office if it is felt desirable to pursue these individuals?

Why encumber both OEO and the Attorney General, as well as hundreds of individual legal services attorneys, with time-consuming, costly, and unnecessary, bookkeeping functions. A straight forward approach of giving the Attorney General the necessary funds to carry out his duties under the act would be more efficient and less damaging to legal services and the rights of the poor, unless, of course, the real purpose of this provision is to tie up the time of legal services attorneys so that they cannot provide counsel and legal representation to the poor.

SECTION 512

The second section this amendment seeks to nullify is section 512, which prohibits the expenditure of any Federal funds for any activity seeking "to nullify, challenge, or circumvent" and provisions of the Social Security Act or, and I stress this, "the purposes or intentions of the Congress in enacting" that act, through court action, unless approved by the Attorney General, who in turn must notify the Senate Finance Committee and the House Ways and Means Committee 60 days before any such waiver takes effect.

This section would deprive the poor of a fundamental right—exercised by anyone who can afford a lawyer—that is, to challenge the validity of laws. It also directly interferes with the delicate, but yet unique, balance of power between our legislative, executive, and judicial branches of Government. It seeks to allow the Attorney General, and the Congress, to determine whether court actions should be initiated in a particular case, based upon an incident-by-incident review process. It seems fundamentally unfair—if not clearly unconstitutional—to make the right to seek redress in court dependent on the permission of one's adversary.

If the Senate Finance Committee wishes to restrict the jurisdiction of our courts, let it request the appropriate committee to review that question, and let us consider that issue directly in separate legislation.

Moreover, if the Finance Committee wishes to achieve proper interpretation by the courts of certain substantive provisions of the Social Security Act, let Congress seek to amend those provisions with the precise language to carry out its intent. But to achieve those goals by discriminating against the rights of the poor—and by upsetting the balance of powers among our three branches—is both wrong and unnecessary.

This section also threatens a denial of equal protection and due process to the poor. The constitutional guarantee of equal protection could be violated because only the poor would be so restricted from bringing legal action to enforce their rights or to challenge the constitutionality of this particular act of Congress. Imagine a corporation having to seek the permission of the Attorney General, and waiting 2 months for congressional committees to review that question, before challenging governmental actions it considers damaging to its own existence.

A denial of due process could also be involved when the courts are clearly the only forum for the effective resolution of the matter at hand and an indigent person is denied access to such forum—*Boddie* v. *Connecticut*, 401 U.S. 371 (1971).

Finally, the ABA Canons of Ethics and Code of Professional Responsibility would certainly be violated if a lawyer cannot provide adequate and quality legal representation to his client.

Looking at what effect section 512 would have in actual practice might help to provide a better picture of why we must nullify it in this bill.

In a recent legal services case, *Carelson* v. *Remillard*, 406 U.S. 598 (June 6, 1972), a mother and her children were denied welfare benefits when the father's military allotments were too low to support them. The father was serving his country in Vietnam. The Legal Aid Society of San Mateo County sued the State of California, claiming the mother was eligible under the Federal law; namely, the Social Security Act. The current Supreme Court unanimously upheld the mother's appeal and warded her benefits. The permission to bring this case might have been denied, since the attorney general had filed an amicus brief in opposition. But clearly the merits of the case are obvious.

This illustration raises another important issue—the vagueness and breadth of the language in the provision. The intent of the committee seems to be to prevent almost all welfare-related lawsuits which it sees as "challenging or circumventing" the Social Security Act. However, not only have the courts considered many of these suits meritorious, but almost all of these suits have actually sought to enforce the act, not nullify it. It seems that the committee provision seeks to prevent only poor people from seeking enforcement of the Federal law and congressional intent by States and local governments under old-age and survivor's disability insurance, unemployment insurance, public assistance benefits and social services under the child welfare program.

The States have not had any reason to fear that Federal law would be enforced by HEW. The Assistance Payments Administration reported that as of March 31, 1972, 33 out of 54 jurisdictions with federally financed public assistance programs had, as of that time, been out of compliance with Federal law for a considerable period of time. Detailed charts were published, but not one State has been notified that sanctions or enforcement was ever being contemplated. It has fallen to legal services lawyers in recent years to enforce Federal law, including the example of the military wife I just described.

If we look to the actual text of the bill, it might seem that only those lawsuits

seeking to declare provisions of the Social Security Act as unconstitutional are restricted. I think more than that is proscribed; but that right to ask the courts to interpret the constitutionality of acts of Congress is absolutely basic to our system of government. To deprive the poor of that fundamental right is, to me, absolutely unconscionable.

Clearly, then, these two provisions should not be included in this bill. For reasons I have stated—including questions of constitutionality, the ethics of the legal profession, interference in the balance of power between the three branches of government, the lack of consideration of the effects of such legislation by the appropriate congressional committees, the damage to a successful program for the poor, the cumbersome machinery they would establish involving the Attorney General and two important congressional committees, and finally the denial of equal justice to all of our people—for all these reasons we should vote to adopt this amendment to nullify sections 452(c) and 512.

I urge my fellow Senators to adopt this amendment and in considering it, to give heed to the views of organizations which are familiar to us all and which are greatly concerned with the orderly process of justice in this country. The president of the American Bar Association, Robert Meserve, has urged us to delete these provisions. He said:

American Bar Association urges deletion of Sections 452(c) and 512 of H.R. 1 as reported to the Senate. Former Provision would force upon OEO Lawyers prosecutorial function inconsistent with professional obligations to represent the poor. Latter provision seriously limits access of the poor to courts in areas of significant concern, contravenes lawyer's ethical obligation to client, and raises question of equal protection of the laws for all our citizens. Association endorses the principle expressed by President Nixon in his statement of May 5, 1971, "The legal problems of the poor are of sufficient scope that we should not restrict the right of their attorneys to bring any type of civil suit. Only in this manner can we maintain the integrity of the adversary process and fully protect the attorney-client relationship so central to our judicial process." Urge support of Cranston-Javits amendment to strike Sections 452(c) and 512.

The Association of American Law Schools, the American Trial Lawyers Association, and the deans of many law schools have expressed their strong opposition to the provisions in the bill we are seeking to nullify. Mr. President, I ask unanimous consent that messages from these groups and individuals and certain materials pertaining to the 1969 "Murphy amendment" be set forth in the RECORD at this point.

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

TELEGRAM

Nixon in his statement of May 5, 1971, "the legal problems of the poor are of sufficient scope that we should not restrict the right of other attorneys to bring any type of civil suit. Only in this manner can we maintain the integrity of the adversary process and fully protect the attorney-client relationship so central to our judicial process". Urge support of Cranston-Javits amendment to strike secs. 452(c) and 512.

ROBERT W. MESERVE,
President, ABA.

DEAR SENATOR CRANSTON: I am writing to record the encouragement of your efforts to delete from H.R. 1, the Welfare Reform Bill, the restrictions on the performance of legal services by attorneys contained in Sections 452(c) and 512.

The Association of American Law Schools has always been concerned when the proper exercise of legal services has been threatened through restrictive legislation. This concern has most recently been expressed in the letter dated May 1, 1972 from Professor Richard C. Maxwell, President of the Association, to Senator Long, concerning restrictions in this same bill. Such restrictions would affect law students and legal education because of the many programs in law schools that involve law students in the rendering of legal services for the poor and disadvantage. Consequently, we hope that once more the efforts to avoid restrictions of the kind contained in the Sections mentioned above will be successful.

MICHAEL CARDOZO,
Executive Director, Association of American Law Schools.

DEAR SENATOR CRANSTON: The American Trial Lawyers Association endorses your efforts to remove serious restrictions from H.R. 1 which would prevent Legal Services attorneys from providing full and adequate legal representation to the poor.

Sections 452(c) and 512 raise serious questions of due process and equal protection of the laws for all people. Both sections would contradict President Nixon's statement of May 5, 1971, which said, "The Legal Problems of the poor are of sufficient scope that we should not restrict the right of their attorneys to bring any type of civil suit. Only in this manner can we maintain the integrity of the adversary process and fully protect the attorney-client relationship so central to our judicial process."

We urge passage of this amendment so that the poor can receive equal justice under the law.

JACOB FUCHSBERG,
American Trial Lawyers Association.

OCTOBER 5, 1972.

I strongly support amendment to strike sections 452(c) and 512 of H.R. 1, and fervently hope it prevails.

MICHAEL SOVERN,
Dean, Columbia Law School.
LEO O'BRIEN,
Dean, Loyola University Law School.
LANI BADER,
Dean, Golden Gate University Law School.
MARVIN ANDERSON,
Dean, Hastings College of Law.
CLINTON BAMBERGER,
Dean, Catholic University School of Law CD.C.
MURRAY SCHWARTZ,
Dean, U.C.L.A. School of Law.
EDWARD HALBACH,
Dean, Boaldt School of Law, University of Cdlifornia at Berkeley.
JEROME BARRON,
School of Law, Syracuse University.

RESOLUTION ADOPTED BY AMERICAN BAR ASSOCIATION BOARD OF GOVERNORS, OCTOBER 18, 1969

Whereas, the adoption by the United States Senate of an amendment to S. 3016 seeks to place in the hands of the Governors of the various States a power of veto over the activities of Legal Service Programs funded by the Office of Economic Opportunity.

And whereas, such power contravenes the American Bar Association's commitment to secure full and effective legal services to the poor by providing every person in our society with access to the independent professional services of a lawyer of integrity and competence;

And whereas, enlarging the scope and effectiveness of the power to veto legal services programs is highly undesirable because experience has shown that the power to veto may be used to circumscribe the freedom of legal service attorneys in representing their clients to address issues of government action or omission affecting the rights of their clients, and to discourage actions which are politically unpopular or adverse to the views of the majority;

And whereas, such limitations impair the ability of legal services programs to respond properly to the needs of the poor and constitute oppressive interference with the freedom of the lawyer and the citizen;

Now, therefore be it resolved, that the American Bar Association reaffirms its position that the Legal Services Program should operate with full assurance of independence of lawyers within the program not only to render services to individual clients but also in cases which might involve action against governmental agencies seeking significant institutional change.

And, further resolved, that representatives of the American Bar Association be authorized to express the concern of the Association as to the effect of the aforesaid amendment.

LEGAL AID FOUNDATION OF LONG BEACH,
October 22, 1969.

Re Economic Opportunity Amendments of 1969.

Hon. GEORGE E. BROWN, Jr.,
Cannon Building,
Washington, D.C.

DEAR CONGRESSMAN BROWN: I am deeply concerned over the passage of Senator Murphy's amendments to S. 3016 relative to the veto power of governors over legal services programs. This amendment, if it becomes law, particularly without the safeguard of an override, will seriously affect the independence, effectiveness, and even the existence of many important legal aid and legal services programs.

Enclosed is a copy of a press release from Maynard Toll, President of the National Legal Aid and Defender Association, which contains the concerns and position of the legal aid movement and the organized bar.

I strongly urge your opposition to the Senate's action in approving Senator Murphy's amendment.

Very truly yours,
HOWARD M. VAN ELGORT,
Executive Director.

JUDGE OF MUNICIPAL COURT, LOS ANGELES JUDICIAL DISTRICT,
Los Angeles, Calif., October 21, 1969.

Hon. GEORGE E. BROWN, Jr.,
House of Representatives, Cannon Building, Washington, D.C.

DEAR GEORGE: As a member of the National Advisory Committee of the Legal Services Program I wish to call your attention to an amendment passed by the Senate in conjunction with the extension of the Office of Economic Opportunity Act which could result in defeating the purposes of the Legal Services Program under the OEO. This amendment grants the governor of a state the right to veto legal services projects. It was authored by Senator George Murphy of California.

Additionally, the OEO director has been deprived of the power to override a governor's veto of legal services projects. The obvious result of this amendment is to deprive the poor people of legal representation in the states where it is most needed.

You are urged to study this provision when the measure is referred to the House of Representatives and to vote against the provision which will take away the effective legal protection that the poor have been receiving through the Legal Services Program. There is a meeting of our advisory committee in Washington on November 7th and perhaps it will be timely and desirable to have a representative of your office at this meeting in the

OEO office to inform you more fully as to the possible consequences.

Sincerely,

PHILIP M. NEWMAN.

[From the Congressional Record, Nov. 26, 1969]

VETO POWER OF GOVERNORS OVER THE OEO LEGAL SERVICES PROGRAM

Mr. MONDALE. Mr. President, on November 13, 1969, more than 80 deans of law schools throughout the United States signed a statement in opposition to the Senate amendment giving Governors a veto over OEO's legal services program. It is their fear that this amendment would not only interfere with traditional independence of the legal profession, but would also have a detrimental effect on legal education.

I am particularly proud of the fact that the organizer of this petition was Dean William B. Lockhart, of the University of Minnesota Law School. Dean Lockhart, who is serving as president of the Association of American Law Schools, has been one of the most outspoken advocates of quality legal services for the poor.

Since law school deans play such a major role in the training of future lawyers, I think that Senators should know of their strong opposition to any effort to cripple the legal services program. I therefore ask unanimous consent that their petition and names be printed in the Record.

There being no objection, the petition and names were ordered to be printed in the records, as follows:

STATEMENT OF LAW SCHOOL DEANS

We concur with the resolution adopted on October 18, 1969, by the Board of Governors of the American Bar Association and the action of the Judicial Conference of the United States at its meeting on November 1, 1969, and voice our opposition to the amendment to S. 3016 which would give State governors a veto over legal services programs.

As law school deans we are concerned with the possibility of interference with the attorney-client relationship and the traditional independence of the legal profession. We are especially concerned with the effect that this amendment may have on legal education and the development of a sense of professional responsibility among law students to participate in programs providing meaningful legal services to the disadvantaged.

November 13, 1969.

Samuel H. Hesson, Albany Law School, Union University.

B. J. Tennery, Washington College of Law, American University.

Willard H. Pedrick, Arizona State University College of Law.

Ralph C. Barnhart, University of Arkansas School of Law.

Robert F. Drinan, S.J., Boston College Law School.

Paul M. Siskind, Boston University School of Law.

Edward C. Halbach, Jr., Univ. of California School of Law, Berkeley.

Edward L. Barrett, Univ. of California School of Law, Davis.

Arthur M. Sammis, Univ. of California, Hastings College of Law.

Robert K. Castetter, California Western School of Law of the U.S. International University.

Clinton E. Bamberger, Jr., Catholic University of America School of Law.

Phil C. Neal, University of Chicago Law School.

William F. Zacharias, Chicago-Kent College of Law.

Samuel S. Wilson, University of Cincinnati College of Law.

James K. Gaynor, Cleveland-Marshall College of Law, Cleveland State University.

Howard R. Sacks, University of Connecticut School of Law.

James A. Doyle, Creighton University School of Law.

Robert B. Yegge, University of Denver College of Law.

Robert G. Weclew, De Paul University College of Law.

Brian G. Brockway, University of Detroit School of Law.

A. Kenneth Pye, Duke University School of Law.

Ben F. Johnson, Emory University School of Law.

William Hughes Mulligan, Fordham University School of Law.

Adrian S. Fisher, Georgetown University Law Center.

Robert Kramer, National Law Center, George Washington University.

Lindsey Cowen, University of Georgia School of Law.

Lewis H. Orland, Gonzaga University School of Law.

Derek C. Bok, Harvard University Law School.

Malachy T. Mahon, Hofstra University School of Law.

Paul E. Miller, Howard University School of Law.

Albert R. Menard, Jr., University of Idaho College of Law.

John E. Cribbett, University of Illinois College of Law.

Cleon H. Foust, Indiana University, Indianapolis Law School.

David H. Vernon, University of Iowa College of Law.

Lawrence E. Blades, University of Kansas School of Law.

William Lewis Matthews, Jr., University of Kentucky College of Law.

William L. Lamey, Loyola University School of Law, Chicago.

Leo J. O'Brien, Loyola University School of Law, Los Angeles.

Marcel Garsaud, Jr., Loyol University School of Law, New Orleans.

Edward S. Godfrey, University of Maine School of Law.

Robert F. Boden, Marquette University Law School.

William P. Cunningham, University of Maryland School of Law.

Frederick D. Lewis, University of Miami School of Law.

William B. Lockhart, University of Minnesota Law School.

Patrick D. Kelly, University of Missouri—Kansas City, School of Law.

Robert E. Sullivan, University of Montana School of Law.

Henry M. Grether, Jr., University of Nebraska College of Law.

Thomas W. Christopher, University of New Mexico School of Law.

William H. Angus, State University of New York at Buffalo School of Law.

Robert B. McKay, New York University School of Law.

DeJarman LeMarquis, North Carolina Central University School of Law.

Robert K. Rushing, University of North Dakota School of Law.

John Ritchie, Northwestern University School of Law.

Eugene N. Hanson, Ohio Northern University College of Law.

Ivan C. Rutledge, Ohio State University College of Law.

Ted Foster, Oklahoma City University Law School.

Eugene F. Scoles, University of Oregon School of Law.

Jefferson B. Fordham, University of Pennsylvania Law School.

John J. Murphy, St. John's University School of Law.

Richard J. Childress, St. Louis University School of Law.

Joseph A. Sinclitico, Jr., University of San Diego School of Law.

William J. Riegger, University of San Francisco School of Law.

Leo A. Huard, University of Santa Clara School of Law.

John P. Loftus, Seton Hall University School of Law.

James B. Adams, University of South Dakota School of Law.

Dorothy W. Nelson, University of Southern California Law Center.

Bayless A. Manning, Stanford University School of Law.

Richard T. Dillon, Stetson University College of Law.

Robert W. Miller, Syracuse University College of Law.

Harold C. Warner, University of Tennessee College of Law.

W. Page Keeton, University of Texas School of Law.

Richard B. Amandes, Texas Tech University School of Law.

Karl Krastin, University of Toledo College of Law.

Samuel D. Thurman, University of Utah College of Law.

John W. Wade, Vanderbilt University School of Law.

Harold G. Reuschlein, Villanova University School of Law.

Monrad G. Paulsen, University of Virginia School of Law.

John E. Howe, Washburn University of Law.

Hiram H. Lesar, Washington University School of Law.

Charles W. Joiner, Wayne State University Law School.

Paul L. Selby, Jr., West Virginia University College of Law.

Spencer L. Kimball, University of Wisconsin Law School.

Frank J. Trelease, University of Wyoming College of Law.

Louis H. Pollak, Yale Law School.

[From the CONGRESSIONAL RECORD, Dec. 4, 1969]

STATEMENT BY U.S. COMMISSION ON CIVIL RIGHTS VETO POWER FOR GOVERNORS OF LEGAL SERVICES PROGRAMS

The United States Commission on Civil Rights wholeheartedly supports the American Bar Association, The United States Judicial Conference, The National Legal Aid and Defenders Association, as well as local and State bar associations and other interested groups in their opposition to the proposed amendment to the Office of Economic Opportunity authorization bill providing State governors veto power over OEO funded legal services programs. The adoption of this amendment would critically weaken the most successful and fulfilling of all of the OEO programs and undermine the concept of equal legal representation for all. It especially would jeopardize survival of legal services programs that vigorously represent Negroes, Mexican Americans and Indians.

The need for vigorous and aggressive legal representation on behalf of the poor of all races cannot be overemphasized. "Equality before the law," said former Supreme Court Justice Wiley Rutledge, "in a true democracy is a matter of right. It cannot be a matter of charity or of favor or of grace or of discretion." In many areas such as housing, welfare rights and consumer protection, legal services groups have provided the best hope for a system of effective representation for the poor—not just in providing day to day legal counsel on an individual basis—but in attending to those activities which establish legal precedents and law reform affecting large numbers of people.

In a recent speech President Nixon set for the OEO Office of Legal Services the following goal:

"It will take on central responsibility for programs which help provide advocates for the poor in their dealings with social institu-

tions. The sluggishness of many institutions—at all levels of society—in responding to the needs of individual citizens is one of the central problems of our time. Disadvantaged persons in particular must be assisted so that they fully understand the lawful means of making their needs known and having those needs met."

Those legal services programs which have proven most vigorous, resourceful and innovative in the assistance of their clients and which have been responsible for the most far-reaching legal reforms are the very programs which are put in greatest jeopardy by the proposed amendment. The right of disadvantaged groups to have full and effective access to the courts must not be fettered by the political restrictions imposed by the amendment. Such an amendment would be a regressive step that can only serve to discourage the poor from bringing their grievances to the courts rather than to the streets.

URGES DEFEAT OF "MURPHY AMENDMENT"

MR. CORMAN. Mr. Speaker, a few weeks ago I spoke out against the so-called "Murphy amendment" to Senate bill S. 3016. At that time I brought to the attention of the House Members a resolution adopted by the Los Angeles County Bar Association Board of Trustees strongly opposing the Senate action in including this amendment in its bill to provide for the continuation of economic opportunity programs.

Recently, nine law school deans from the State of California issued a statement urging defeat of the "Murphy amendment" from the Senate bill. These gentlemen belive the amendment is inconsistent with the canons of professional ethics and professional responsibility which are essential to the proper functioning of our traditional system of justice. It should also be noted that these gentlemen oppose any limitation on the legal services program. I fully agree with the statements made by these nine law school deans from my own State.

Mr. Speaker, H.R. 12321, to authorize continued programs under the Economic Opportunity Act, comes to the floor for consideration this week. The committee very wisely did not include any version of the "Murphy amendment" in its bill. However, it is expected that an attempt will be made to offer such an amendment to the House bill during floor debate.

As we begin consideration of this legislation, I wish to add the voices of these nine law school deans to the growing opposition to the "Murphy amendment," and urge the atention of my colleagues to their statement:

STATEMENT OF CALIFORNIA LAW SCHOOL DEANS

"We strongly urge the defeat of the amendment to S. 3016 which grants State Governors an absolute veto over Legal Services Programs. The amendment is intended to allow Governors to bar particular types of legal actions.

"As Deans of the law schools educating most of California's future lawyers, we are deeply concerned about the impact of this amendment upon the ideals and practice of law in this State and the Nation. It is inconsistent with the Canons of Professional Ethics which we endeavor to instill in our students. It constitutes a direct infringement upon the independence and professional responsibility which are essential to the proper functioning of our traditional system of justice.

"This amendment has been opposed by most representatives of the legal community, including the unanimous action of the American Bar Association's Board of Governors. It is also opposed by the Judicial Conference of the United States under Chief Justice Warren Burger, by the National Legal Aid and Defender Association delegates and board, by the American Bar Association's Section on Individual Rights and Responsibilities, and by the President of the Association of American Law Schools. We join in opposing the amendment for these further reasons:

"(1) Any limitation on the Legal Services Program threatens law and order by closing a peaceful channel for the redress of the grievances of the poor.

"(2) Preventing poor people from maintaining legal action against their government undermines the American system of a government of law in which no official is beyond legal review.

"(3) Granting State Governors an absolute veto over Legal Services Programs almost assuredly will result in a substantial, or indeed total, denial of legal assistance to the disadvantaged in a number of states."

Dated: November 1969.

Dean Dorothy Nelson, University of Southern California Law Center; Dean Murray Schwartz, University of California, Los Angeles, School of Law; Dean Edward C. Halbach, Jr., University of California, Boalt Hall, Berkeley; Dean Leo O'Brien, Loyola University School of Law; Dean B. A. Manning, Stanford University Law School; Acting Dean William Riegger, University of San Francisco Law School; Dean L. A. Huard, University of Santa Clara School of Law; Dean A. M. Sammis, Hastings College of Law, University of California; Dean Edward Barrett, University of California at Davis Law School.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. CRANSTON. I yield.

Mr. BENNETT. Mr. President, it is nearly a quarter after 11. All of those words the Senator is uttering will appear in the RECORD tomorrow morning. Those of us who are listening are getting more tired and more tired all the time. I would respectfully suggest that the entire statement of the Senator be printed in the RECORD and let us get to a vote.

Mr. CRANSTON. Mr. President, I will not be very much longer. I will just make one or two comments on things that might not be known.

Mr. President, in closing I wish to make two points. Earlier this evening I spoke with a high administration spokesman. He said the administration opposes the two provisions this amendment would nullify. The administration never proposed them in their legal services corporation bill, and the administration never proposed them or similar restrictions in H.R. 1 or any other legislation.

Finally, I wish to point out that this vote stands for the very future of what I consider the most effective and most important part of all our antipoverty programs. If this gaping hole can be shot through the frabric of legal representation for poor clients, then there will be repeated efforts to exempt one after another Federal statute from judicial review at the behest of the poor. And if this succeeds, there will be no stopping the rest of such efforts. And that will be the death knell of the legal services program.

We cannot, we must not, allow this. We cannot tell the poor that the system of justice is for everyone but them; that when the Congress acts to affect their interest, the resulting statutes are immune from judicial scrutiny. I do not believe this is the message that the Senate wishes to convey to our Nation's poor. I fervently hope we will not do so.

Mr. MONDALE. Mr. President, I strongly urge the Senate to adopt the amendment to H.R. 1 introduced by Senator CRANSTON, Senator JAVITS, myself and several other Senators. This amendment would nullify section 452(c) and section 512 of this bill.

The enactment of either of these provisions would seriously jeopardize the integrity and independence of OEO's Legal Services program.

Section 452(c) directs the Attorney General and the Director of the Office of Economic Opportunity to enter into an agreement to utilize Legal Services attorneys in prosecuting cases involving nonsupport of dependent AFDC children.

Section 452(c) will mean that these attorneys will be in the position of representing the Government against indigent individuals who they are required to represent under the Legal Services program's legislative mandate. Such a provision is clearly inconsistent with the purpose of this program—which was never intended to be an adjunct to Federal, State, or local law enforcement authorities in prosecuting individuals for violation of the law.

To require Legal Services attorneys to serve as prosecutors will undermine the great confidence which the client community now has in this program. Furthermore, given the program's limited resources, the additional burden imposed by section 452(c) will mean that the legal needs of poor Americans will continue to be unmet. For example, it is estimated that almost 80 percent of the legal problems of the poor are now being ignored because of the insufficient funds available to the Legal Services program.

Even more disturbing in section 512 of this legislation. This section prohibits the direct or indirect use of legal services funds for any attorney or other person who engages in any activity "for or on behalf of any client or other person or class of persons, the purpose of which is—by litigation or by actions relating thereto—to nullify, challenge, or circumvent any provision of the Social Security Act, or any of the purposes or intentions of the Congress in enacting any such title or provision relating thereto." This prohibition can be waived by the Attorney General after 60-days notification and submission to the Senate Committee on Finance and the House Committee on Ways and Means. The Senate Finance Committee report makes clear that during the 60-day period the committee will consider the issues being raised in the proposed litigation and may take legislative action concerning such issues.

This section is totally inconsistent with the clear and explicit mandates of the legal profession. Canon 7 of the Code of Professional Responsibility states:

A lawyer should represent a client zealously within the bounds of law.

Ethical consideration 7-1 elaborates on this canon in the following manner:

The duty of a lawyer, both to his client and to the legal system, is to represent his client zealously within the bounds of the law, which includes Disciplinary Rules and

enforceable professional regulations. The professional responsibility of a lawyer derives from his membership in a profession which has the duty of assisting members of the public to secure and protect available legal rights and benefits. In our government of laws and not of men, each member of our society is entitled to have his conduct judged and regulated in accordance with the law; to seek any lawful objective through legally permissible means; and to present for adjudication any lawful claim, issue or defense.

In light of these ethical requirements, a legal services attorney—like any other lawyer—cannot stop and weigh the consequences of contemplated legal action.

These mandates reflect the fact that our system of justice is based on the adversary process—which in turn depends upon effective advocacy. A dilution of the lawyer's independence threatens this adversary process. As former Chief Justice Warren has stated:

A right without an advocate is as useless as a blueprint without a builder or materials.

No attorney can meet his professional responsibilities to a client if there are outside restraints on the types of cases in which he can particpate or the kinds of issues he can raise. No large corporation would tolerate outside interference with their retained attorneys. Certainly the poor should not be expected to tolerate such interference.

Section 512 not only undermines the legal profession's Code of Professional Responsibility, it also raises serious constitutional questions under the equal protection and due process clauses of the Constitution.

In Boddie against Connecticut, the Supreme Court held that access to the courts may not be denied because of a person's indigency, when the courts have been estabilshed as the only forum for the effective resolution of the matter at hand.

In seeking to deprive the poor of legal redress in an area directly affecting their most fundamental interests, section 512 singles out the poor as a class to be denied certain basic rights.

Imagine Bethlehem Steel having to obtain the permission of the Attorney General of the United States and wait 2 months for congressional committees to think about a lawsuit before challenging the seizure of its steel plants by President Truman. Yet under section 512, this is exactly what the poor person will have to do when he claims that the subsistence benefits he needs for his sick wife or small children have been denied to him by an unconstitutional law or by a public employee refusing to obey Federal law.

It is for these reasons that leading spokesmen for the legal profession have consistently opposed such efforts to limit the ability of legal services lawyers to represent their clients.

On May 1, 1972, Dean Richard C. Maxwell, president of the Association of American Law Schools, wrote to the Senate Finance Committee urging rejection of language now contained in section 512. In addition, the American Bar Association, the National Bar Association, the National Legal Aid and Defender Association, and the American Trial Lawyers Association have strongly opposed such a restriction.

On October 3, 1972, the president of the American Bar Association, Robert W. Meserve, wired each Member of the Senate in support of the amendment to nullify sections 512 and 452(c). The text of this telegram is as follows:

ABA urges deletion of Sections 452(c) and 512 of H.R. 1 as reported to the Senate. Former provision would force upon OEO lawyers prosecutorial function inconsistent with professional obligations to represent the poor. Latter provision seriously limits access of the poor to courts in areas of significant concern contravenes, lawyer's ethical obligation to client, and raises question of equal protections of the laws for all our citizens. Association endorses the principle expressed by President Nixon in his statement of May 5, 1971.

"The legal problems of the poor are of sufficient scope that we should not restrict the right of their attorneys to bring any type of civil suit. Only in this manner can we maintain the integrity of the adversary process and fully protect the attorney-client relationship so central to our judicial process."

Urge support of Cranston-Javits amendment to strike Sections 452(c) and 512.

The ABA and other professional legal organizations recognize that under our system, the courts are the forum of last redress. We understand as a people that we must respect the supremacy of law—and the inviolability of recourse to the courts for those who are disenfranchised and for those who have been dealt with unfairly and arbitrarily.

In this decade, it is a singularly small but visible effort which has come to symbolize the possibility of a new period of maturity, of conscience, of self-assurance, for our Nation—the Legal Services program.

I believe that our Government has reached the point where it can admit that it is capable of error, that it no longer need claim infallibility or hide behind sovereign immunity. We are ready to set up mechanisms whereby the people can hold the Government accountable—not only every 2 or 4 years—but can challenge individual acts and specific policies as contrary to law.

This is the genius and historic significance of the Legal Services program—that a government can offer to the powerless the opportunity and the resources needed to challenge improper acts by both private and public bodies.

If the poor and the powerless do not have free access to our legal system, government by law is a failure.

I, therefore, urge the Senate to adopt the pending amendment.

Several Senators addressed the Chair.

Mr. CRANSTON. Mr. President, I yield to the Senator from New York.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from California has the floor.

Mr. CRANSTON. Mr. President, I yield very briefly to the Senator from New York.

Mr. LONG. Mr. President, I object to the Senator getting the floor. I would like to speak.

The PRESIDING OFFICER. The Senator from California has the floor.

Mr. LONG. He can only yield for a question. He cannot farm out the time.

Mr. JAVITS. Mr. President, I will ask a question.

Is it not a fact that the American Bar Association has endorsed the provisions of this amendment? Has not the president of the Bar Association, Robert W. Meserve, president of the ABA, has in fact, wired all Senators of the United States as follows:

American Bar Association urges deletion of Secs. 452(c) and 512 of H.R. 1 as reported to the Senate. Former provision would force upon OEO lawyers prosecutorial function inconsistent with professional obligations to represent the poor. Latter provision seriously limits access of the poor to courts in areas of significant concern, contravenes lawyer's ethical obligation to client, and raises question of equal protection of the laws for all our citizens.

Is it not a fact also that the telegram goes on to say:

Association endorses the principle expressed by President Nixon in his statement of May 5, 1971, "the legal problems of the poor are of sufficient scope that we should not restrict the right of their attorneys to bring any type of civil suit. Only in this manner can we maintain the integrity of the adversary process and fully protect the attorney-client relationship so central to our judicial process." Urge support of Cranston-Javits amendment to strike Secs. 452(c) and 512.

The telegram is signed by Robert W. Meserve, president of the American Bar Association.

Is it not a fact that that telegram has been sent to every Member of the Senate?

Mr. CRANSTON. The Senator is correct. And in addition, the Association of American Law Schools, the American Trial Lawyers Association, and the deans of many law schools have expressed their support for the amendment.

Mr. LONG. Mr. President, I think that we have heard one side of the matter. Let me now talk about something that one does not have to go to law school to understand. No one that has one ounce of commonsense, that has enough commonsense to find his way out of an insane asylum, would hire a lawyer to sue himself.

I think that is what this amendment to strike our amendment would do. This would hire Government lawyers to sue the United States. It has already cost us billions of dollars.

It would be one thing for the Government to do something like that. And our amendment would provide that the Government could do that. If the Attorney General of the United States, as our chief lawyer, wants to hire a lawyer at the expense of the United States to file a lawsuit to sue the United States for something, that is all right. But we would like to know about it before he authorizes something that will cost us a lot of money.

For example, some of us thought when we voted for poverty lawyers to proceed to go into business under the OEO, that these poverty lawyers were going to do the kind of thing that I did when I was a young lawyer. A woman would come in and say that her husband had deserted her and that she did not have enough money to pay her bills. She would ask me to sue the man so that she could get some money for the children.

I would do my best to sue the father. Sometimes he would get beyond my reach when he got outside the boundaries of the State of Louisiana. However, I did the best I could to help her.

That is not the area that the poverty lawyer works in today. He does not work in the field of family law. Does the Senator think that these poverty lawyers are willing to be the kind of lawyer that I was? Not on your tintype. They have the word out, "We can achieve a great thing for the poor if we can file a certain type of lawsuit and sue the Government. We can get $5 billion in benefits for the poor if we can require them to load these welfare rolls down with all of these people." They circulate among the people and have their people find someone to file that particular kind of a lawsuit that they would like to promote and where they can claim that this is a great victory for the poor. They proceeded to find someone to sue the Government to strike down the man-in-the-household rule.

We had provided in the law that we would take into account all the income that the family had. We thought that in doing that we would take into account the income available to them because a man was living in the house with mama and the children looked just like him, but they claimed that we could not do that even if he is making $20,000 a year and living with mama because he is not the legal father. So they win, and that increases the cost of the program by 50 percent.

Perhaps some of these people who think things were too tight believe we could have acted on that in Washington; HEW could have made suggestions and we could have acted. But where he conducts himself like a papa, and he looks like the papa, you would expect him to support them if he was in the house with them. That was one of their great victories.

We say that if they are going to sue in the future, in view of the fact the Federal Government is going to have to pay 50 percent of the cost, then Uncle Sam should be consulted if he is going to pay the lawyer. It just does not make sense, and we should not do that.

Just look at some of these things. Poverty lawyers have won a decision so that a woman can be on welfare even though she refused to say who the father was. She can steadfastly refuse to say who the father was and stay on welfare. They also won that decision. We will try to do something about it. They have won a great many of these cases. If poverty lawyers try to enforce support orders, we are told that would be horrible, that would be antisocial, and that would not be ethical. No, no; do not have the poverty lawyer do that. Get them to use Uncle Sam. If we are going to let them sue the Government, we should pass judgment on what we want them to do.

Think of the good job the poverty lawyers could do. It costs us 10 times what we appropriate when they win a victory by prevailing in a position that was never intended by Congress. They are doing things that were never intended. They do not sue papa to support his children. That would save money for Uncle Sam. That is all right, since Uncle Sam will pay for mama on welfare.

Which one of you has ever paid a lawyer to sue yourself? You are paying a lawyer to sue Uncle Sam and your own State. That is all right with me, and it is all right with you, provided Uncle Sam knows and the Attorney General has authorized the State to be sued.

Let me explain the situation. I am a member of the American Bar Association. They have different sections. There is an international law section, there is a family law section, and there is a section on this and a section on that. When these sections meet they have a group that decides what the law should be with regard to their specialty of the law. I can only conclude when I see something as ridiculous as this that they must have a poverty law section. The poverty law section meets, and they have one thing in common. Their great claim to fame is that they have cost the Government billions of dollars by obtaining favorable court decisions.

Because of various court decisions which have come about through OEO lawyers, a person by mere delay, and to no inconvenience to himself, can stay on the welfare rolls for as long as 5 months, although he was never eligible the first day to draw all of those payments. Then, if it is found he was not eligible, how much more money can you get back? Not the first red copper cent. But let a veteran who fought for his country be paid one nickel more than he is entitled to receive. How much can he keep? They will sue him and they will make him pay back the last nickel. Let that person be a taxpayer who has some small amount outstanding and he will have to pay every nickel. The poverty lawyer spends his time in suing Uncle Sam and suing the States but not in making the father do what he should by his children.

Mr. President, that is the sort of mischief we have tried to upset. I suppose there is some section in the ABA where young poverty lawyers dominate. I assume they account in large measure for this talk about legal ethics, where we take a practical, commonsense attitude.

I am a lawyer and I say that nobody but a fool would hire a lawyer to sue himself. The poverty lawyers we are paying should do what I thought they were going to do. I thought they should help mama get support from papa, help mama get her business straightened out, or help her get divorced so she could get married to another man to help her support the family, rather than spending all their time in suing us.

If they want to sue us, tell us the basis for the lawsuit and why they think we should be sued, or why the State of Arkansas, the State of Mississippi, the State of Georgia should be sued, or why the State of Tennessee or Missouri should be sued. They do not have to get our consent; just tell us why before they sic all their poverty lawyers on us and load the welfare rolls down with vast numbers of people we do not think should be there.

The Federal Government is not the only one that can hire a lawyer. You have the Ford Foundation with untold millions of dollars; you have the Rockefeller Foundation with untold millions of dollars, and you have all sorts of well-intentioned, although perhaps misguided people, with all their foundation money, so much they do not know what to do with it. All that is available to subsidize someone to sue Uncle Sam. Why does Uncle Sam have to pay someone to sue himself?

So I hope the Senate leaves in this provision that would say the poverty lawyer would be required to help us to do what I thought they were to do in the first place, to help momma get help from pappa.

That being the case, in view of the lateness of the hour, I hope we can dispose of the matter.

Mr. President, I move to lay the amendment on the table. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay the amendment on the table.

The yeas and nays have been ordered, an the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Texas (Mr. BENTSEN), the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Oklahoma (Mr. HARRIS), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Rhode Island (Mr. PELL), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from Louisiana (Mrs. EDWARDS) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE), is absent on official business.

On this vote, the Senator from Louisiana (Mrs. EDWARDS) is paired with the Senator from Connecticut (Mr. RIBICOFF).

If present and voting, the Senator from Louisiana would vote "yea" and the Senator from Connecticut would vote "nay."

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PELL) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BAKER), the Senator from Delaware (Mr. BOGGS), the Senator from Nebraska (Mr. CURTIS), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

Also, the Senator from Colorado (Mr. DOMINICK), the Senator from Connecticut (Mr. WEICKER) and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

If present and voting, the Senator from Texas (Mr. TOWER) would vote "yea."

On this vote, the Senator from Nebraska (Mr. CURTIS) is paired with the Senator from Oregon (Mr. HATFIELD). If present and voting, the Senator from Nebraska would vote "yea" and the Senator from Oregon would vote "nay."

The result was announced—yeas 38, nays 35, as follows:

[No. 534 Leg.]

YEAS—38

Allen	Ervin	Miller
Beall	Fannin	Packwood
Bellmon	Fong	Pastore
Bennett	Gambrell	Pearson
Bible	Griffin	Randolph
Brock	Gurney	Roth
Buckley	Hansen	Saxbe
Byrd, Harry F., Jr.	Hruska	Smith
Byrd, Robert C.	Jackson	Sparkman
Cannon	Jordan, N.C.	Stennis
Cotton	Jordan, Idaho	Symington
Dole	Long	Talmadge
	McClellan	Thurmond

NAYS—35

Aiken	Hartke	Percy
Bayh	Hughes	Proxmire
Brooke	Inouye	Schweiker
Burdick	Javits	Scott
Case	Magnuson	Spong
Chiles	Mansfield	Stafford
Cook	Mathias	Stevens
Cooper	Mondale	Stevenson
Cranston	Montoya	Taft
Fulbright	Moss	Tunney
Gravel	Muskie	Williams
Hart	Nelson	

NOT VOTING—27

Allott	Eastland	McGovern
Anderson	Edwards	McIntyre
Baker	Goldwater	Metcalf
Bentsen	Harris	Mundt
Boggs	Hatfield	Pell
Church	Hollings	Ribicoff
Curtis	Humphrey	Tower
Dominick	Kennedy	Weicker
Eagleton	McGee	Young

So the motion to lay on the table was agreed to.

AMENDMENT NO. 1662

Mr. TUNNEY. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. TUNNEY. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TUNNEY's amendment is as follows:

Beginning on page 588, line 7, strike out through page 589, line 25, and insert in lieu thereof the following new section:

STATE SUPPLEMENTATION

SEC. 1616. (a)(1) In order for a State to be eligible for payments pursuant to title V, VI, XV, or XIX of this Act, with respect to expenditures for any quarter beginning after December 31, 1973, it must have in effect an agreement with the Secretary under which it will (A) make supplementary payments, as provided in this section, to any individual or married couple residing in the State who is (or who, but for his or her income, would be) eligible for benefits under this title, or (B) authorize the Secretary to make such payments on its behalf.

(2) The amount payable under any agreement with a State under this section, to any individual (or married couple) shall be excluded under section 1616(b)(6) in determining the income of such individual or couple, and, subject to the succeeding provisions of this section, shall be not less than an amount equal to—

(A) the sum of (i) the amount of the money payment which such individual or married couple would have received under the plan of such State which was approved under and complied with the requirements of or imposed with respect to title I, X, XIV, or XVI of the Social Security Act and was in effect for December 1973, or any greater amount which such individual or married couple would have received under such an approved plan at any prior time; plus (ii) the bonus value of food stamps for December 1973 (as defined in paragraph (3)); plus (iii) any cost-of-living increase required to be paid under paragraph (4); reduced by—

(B) the benefits payable to such individual or such married couple under this title.

(3) For purposes of paragraph (2)—

(A) an individual or married couple who would not have been eligible for assistance under a plan referred to in paragraph (2)(A), but who is (or would, but for his or their income, be) eligible for benefits under this title, shall be deemed to meet the eligibility requirements of the plan of such State which was in effect for December 1973; and

(B) the term "bonus value of food stamps" in a State for December 1973 (with respect to an individual or married couple) means—

(i) the face value of the coupon allotment which would have been provided to such individual (or married couple) under the Food Stamp Act of 1964 for December 1973, reduced by—

(ii) the charge which such individual (or married couple) would have paid for such coupon alotment if his (or their) income were equal to the amount determined under paragraph (2)(A)(i) for an individual, or married couple, who had no other income.

The total value of food stamps and the cost thereof in December 1973 shall be determined in accordance with rules prescribed by the Secretary of Agriculture in effect in such month. For purposes of this subsection, each individual (or married couple) will be deemed to have been residing in a jurisdiction where the food stamp program was in effect in December 1973.

(4)(a) Any agreement between the Secretary and a State entered into under subsection (a) shall provide—

(1) that in determining the eligibility of any individual (and his eligible spouse, if any) for supplementary payments on the basis of his income, all the provisions of section 1612(b) will apply, except that, with respect to any quarter, if benefits are paid to such individual for such quarter under this title, such benefits will not be excluded from income in applying paragraph (4) of such section,

(2) that the determination of the amount of supplementary payments for which an individual (or individual and eligible spouse) is eligible will be made without regard to any reduction in benefits under this title pursuant to section 1611(f)(1),

(3) that no lien will be imposed by the State against the property of any individual or eligible spouse or his or their estate on account of payments made under the agreement, and that there will be no adjustment or any recovery of payments correctly made under the agreement,

and, if the agreement provides that the Secretary will, on behalf of the State (or political subdivision), make the supplementary payments to individuals receiving benefits under this title, shall also provide—

(4) that such payments will be made to all individuals residing in such State (or subdivision) who are (or who, but for their income, would be) receiving benefits under this title,

(5) such other rules with respect to eligibility for or amount of the supplementary payments, and such procedural or other general administrative provisions, as the Secretary finds necessary to achieve efficient and effective administration of both the program which he conducts under this title and the State supplementation.

(b)(1) Any State (or political subdivision), in determining the eligibility of any individual for supplementary payments described in subsection (a), may disregard up to $7.50 per month of any income in addition to other amounts which it is required or permitted to disregard under this section in determining such eligibility, and may include a provision to that effect in the State's agreement with the Secretary under subsection (a).

(2) Any State (or political subdivision) in determining the eligibility of any individual for supplementary payments described in subsection (a), shall disregard any income derived from an increase in Federal benefits under this title under the operation of section 1611(c) in addition to other amounts which it is permitted or required to disregard under this section in determining such eligibility, and shall include a provision to that effect in the State's agreement with the Secretary under subsection (a).

(c) Any payments which are made to individuals by a State to which the provisions of section 344 of the Social Security Amendments of 1950 were applicable on January 1, 1962, and to which the sentence following paragraph (2) of section 1002(b) and the sentence following paragraph (3) of section 1602(b) of this Act, as in effect prior to the enactment of this title, were applicable shall be considered as supplementary payments for purposes of this title only to the extent that such payments would have been included as expenditures for the purpose of payments under section 1003 or section 1603 of this Act, as in effect prior to the enactment of this title.

Mr. TUNNEY. Mr. President, the amendment to H.R. 1 I am offering will correct a large gap in title III as reported out by the Finance Committee by requiring mandatory State supplementation of the benefit levels proposed by the committee.

As you know, Mr. President, title III of the bill creates a system of Federal benefits for elderly, blind, and disabled persons. The committee has set basic benefit levels at $130 for an individual and $195 for a couple.

At the present time, some States, including California, provide benefits to such persons at considerably higher levels. In California, for example, the maximum for an individual senior citizen is $218 per month.

But there is nothing in the bill as drafted which prevents a State from cutting back its own benefits and paying nothing additional to these needy persons beyond the minimum levels set by the committee.

My amendment will require the States to supplement the new Federal minimum assistance levels to bring them back up to the present levels in States where benefits are higher than those proposed by the committee. In this way, aged, blind, and disabled public assistance recipients in States such as California will not be worse off after the enactment of H.R. 1 than they are presently.

Mr. President, everyone knows that States—and even cities within States—vary widely in terms of the cost necessary to eke out an existence under conditions other than grinding poverty. In San Francisco, for example, an elderly welfare recipient may receive up to $218

per month. This sum, barely adequate in terms of San Francisco costs, is more than adequate for a more comfortable existence in rural areas of the south. Yet, under the committee proposal, it is assumed that all senior citizens face the same cost barriers to an equal extent no matter where they live.

We all know that the Nation's aged citizens suffer unequal financial burdens according to economic conditions where they live. Yet, under the committee proposal, all qualified recipients are treated equally under the bill with each to receive a maximum of $130 in basic public assistance. Although the figure of $130 per month may be a boon to our southern elderly, it is a figure which deals a painful blow to the already meager straits of California senior citizens.

The committee bill reflects a desire for a nationwide minimum standard for benefits. But in my judgment, it is indulging in fantasy for us to conclude that a sum which is adequate for the elderly in one area of the country has relevance to what is adequate in other area. We all know that living costs are widely different in different parts of the country.

Indeed, in large part, the reason for the patch work quilt-like system encompassing different assistant levels for different States is a mirror reflection of the vastly different economic realities confronting them. It is this fact of life which has caused some States to set benefits levels at rates higher than those existing in other States.

The fear that I have is that unless we amend title III, it may have the unintended affect of lowering benefit levels in many States. Therefore, the amendment I am offering would assume that no elderly, blind, or disabled person would end up with less money than he is now getting.

Although the committee version of title III gives the States the option to supplement the basic Federal minimum benefits, nothing requires them to do so.

Furthermore, I have been advised by some legal authorities in my State that in order for a State to exercise an option to supplement, it will require affirmative State legislative action which, of course, would be subject to the veto of the Governor.

Mr. President, I do not think it is wise for us to assume that States will be anxious or willing to supplement. I believe the issue is clear enough—and the needs of our elderly, blind, and disabled citizens acute enough—to make supplementation mandatory so that the reforms of title III will not become instruments of harshness and deprivation for some of the people we are trying to help.

Under my amendment, all States presently providing higher allowances than title III levels set by the committee would be required to supplement the basic Federal payments so that the total Federal-State payment would at least equal present payment, plus an allowance for the cash value of food stamps, which are being eliminated under title III involves no Federal expenditures.

I urge the Senate to act favorably on it.

With that, I yield to the chairman of the Committee on Finance, to have his opinion on the amendment. I hope it can be disposed of fairly quickly.

Mr. LONG. Mr. President, this is something that just has to address itself to the conscience of the individual Senator, and I really would urge Senators to think about it and apply it to their own situations.

What the Senator wants to do is say that a State cannot cut back on the benefits that it is paying.

We assume that States are not going to cut back on their benefit levels, and we do not know of any reason to anticipate that they would. We did provide some additional help to them, so we would hope they would not do it. It is conceivable that there might be a court decision or something that might require them to add a lot of people to the rolls that they did not anticipate, and if that were the case, they might need to cut back on benefit levels. So far as we know, we do not anticipate that there would be any cutback.

But the question is, where a State has a high level of benefits and wants to make a reduction, should it be permitted to do so? After all, it is a State plan that provides the money, and where the State is putting up more than half the money, should they be permitted to make a reduction in the level of benefits if they want to do so, if they think it is too generous?

I would say it is up to the conscience of the individual Senator. It does not upset our cost estimates one way or the other. Our estimate would be the same in either event. We assume the States are not going to cut back. The question is, do we want, at this level of government, to require that they not make reductions in the existing level of benefits they pay?

I do not know whether I can, in good conscience, insist on that, because other States like New York and Caliofrnia may be paying a higher level of benefits than Louisiana. I do not know that I can insist, in good conscience, that the other States not cut back if their level is higher than that of my State.

I would say it is up to the conscience of individual Senators. Do Senators think they ought to be able to cut back if they want to, or not? If Senators think they should not be able to make a reduction, they should vote for the amendment.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. PASTORE. I think what the Senator from California means is that, because of this bounty going to the various States because of the generosity of the Federal Government, he does not feel they ought to be allowed to cut back on their own contribution to welfare.

That is his point. It is not the point that later on, if they had a bad financial situation in the State, the State would be denied the prerogative of deciding what it should do in behalf of its own people. But he means they cannot use the Federal money as an excuse for cutting down on their own contribution to this body of people who are in need. Is that not the point?

Mr. TUNNEY. Mr. President, one thing I would like to point out is that the State of California, for example, is going to save $200 million in the adult categories under the bill assuming they maintain the present benefit levels. This is because the Federal Government's contribution to the State is so much greater under the bill than under existing law.

Mr. PASTORE. This happened in many States, if the Senate will recall, when we raised the benefit for social security, and some States just cut back on the amount of money they were paying on social welfare, so we had to remedy that by adjusting the laws here in the Federal Government.

I think that is what the Senator from California has in mind, and I think the amendment ought to be accepted.

Mr. TUNNEY. I do not want to subject this to a record vote, as the hour is so late, and we know many Senators want to get home. I would just hope that this could be decided by a voice vote.

Mr. LONG. Mr. President, just let me make the point that as it would stand without the Tunney amendment, if States wanted to take some of the money they are spending on welfare payments and spend it on social services instead of for these purposes, should they be permitted to do so?

Should they be permitted to reduce their welfare payment levels in order to spend more on education, for example? Without the Tunney amendment, the State would be entrusted with that decision. With the Tunney amendment, it could not make the decision.

I leave it up to the Senate.

Mr. STEVENS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. STEVENS. Does the Tunney amendment affect the 20-percent increase under the Long amendment?

Mr. LONG. It has nothing to do with it.

Mr. TUNNEY. It has no Federal budgetary impact.

The PRESIDING OFFICER (Mr. BAYH). The question is on agreeing to the amendment (No. 1662) of the Senator from California (Mr. TUNNEY) (putting the question).

The amendment was rejected.

Mr. PASTORE. Mr. President, I ask for a division.

On a division, the amendment was rejected.

Several Senators addressed the Chair.

AMENDMENT NO. 1689

Mr. TUNNEY. Mr. President, I call up my amendment No. 1689.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 523, after line 24, insert the following new section:

LIMITATION ON SPEND DOWN REQUIREMENT UNDER MEDICAID

SEC. 299I. (a) Section 1903(d)(1)(A) is amended by inserting immediately before

the period at the end thereof the following: "and, in the case of any State which imposes an income limitation that is lower than the applicable income limitation determined under this paragraph, no payment shall be made under the preceding provisions of this section".

(b) Section 1903(d)(1)(B)(i) of the Social Security Act is amended—

(1) by inserting "to whichever of the following is greater: (I)" after "equivalent to", and

(2) by inserting "or (II) 100 percent of the highest amount which would ordinarily be paid to an individual without any income or resources, in the form of money payments, under the plan of the State approved under title I, X, XIV, XV, or XVI (or, supplemental security income benefits under title XVI of this Act as in effect after December 31, 1973) of this Act" before the period at the end thereof.

Mr. TUNNEY. Mr. President, a very unfortunate anomaly exists in the Federal law governing State medicaid. Its effect upon aged, blind, and disabled persons in 11 States is to punish financially those persons who are able to remove themselves from public assistance rolls. Today, I offer an amendment to H.R. 1 to deal effectively and fairly with the problem.

Under current law, any State participating in the medicaid grant program must provide medicaid to all recipients of cash assistance. In addition, the States also may, if they choose to do so, provide medicaid services to persons who would, except for the level of their income and resources, be eligible for cash assistance. States which opt for this second type of medical coverage for those whose incomes exceed the cash assistance eligibility standards are said to be providing medicaid benefits to those persons deemed to be "medically needy."

Twenty-seven States, including California have chosen this dual medicaid system. But in at least 11 of those States, including California, the system operates to the considerable detriment of aged, blind, and disabled persons who receive public assistance, and for one reason or another, receive a supplement to their income which takes them off public assistance rolls. Although these persons no longer receive medicaid benefits which accompany public assistance, they are eligible to qualify under the "medically needy" program.

The problem my amendment deals with derives from the fact that the "medically needy" standard is below the cash assistance standard, thereby requiring a "spend down" from the latter level to the former.

The way it works is this. Current law limits the income standard for a "medically needy" program—this medical assistance standard is technically called the "standard of income protected for maintenance—to 133 percent of the payment for an AFDC family, adjusted for appropriate family size. Since payments to AFDC families are sometimes considerably less generous than cash assistance payments to the aged, blind, and disabled, the anomalous result is that persons with incomes only slightly in excess of the cash assistance standard may have to incur a significant amount of medical expense—that is "spend down" their income by this amount on medical expenses—before they can receive medicaid coverage.

Furthermore, even though the "medically needy" income standard has a maximum set by Federal law, States are able to reduce the standard below the Federal limit thereby making the "income gap" even wider.

Let me give an example of how the problem operates in California. A California senior citizen can receive up to a maximum of $218 per month. Let us assume such a person has nonexcluded income of $200 per month and receives $18 per month public assistance. Under current laws, that individual is entitled to Medi-Cal—the name of California's medicaid plan—benefits because he is receiving public assistance. Suppose he receives a supplement to his existing $200 per month income by $25 per month. Since his income is above the maximum benefit level, $218 for an aged person, as a result he will not be on public assistance any longer, nor will he be eligible for Medi-Cal benefits.

However, since California does have a "medically needy" program, our hypothetical person has an opportunity to qualify for those benefits. Unfortunately, though, in order to qualify, our senior citizen whose income has now been supplemented to a level only $7 above the public assistance level must "spend down" to the rate of $158 per month, the highest level California allows.

Thus, the result to this individual of receiving an additional $25 is that he must spend on medical expenses at the rate of $67 per month. He is actually much worse off after his income was supplemented than he was before.

The situation is much worse for an aged California couple. Presently, the relevant maximum old age assistance level is $5,232 on an annual basis. Yet the medically needy standard is only $2,520 on an annual basis, thereby requiring an expenditure of in excess of $2,700 in medical expenses as a prerequisite for qualifying for Medi-Cal benefits once they are off the welfare rolls.

It is this type of situation which has the effect of locking aged, blind, and disabled citizens in California and other States into their present public assistance income level. It operates as a disincentive to pull themselves out of it. Medical expenses for the elderly and the disabled are probably the single largest expenses for them after housing and food. It is no wonder that a person receiving a small assistance allowance would be very reluctant to do anything to supplement his income because of the fear that his medical needs will no longer be provided for.

The system is simply geared to keep those people in their already meager straits.

The amendment I offer today would correct the situation in the 11 States which have lower AFDC payments than assistance levels for the aged, blind and disabled. Its effect would be such that wherever the medically needy standard is below the relevant assistance payment level, the recipient would be required to spend down only to that applicable level, and no lower.

Thus, continuing with my example, my California senior citizen would be required under my proposal to spend only down from the $225 level to the $218 level at which point he would be eligible for Medi-Cal payments.

I think this inequity is long overdue for a legislative response. Now is the time for us to act.

I ask unanimous consent to incorporate at the conclusion of my remarks a chart showing OAA Cash and Medical Assistance Standards, as of January 1972.

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

OAA CASH AND MEDICAL ASSISTANCE STANDARDS, AS OF JANUARY 1972

	1 person		2 persons	
	OAA yearly eligibility standard for cash assistance	Yearly income protected for medical assistance	OAA yearly eligibility standard for cash assistance	Yearly income protected for medical assistance
Alabama	1,752	----------	2,904	----------
Alaska	3,000	----------	4,200	----------
Arizona	1,416	----------	1,968	----------
Arkansas	1,788	----------	2,988	----------
California	2,236	[1] 1,896	3,840	[1] 2,400
Colorado	1,680	----------	3,360	----------
Connecticut	2,856	[1] 2,500	3,432	[1] 2,900
Delaware	1,680	----------	2,364	----------
District of Columbia	1,800	2,100	2,472	2,800
Florida	1,368	----------	1,920	----------
Georgia	1,203	----------	2,044	----------
Guam	1,685	[1] 1,500	2,406	2,500
Hawaii	1,584	1,868	2,460	2,784
Idaho	2,184	----------	2,628	----------
Illinois	2,076	[1] 2,016	2,568	[1] 2,460
Indiana	2,220	----------	2,964	----------
Iowa	1,464	----------	2,232	----------
Kansas	2,160	[1] 1,600	2,604	[1] 2,220
Kentucky	1,152	1,500	1,920	[1] 1,800
Louisiana	1,764	----------	2,820	----------
Maine	1,476	----------	2,568	----------
Maryland	1,560	1,800	2,244	2,280
Massachusetts	1,800	2,160	3,360	[1] 2,832
Michigan	2,160	[1] 1,900	2,856	[1] 2,700
Minnesota	1,896	[1] 1,740	2,760	[1] 2,424
Mississippi	1,800	----------	2,616	----------
Missouri	2,172	----------	2,964	----------

Footnote at end of table.

OAA CASH AND MEDICAL ASSISTANCE STANDARDS, AS OF JANUARY 1972—Continued

	1 person		2 persons	
	OAA yearly eligibility standard for cash assistance	Yearly income protected for medical assistance	OAA yearly eligibility standard for cash assistance	Yearly income protected for medical assistance
Montana	1,440	----------	2,304	----------
Nebraska	2,184	[1] 1,600	2,820	[1] 2,200
Nevada	2,040	----------	3,252	----------
New Hampshire	2,076	2,280	2,736	[1] 2,686
New Jersey	1,944	----------	2,664	----------
New Mexico	1,392	----------	1,860	----------
New York	1,908	2,200	2,628	3,100
North Carolina	1,380	1,700	1,836	2,200
North Dakota	1,500	----------	2,280	----------
Ohio	1,512	----------	2,544	----------
Oklahoma	1,560	[1] 1,400	2,544	[1] 2,000
Oregon	1,836	----------	2,652	----------
Pennsylvania	1,656	2,000	2,496	2,500
Puerto Rico	848	2,500	1,056	3,200
Rhode Island	1,956	2,500	2,532	3,500
South Carolina	1,044	----------	1,452	----------
South Dakota	2,160	----------	2,840	----------
Tennessee	1,224	----------	1,704	----------
Texas	1,428	----------	2,304	----------
Utah	1,272	[1] 1,260	1,704	1,740
Vermont	2,124	2,172	2,796	2,748
Virgin Islands	618	2,200	1,236	2,750
Virginia	1,824	1,900	2,388	2,500
Washington	1,728	2,340	2,484	3,000
West Virginia	1,752	----------	2,232	----------
Wisconsin	1,896	[1] 1,600	2,592	[1] 2,500
Wyoming	1,668	----------	2,340	----------

[1] Eligibility for medically needy program below that for cash assistance.

Mr. LONG. Mr. President, we are prepared to accept this amendment.

Mr. TUNNEY. Then I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment (No. 1689) of the Senator from California.

The amendment was agreed to.

AMENDMENT NO. 1701

Mr. STEVENSON. Mr. President, I have two amendments. I shall be very brief. I have discussed them both with the chairman.

Mr. President, I call up first amendment No. 1701. I ask unanimous consent that the names of Senators WILLIAMS, JAVITS, KENNEDY, and TUNNEY be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment will be stated.

The assistant legislative clerk read as follows:

At the end of title I, insert the following new section:

COVERAGE OF AGRICULTURAL LABOR

SEC. —. (a) Section 209(h)(2) of the Social Security Act is amended to read as follows:

"(2) Cash remuneration paid in any calendar year to an employee for agricultural labor by an employer whose total expenditures for agricultural labor in the immediately preceding year was less than $500 unless (A) the cash remuneration paid in the current year by the employer to the employee for such labor is $150 or more, or (B) the employee performs agricultural labor for the employer on twenty days or more during the current year for cash remuneration computed on a time basis;".

(b) Section 210(n) of the Social Security Act is amended to read as follows

"(n) Any person who furnishes 'agricultural labor' and all workers so furnished shall be deemed to be the employees of the operator of the farm on which the agricultural labor was performed, and any person, partnership, organization, or corporation engaged in the business of providing farm-management services, as defined by regulations of the Secretary, shall be deemed to be the operator of the farm: *Provided*, That any person, partnership, organization, or corporation who specifically furnishes agricultural workers and machine services, as defined by regulations of the Secretary, under a contract with a farm operator shall be deemed to be the employer of such agricultural workers."

(c) Section 3121(a)(8) of the Internal Revenue Code of 1954 is amended to read as follows:

"(8) Cash remuneration paid in any calendar year to an employee for agricultural labor by an employer whose total expenditures for agricultural labor in the immediately preceding year was less than $500 unless (A) the cash remuneration paid in the current year by the employer to the employee for such labor is $150 or more, or (B) the employee performs agricultural labor for the employer on twenty days or more during the current year for cash remuneration computed on a time basis;".

(d) Section 3121(o) of the Internal Revenue Code of 1954 is amended to read as follows:

"(o) For purposes of this chapter, any person who furnishes 'agricultural labor' and all workers so furnished shall be deemed to be the employees of the operator of the farm on which the agricultural labor was performed, and any person, partnership, organization, or corporation engaged in the business of providing farm-management services, as defined by regulations of the Secretary, shall be deemed to be the operator of the farm: *Provided*, That any person, partnership, organization, or corporation who specifically furnishes agricultural workers and machine services, as defined by regulations of the Secretary, under a contract with a farm operator shall be deemed to be employer of such agricultural workers."

(e) This section shall be applicable only with respect to remuneration paid after 1972.

Mr. STEVENSON. Mr. President, only one major group of workers is deprived of the full benefits of social security—the American farmworker.

Work in the field is every bit as arduous and important as work in the factory. Yet, farmworkers were completely excluded from social security until 1956. Despite the fact that the farmworker is poorer, sicker, and more likely to be injured on the job than most American workers, the Social Security Act discriminates against farmworkers to this day.

In 1971, the Advisory Council on Social Security, chaired by former HEW Secretary Arthur Flemming, stated, "it is especially important that social security protection of migratory farmworkers and their families be improved" and recommended a specific method of bringing about that improvement. The amendment before us is substantially identical to the Advisory Council's recommendation. I ask unanimous consent that the portion of the Advisory Council report dealing with farmworker coverage be reprinted at this point in the RECORD.

Mr. President, the overwhelming majority of all farmers, including all small family farmers, will not be affected by this amendment. They and their employees will remain exactly where they are under existing law. With respect to large farm operators, including all corporate farms, this amendment makes two simple changes.

It provides that the large farmer—defined as the farmer who pays more than $500 a year in farmworker wages—must report all employee earnings from the first day and the first dollar, just as all other commercial employers must. Under present law, earnings must be reported only if the farm employee receives from the employer more than $150 annually or works more than 20 days annually at an hourly rate.

This means that under present law a farmworker who earns $100 from each of 10 employers—or $1,000 in total—would get no social security coverage. Every other worker employed by a commercial enterprise would receive up to four quarters' coverage in those circumstances. While the change made by this amendment will affect only about 20 percent of all farms, it will mean that 90 percent of all farmworker earnings will be credited toward social security coverage with the result that a half million farmworkers will get coverage for the first time.

The second change made by my amendment is that for social security purposes the large farmer will be deemed to be the employer of all who work on his farm, including the so-called crew leader and those who work under him. The reason for the change is that crew leaders, who are transient and in many cases unscrupulous, often fail to comply with social security requirements, thereby depriving the farmworker of social security coverage he has earned. Under existing law, a person doing farmwork under a crew leader is presumed to be the employee of the crew leader unless there is a written contract of employment between the farm operator and the farmworker. In practice, this creates a conclusive and usually unwarranted presumption that the farmworker is employed by the crew leader. In the case of small farmers, the employment relationship will be established by the familiar common-law test rather than by artificial presumptions.

Mr. President, when the farmworkers are denied the opportunity to earn social security protection, when they get old, sick, or disabled they go on welfare or get medicaid—in each case at the expense of all the taxpayers. The choice presented by this amendment is whether to finance retirement income and medical care from the earnings of the covered employees, or to shift the burden to already overburdened taxpayers. The farmworker should have the same right to pay his own way, and the same benefits enjoyed by all other American workers. If the committee cannot accept this amendment. I would hope that in the next session of the Congress it would give its new serious atention to the plight of farmworkers.

I ask unanimous consent to have printed in the RECORD an excerpt from House Document 92-80, the report of the 1971 Advisory Council on Social Security.

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

EXCERPT FROM REPORT OF 1971 ADVISORY COUNCIL ON SOCIAL SECURITY (H. DOC. 92-80)

COVERAGE OF FARM WORKERS

Social security coverage of farm workers should be improved by providing that employers who have substantial amounts of expenditures for farm labor report all of the cash wages paid to their employees and that the determination of whether leaders of farm labor crews are employers of their crew members be made under the common-law test of whether an individual is an employee.

Under present law, farm wages are covered under social security only if the worker is paid $150 or more in cash wages by the employer in a year or he works for the employer on 20 or more days in the year and is paid on a time basis. Where a farm worker is a member of a labor crew, the crew leader rather than the farmer is ordinarily considered to be the employer.

The present coverage test prevents many who primarily work on farms from getting social security credit for part or all of such work. People who depend mainly on farm employment for their livelihood generally rely entirely on social security coverage for their protection against loss of income through the death, long-term disablement or old age of the worker. These workers have little or no private insurance and rarely are covered under private pension plans; their savings and assets are usually inconsequential. They have need for protection too under Medicare. The Council believes it is especially important that social security protection of migratory farm workers and their families be improved.

Workers on farms which have substantial expenditures for farm labor should have social security coverage on the same basis as employees in industry. Such farms are generally sizable business enterprises—some are large corporations—keeping the same kind of business records that nonfarm businesses do. Most are highly mechanized, with many employees engaged in operating and maintaining farm machines, and are operated in much the same manner as nonfarm businesses—yet many employ seasonal field workers who do not meet the coverage test in present law. Wages paid for farm labor performed on such farms constitute a very large proportion of the farm wages paid in the United States.

The Council recommends that farm employers whose total expenditures in a calendar year for farm wages are substantial, for example $500 or more—report all of the farm wages they pay in the following year. The present coverage test would be continued for individual farm employees when employed by a farmer whose total farm payroll in the previous year was not substantial. The recommended change would not affect the recordkeeping and reporting of the operators of what are essentially family farms with only occasional hired workers.

If the foregoing recommendation is adopted by the Congress, it would be desirable to make an additional change in present law that would further improve coverage for migratory workers who are members of crews. Difficulties in getting crew leaders to report the covered earnings of crew members have contributed to the inadequacy of the social security protection now afforded these workers. Also, there are increasing numbers, of small crews—mostly family groups. In the case of family groups, the family spokesman generally meets the definition of a crew leader in the law and is thus self-employed. These people do not think of themselves as being self-employed and generally do not report their earnings. The Council recommends that (contingent upon extension of coverage to all farm workers hired by employers who have substantial expenditures for labor) the provision in present law under which a crew leader is deemed to be the employer of members of his crew be repealed. Whether a crew leader is the employer of his crew members would be determined under the common-law test. Spokesmen of family groups and members of family groups should ordinarily be considered employees of the farm operators. Nearly all members of crews, most of whom are migratory workers, would have all of their wages covered under these recommended changes since workers who are hired in crews work primarily on farms with substantial annual payrolls.

Under the Council's recommendations (assuming a $500 annual employer payroll test), roughly 40 percent of the farms with farm labor expenditures would report all of their farm employees for social security purposes. The farm wages paid by these farms constitute more than 90 percent of the total farm wages paid. Under the recommendations, more than one-half million employees would have farm wages covered which are not covered under present law.

Mr. STEVENSON. The largest single group of American workers uncovered by social security are the American farmers. Because of discriminatory provisions of the Social Security Act, some 500,000 American farm workers do not get any social security benefits.

Mr. LONG. Mr. President, will the Senator yield?

Mr. STEVENSON. I yield.

Mr. LONG. Mr. President, this problem is one we would very much like to look at next year. It does relate to agricutural labor, and it does involve a number of considerations that will have to be looked into.

I would hope the Senator would be willing to withhold this amendment, with the understanding that we will look at it next year and try to give it the best judgment we can. If we can agree with the Senator, we will recommend it. Otherwise, we will suggest what we think the answer should be.

Mr. STEVENSON. On that basis and with that assurance, I will withdraw the amendment.

I do hope that there can be some serious concern and consideration given in the Finance Committee to the farmer. Also, I hope we can receive some assurance that the Senate will not have to wait 2, 3, 4, 5, 6, or 7 years for another social security bill to come to the floor of the Senate before we will have a chance to vote on this question.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. STEVENSON. I yield.

Mr. JAVITS. The administration is very much interested in this matter, and they tried to do a complete job of research for the Senator from Illinois tonight, and it was impossible. I am glad he is making this decision. I think it is much better for the cause.

Mr. STEVENSON. I thank the Senator from New York.

The PRESIDING OFFICER. The amendment is withdrawn.

AMENDMENT NO. 1686

Mr. STEVENSON. Mr. President, I call up my amendment No. 1686.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. STEVENSON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 486, line 20, insert the following: immediately following the word "therapy": ", occupational therapy,".

Section 1835(a)(2)(A)(i) of the Social Security Act is amended by inserting ", occupational," after "physical".

Mr. STEVENSON. Mr. President, I have a modification which I send to the desk.

The PRESIDING OFFICER. The modification will be stated.

The assistant legislative clerk proceeded to read the modification.

Mr. STEVENSON. Mr. President, I ask unanimous consent that further reading of the modification be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment, as modified, will be printed in the RECORD.

The amendment, as modified, is as follows:

On page 486, line 20, insert the following: immediately following the word "therapy": ", occupational therapy,".

At the end of title II of the bill, add the following new sections:

SEC. — (a) Section 1835(a)(2)(A)(i) of the Social Security Act is amended by inserting ", occupational," after "physical.

SEC. — (b) Section 1814(a)(2)(D) of the Social Security Act is amended by adding " occupational," after "physical".

Mr. STEVENSON. The purpose of my modified amendment is to give medicare beneficiaries maximum access to occupational therapy, while discouraging unnecessary use of other covered services.

The Nation's 14,000 occupational therapists perform perceptual testing on stroke patients, testing which helps determine the right rehabilitation strategy. They train amputees in the use of new muscles and prosthetic devices. They provide rheumatoid arthritics with splinting devices. They help the blind learn how to compensate for the loss of sight, to list just a few of the occupational therapies.

Occupational therapy is medically nec-

essary in cases where physical therapy or speech pathology is not. No one disputes that point, yet, if H.R. 1 is enacted in its present form, occupational therapy provided by a home health agency or free-standing rehabilitation facility will not be covered by medicare unless the patient also needs physical therapy or speech pathology or hospitalization. My amendment eliminates that linkage.

Mr. President, if a patient needs physical therapy but nothing else, he can get it under medicare. If he needs speech pathology but nothing else, he can get it under medicare. Unless occupational therapy is put on the same footing, countless medicare patients will be deprived of coverage for vital health services.

I recognize the need to control costs and discharge utilization of unnecessary services, and I applaud the Finance Committee for its efforts to do that. But we should not cut costs by denying the patient access to one kind of service unless he needs another kind. Besides, as matters now stand, patients may receive physical therapy or hospitalization they do not need solely to qualify them for the occupational therapy they do need. This amendment will remove the incentive to provide unnecessary services and thereby bring about cost savings, as well as better health services.

If this amendment is agreed to, I would expect that the Secretary of Health, Education, and Welfare will promptly issue regulations carefully defining the kinds of occupational therapy services that are covered. In my judgment, such regulations are a fairer and more selective means of controlling occupational therapy services.

I therefore urge that the amendment be agreed to, and I ask unanimous consent that a letter of support from the American Occupational Therapy Association be printed at this point in the RECORD.

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

THE AMERICAN OCCUPATIONAL THERAPY ASSOCIATION, INC.,
Rockville, Md., October 2, 1972.

HON. ADLAI E. STEVENSON III
U.S. Senate,
Washington, D.C.

DEAR SENATOR STEVENSON: Thank you for your interest in occupational therapy's alarm about the language in H.R. 1 pertaining to outpatient rehabilitation facilities. We urge that the clause that would make eligibility for occupational therapy services contingent upon a concomitant need for physical therapy and/or speech pathology be deleted. Such a provision would deny coverage for many individuals in need of occupational therapy services. Examples of the kinds of patients that would be denied coverage by the present bill are:

1. Hand and arm amputees who need to learn how to use prostheses;

2. Patients with such debilitating conditions as terminal cancer, diabetes, and cardiac conditions who need evaluation and programs that would enable them to function out of the hospital to full tolerance;

3. Rheumatoid arthritics who need splinting or other adaptive devices as well as training in hand use without overstress to muscles and joints;

4. Wheelchair ambulatory patients who need training in order to care for themselves and manage their personal affairs in their homes; and

5. Blind and visually handicapped patients who need to learn how to cook, work in their kitchens and care for their personal needs with full safety.

Occupational therapy is the professional direction of a patient's use of time, energy, interest and attention toward the learning of new skills or active exercise to overcome illness or handicapping conditions.

We will appreciate your efforts to rectify this oversight in H.R. 1.

Very sincerely yours,

RUTH B. WIEMER,
Chairman, Legislation Committee.
Chairman, Legislation Committee.

Mr. LONG. Mr. President, we do find some problems with this amendment, but I would be willing to take it to conference and see what will happen. I hope we can work it out to the Senator's satisfaction.

Mr. STEVENSON. I thank the chairman.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. STEVENS. Mr. President, I call up my amendment which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. STEVENS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

At the end of the bill insert the following:

"SEC. (2)(A). If the Secretary determines that, for any calendar quarter before July 1, 1973 (commencing with the first calendar quarter which begins more than 30 days after the date of the enactment of this section) that the amount equal to one-fourth of the allotment (as determined without regard to this paragraph) of any State is in excess of the total of the expenditures (of the type, and under the programs, to which the allotment under this subsection applies) which will be incurred by the State for such calendar quarter, then the allotment of such State for fiscal year 1973 shall be reduced by the amount of such excess and an amount equal to the amount of such excess shall be available, for reallotment among the States, by the Secretary for such fiscal year but only for social services provided recipients of assistance under State plans approved under titles I, X, XIV, XVI, or part A of title IV of this Act.

"(B) From the amounts made available for reallotment under this paragraph for fiscal year 1973, the Secretary may increase the allotment of any State (but not by more than $10,000,000) which he determines will incur, during such fiscal year, expenditures (of the type, and under the programs, to which the allotment under this section applies) the total of which is in excess of the amount of the allotment of such State (as determined without regard to this paragraph).

"(C) Each State shall, prior to each calendar quarter (commencing with the first calendar quarter which begins more than 30 days after the date of the enactment of this section) certify to the Secretary (in such form and manner and containing such information as the Secretary shall by regulations prescribe) the total amount of the expenditures (of the type, and under the programs, to which the allotment under this section applies) which will be incurred by the State for such calendar quarter; and the Secretary shall conclusively presume for purposes of subparagraph (A), that the amount so certified will be the amount which will be expended for such quarter. If any State fails to make timely certification of such expenditures for any calendar quarter, the Secretary shall conclusively presume, for purposes of this paragraph, that the amount of such expenditures for such quarter will be equal to the amount of such expenditures for the preceding calendar quarter.

Mr. STEVENS. Mr. President, we have discussed this matter with the manager of the bill, the Senator from Louisiana. We are all tired.

The amendment provides a transitional section to carry over the social services contracting for a period of not to exceed the present fiscal year and sets a limit of $10 million within which the Secretary of HEW could allocate the moneys that are to be used by States under their entitlement under the population formula to those States that have contracts which are underway which will have to be terminated if this section is not in the bill.

Mr. JAVITS. Mr. President, I have an amendment to the amendment, if it is now in order, and I send it to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 1, line x, insert the following: on the third line from the bottom, strike "$10,000,000" an insert in lieu thereof "$15,000,000."

Mr. JAVITS. Mr. President, I will take just 2 minutes to explain this amendment to the Senate.

Mr. LONG. Mr. President, I will be happy to agree to the amendment as amended, if the Senator will withhold the explanation.

Mr. JAVITS. I will.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question recurs on agreeing to the amendment of the Senator from Alaska, as amended.

The amendment, as amended, was agreed to.

Mr. CASE. Mr. President, I call up my amendment to H.R. 1, which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

At the end of the bill, add the following:

SEC. —. Notwithstanding the provisions of sections 508 and 509 of this Act, the provisions of such sections shall not be effective until such date as the Congress shall designate by subsequent legislation.

Mr. HRUSKA. A parliamentary inquiry, Mr. President.

What is the number of the amendment?

Mr. CASE. This is an unprinted amendment, and I shall explain its effect.

Mr. President, this amendment would modify the effect of sections 508 and 509 of H.R. 1. Unless modified, thousands of older people, the blind and the disabled now receiving welfare aid

will lose their food stamp or food commodity benefits. I do not believe this was the intention of the Senate when it accepted an amendment offered on Wednesday evening by Senator ROTH.

My amendment is cosponsored by Senators AIKEN, BROOKE, CRANSTON, EAGLETON, RIBICOFF, COOK, MAGNUSON, COOPER, CHURCH, ANDERSON, MCGOVERN, HART, HUMPHREY, HOLLINGS, MONDALE, PERCY, MCINTYRE, MOSS, BAYH. KENNEDY, TUNNEY, PASTORE, WILLIAMS, STEVENSON, HUGHES, MCGEE, GRAVEL, HARTKE, RANDOLPH, WEICKER, JAVITS, and MUSKIE.

At the present time those receiving Federal welfare assistance under the aged, blind and disabled categories receive food stamps in addition to cash. While H.R. 1 establishes a benefit floor for these categories where previously the States set their own levels, the welfare bill in section 508 also deletes food stamps for all aged, blind and disabled welfare recipients. Moreover, while section 509 establishes a mechanism for the States to pay out the difference to current food stamp recipients in cash, it does not guarantee that the States will do so, or that the States will maintain their current benefit levels, or that the amount of cash in addition to the minimum floor will be equal to the loss in dollars accrued through food stamp coupons.

In other words thousands of older citizens, the blind and the disabled, will be worse off than before, especially those who are in those States that now pay considerably more than the minimum floor now established.

To my mind this amendment not only legalizes but mandates the existence of hunger, malnutrition, and premature death for an uncertain number of the American people. The problem is a simple one. None of the welfare programs before us will give recipients an income meeting what we call the poverty level.

In passing title III of H.R. 1 just last week, it is true that we raised benefits to the aged, blind, and disabled to $130 per month for single people, and $195 per month for couples. But there are two important points to be kept in mind. First, the Senate action in passing title III did not include a requirement that States now providing higher benefits to the elderly and disabled continue those higher levels; that means that elderly and disabled welfare recipients could be worse off. This is not a small matter. Twenty-four States last year paid more to an elderly individual, and 28 States paid more to an elderly couple. In addition, 26 States paid more than $130 per month to a blind recipient; 22 paid more than that to a disabled recipient.

Second, the levels provided in title III will not bring elderly and disabled persons up to the poverty line. In fact, they will not even bring people up to last year's poverty line. One hundred thirty dollars per month provides yearly benefits of $1,560; the poverty line in 1971, for a single person, was $2,130. Similarly, $195 for a couple provides yearly benefits of $2,340; the poverty line for a couple was $2,790 last year. By 1974, when the provisions of the Roth amendment go into effect, the poverty line will be $2,220 for a single individual and $2,880 for a couple.

I do not debate our failure to provide benefits at the poverty line at this time. But we must understand, Mr. President, that poverty by definition is the inability to purchase a nutritionally adequate diet. An income below the poverty level puts people at nutritional risk. As surely as malnutrition retards the physical and mental growth of the young child, malnutrition hastens the degenerative process of the elderly individual.

In the last 4 years I have been proud to have been a part of this body in its efforts to eliminate hunger and malnutrition. I applauded the President's goal "to put an end to hunger in America for all time" and the President's efforts in "Project FIND" which was designed to inform the elderly of their right to food stamps. While we do not reach every one of the elderly or the blind or the disabled, we have it within our grasp to provide food assistance for the elderly and disabled who involuntarily suffer from poverty-related malnutrition.

We must act now to reverse last night's action prohibiting the elderly blind, and disabled from participating in the food stamp program. Otherwise we shall have told every poor elderly and disabled American that advanced age is to be a penance rather than a privilege. We shall have told blind and disabled Americans that their afflictions win them not sympathy or assistance from the Federal Government, but punishment. Unless we reverse our course, the penance and the punishment we mandate today is hunger. Last night we set America back 5 years in its fight to end hunger. Unless this action is reversed, we make a mockery of the phrase "welfare reform." We shall not have reform: We shall have retreat. A retreat from the most profound moral obligation of an affluent nation—to feed its hungry poor.

I urge my colleagues to retain the food stamp program as it now is for the aged, blind, and disabled. It does not involve an additional expenditure to do so but it does protect these recipients from being far worse off than before.

Mr. COTTON. Mr. President, will the Senator yield for a question?

Mr. CASE. I yield.

Mr. COTTON. I thought the distinguished Senator from Minnesota (Mr. HUMPHREY) yesterday offered an amendment—I collaborated with him in discussing it—so as to include both States that paid in food stamps and money and States that paid in commodities. It was adopted, and I thought it corrected this situation.

Mr. CASE. That is what I am advised. This is the 20-percent social security problem. It does not relate to the food stamp and commodity program. That amendment does not take care of this particular problem. I do not want to overstate or understate the matter. There is no point in trying to make it something it is not.

I reserve the remainder of my time, Mr. President.

Mr. COOPER. Mr. President, will the Senator from New Jersey yield?

Mr. CASE. I yield.

Mr. COOPER. May I ask the Senator, this will not come into effect until the Committee on Agriculture and Forestry has considered the matter; is that not correct?

Mr. CASE. That is correct. The food stamp program and the commodity program should be under the control of that committee.

Mr. LONG. Mr. President, in this bill we have a $3 billion increase in benefits for the aged, blind, and disabled. The bill provides for the largest increases in history which have been provided for the aged, the blind, and the disabled. In providing this increase, we included a cash-out of the food stamps, that is, cash to replace the value of the food stamps. So that if one were receiving $130 and his food stamps came to $20, we would pay him the extra amount in cash, $20.

What the Senator's amendment would do would be to provide food stamps in addition to the food stamp cash-out.

We have been so generous here that we are moving 98 percent of our aged people out of poverty. The 2 percent that would be left in poverty, the States would have all the means they need to move them out of poverty.

We do very well by the aged in the bill. Not quite so well by the disabled, perhaps, because not nearly so many are covered by social security and so do not get the advantage of our $50 disregard.

I do not think that anyone can be heard to argue that we are not as generous as this Government can afford to be to the aged, the blind, and the disabled. Our bill includes a cash-out of food stamps, which means cash which they can spend however they wish.

I have known of no protests against that. But the Senator is proposing that we provide food stamps on top of the cash-out of food stamps.

For example, with regard to the 98 percent of the aged that would be moved out of poverty, a large number would still be permitted to have food stamps even though they are out of poverty. It would raise them up to the higher standard, which we think is justified.

So that I do not think the amendment should be agreed to. We have done as much as can be done at this time, so much so that we maybe in prospect of a veto if we do not hurry up and get this bill to the President before the election.

Because the committee bill is so generous, I would hope that the Senator would not go beyond it, having voted to pay for the cash-out of food stamps and now paying for the food stamps all over again.

Mr. AIKEN. Mr. President, as I recall, when the amendment which the Senator from New Jersey said would eliminate the food stamp program was before this body yesterday, the explanation was inserted in the RECORD but I do not recall that it was made on the floor of the Senate here.

I, for one, certainly would not have voted for it had I known that the food stamp program was to be eliminated.

I do not know what kind of language we should have, but I do think we should accept the Case amendment and let the bill go to conference and be straightened out there, because there are certainly some areas of food stamps which should not be eliminated, even for cash. So I

think, to be on the safe side, we had better take the Case amendment.

Mr. CASE. I appreciate what the Senator from Vermont has said. It is precisely because of the uncertainty about the operation of this, which is the real crux of the matter.

Mr. AIKEN. The first time I realized that the food stamps were being jeopardized by our action yesterday was when I read the fine print this morning in the RECORD, but I did not hear it explained on the floor.

Mr. LONG. Mr. President, may I point out that the Senate agreed to the Humphrey amendment which said that for purposes of eligibility for food stamps, we would not count the recently enacted 20-percent social security increase. So we are going to disregard the 20 percent social security in determining eligibility for food stamps.

Now it is being suggested that, in addition to having paid to cash-out the food stamps, we should provide for them all over again.

What do we want to do, provide for food stamps three times over? That is what logic would suggest.

Mr. CASE. I think the matter should be gone into by a committee expert in this field who has jurisdiction over the food stamp program, but that would be after, as the Senator from Vermont has said, voting for my amendment.

The PRESIDING OFFICER (Mr. BAYH). The question is on agreeing to the amendment of the Senator from New Jersey (Mr. CASE).

The noes appear to have it.

Mr. CASE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BENNETT. Why not ask for a division?

Several Senators. Yes, please.

Mr. CASE. There are 33 sponsors to this amendment.

Mr. COOK. Mr. President, I rise in support of the amendment by the distinguished Senator from New Jersey (Mr. CASE). That amendment will neutralize the effect of section 508 of the amendment offered by the Senator from Delaware (Mr. ROTH) passed by the Senate yesterday. Senator CASE's amendment will assure that those needy persons who are elderly, blind, and disabled will not be refused access to the food stamp program.

Make no mistake, Mr. President, I look for the day when America's poor will no longer need the food stamp program, and I look for the day when America can have true reform of the welfare system.

But until the day that welfare assistance provides an income sufficient to purchase a nutritionally adequate diet, we must be sure that no American, who is elderly, blind, or disabled, is allowed to suffer from poverty-related hunger and malnutrition.

The amendment which the Senate accepted last night prohibits poor elderly, blind, and disabled Americans from receiving Federal food assistance. For what reason? The only legitimate reason for such a prohibition would be the provision to these persons of an income sufficient of itself to prevent them from being hungry.

But that is not the case under the Long-Roth amendment which the Senate passed last night. As H.R. 1 presently stands, America's elderly, blind, and disabled will receive an income far below the poverty level of the Nation. And yet, perhaps due to either an unintentional oversight or a misguided notion of fiscal responsibility, this legislative body now declares the policy of this Nation to be that our needy senior citizens and persons who cannot take a job because of some serious disability shall be unable to participate in the food stamp program—a program which is the only means for many elderly and disabled to combat malnourishment.

Mr. President, we have been on a course in the last 4 years that would lead us to the elimination and prevention of serious malnutrition in our country. I cannot understand the extent of "social" legislation that forbids the use of such desparately needed food assistance by the elderly and disabled. We most certainly possess more than sufficient resources to guarantee that no American will be involuntarily hungry in any State of this Union. We possess the technological and administrative know-how to deliver that food to the Nation's poor. Without the will to do so, however, these resources mean nothing. Today the Senate is able to demonstrate that will by passing amendment No. 1677.

Mr. HART. Mr. President, I urge the Members on both sides of the aisle to vote in favor of the amendment offered by the distinguished Senator from New Jersey. His amendment will nullify the effect of section 508 of the amendment passed by the Senate last night.

As Senator CASE stated, that section would prohibit the elderly, blind, and disabled, eligible for cash assistance, from participating in the food stamp or commodity distribution programs.

To allow that provision to stand in the fact of income assistance well below the poverty level would be to mandate hunger for hundreds of thousands of old or disabled poor Americans.

This amendment provides no new benefits and involves no new costs. It merely protects elderly and disabled welfare recipients so that they will not lose food benefits to which they are now entitled.

Mr. BAYH. Mr. President, it is with great dismay that I view sections 508 and 509 of the legislation before the Senate, the amendment offered by Senator ROTH. Those provisions would prohibit adult welfare recipients from participating in the food stamp or the commodity distribution program. This denial asks the Congress and the American people—especially America's aged and disabled poor—to make an insupportable leap of faith. It asks us to believe that food assistance is no longer necessary in America. That is a leap of faith I cannot take. It is a leap of faith the poor cannot take: To them it recreates the hunger gap. For them, this provision turns "welfare reform" into welfare reduction.

Hunger is a reality in America, Mr. President. It is a reality for America's 6 million poor, more than half of whom can now use some form of food assistance. Unless amendment No. 1677 is passed, recipients in the adult categories will no longer be able to use our food programs.

Poverty, Mr. President, means you do not have enough money to purchase an adequate diet—the term itself is defined by one's ability or nonability to purchase a minimally diet. And my experience as a member of the Senate Select Committee on Nutrition and Human Needs has taught me that when the income of the family goes below the poverty level, the first item to go by the wayside is food. You have to pay the rent or you get evicted. You have to pay the utilities so that you will not freeze and your lights will stay on at night. It is always easier to try to spread out the food dollar: There are no bill collectors coming around because your family goes hungry.

Mr. President, I do not believe food stamps are the whole answer to hunger or to poverty. But fighting hunger is, in my mind, an essential prerequisite to ending poverty. So long as the welfare benefits we provide do not eliminate poverty in America, then food stamps and surplus commodities will continue to be a necessary defense.

I support the amendment by my able colleague and the distinguished gentleman from New Jersey (Mr. CASE).

Mr. JAVITS. Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "Social Security Rise Becomes a Nightmare for Many Elderly," published in the New York Times of October 3, 1972.

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

SOCIAL SECURITY RISE BECOMES A NIGHTMARE FOR MANY ELDERLY

(By David K. Shipler)

Like millions of other aged Americans, Marie Nashif of Denver will receive a 20 per cent increase in her Social Security check this month. But unlike most, she will not welcome the extra cash.

Mrs. Nashif is among the 187,000 or so elderly for whom Congressional election-year generosity has become a nightmare. The Social Security rise, voted by Congress June 30, has pushed her income just high enough to make her ineligible for the welfare and Medicaid benefits that she needs so desperately.

Mrs. Nashif, a small, alert, 74-year-old woman, suffers badly from arthritis. Until now, her heavy medical bills have been paid fully by Medicaid. But when her monthly Social Security check rises from $138.40 to $166.10, it will surpass the $147 figure that Colorado uses to divide those who are eligible from those who are not.

In exchange for her $27.70 additional from Social Security, Mrs. Nashif will have to pay $5.80 a month in medical insurance premiums, 20 per cent of all doctors' bills, the first $68 a year in hospital expenses, $17 a day after 60 days in the hospital, and the total amount of prescription drugs.

Further, she will lose $7 a month in welfare payments, she will probably become ineligible for food stamps, and her rent will rise, since she lives in Federally subsidized housing where rents are tied to income.

"When I take all this into consideration," she said, "I'll be a darn sight worse off than I am now."

Congressional action could eliminate such hardships, and several bills addressed to the problem are now pending. Last Friday, the Senate voted a solution for welfare recipients by passing a measure that would force states to raise the eligible income limits for welfare by the same dollar amount as the Social Security increases. Prospects for the bill in the House are uncertain.

Even if the bill becomes law, it will not help people who now collect Medicaid and are not welfare recipients, and there are thousands of those in New York City alone who risk losing their medical benefits. The bill addresses itself only to welfare recipients.

ACTION BY STATES

Some states have already taken action on their own. Gov. William T. Cahill of New Jersey has ordered Medicaid benefits continued for 4,000 elderly who would otherwise become ineligible.

Delaware has allocated $1-million to raise the eligibility income maximums. Gov. Winfield Dunn of Tennessee has changed administrative regulations to keep 7,500 people on the welfare rolls. Nebraska, Missouri, Iowa, Florida and Wyoming are among the states that have increased the income levels that determine eligibility.

No action has been taken in New York. The state's Department of Social Services contends that it has no power to make the necessary changes without approval from the Legislature, whose regular session begins in January.

New York City has already sent letters informing 6,000 elderly people that their welfare benefits will be halted. This means that they will have to begin paying 20 per cent of their medical expenses.

In addition, many aged New Yorkers who are not on welfare and are not addressed by the Senate bill will be hurt by the Social Security increases.

The city's Office for the Aging estimated that 14,696 persons who now receive 80 per cent of their medical expenses from Medicaid will be cut off altogether. In addition, 22,434 who are not on welfare but are fully covered by Medicaid will have until they have spent all their income above the welfare maximum on medical bills. At that point Medicaid will pick up the full burden again. This totals about 43,000 elderly affected adversely in New York City alone.

The figures elsewhere are smaller, ranging from about 10,000 in California to 400 in Vermont. The United States Department of Health, Education, and Welfare calculates that nationwide, 187,000 people will become ineligible for welfare and 93,000 will lose Medicaid.

Even many who do not lose will not gain from the Social Security increase, since some states apply Social Security income against welfare payments. As Social Security rises, welfare decreases; the beneficiary is not the individual, but the state.

"I'm all for the increase," said John Maros, administrator of the Wyoming Division of Public Assistance. "The more Social Security they get the less public assistance is needed." The State of Washington estimates that it will save $2.3-million in welfare payments by next June 30.

"The average pensioner in Alabama won't gain a dime as a result of the increase," said Ruben K. King, Alabama director of pensions and security.

BAN UNDER SENATE BILL

"This is a form of psychological deceit practiced upon senior citizens," said C. Christophor Brown, head of the law reform unit of the Baltimore Legal Aid Bureau. "The government is giving with one hand and taking away with the other."

This cannot happen if the bill passed by the Senate is approved by the House and signed by President Nixon. Under the measure states would be prohibited from reducing welfare payments in response to the Social Security increase.

The bill would also cost the states additional money by requiring them to raise the income limits for eligibility, not merely for those welfare recipients who are on Social Security, but for all disabled, aged and blind. In New York, many in the disabled category are narcotics addicts.

In most states, elderly people on Social Security receive only small amounts of money from welfare, and their removal from the rolls is less of a hardship in terms of direct welfare payments than it is in terms of the services that are corollaries to a welfare status.

In many states, for example, Medicaid—whose cost is shared by the Federal and state governments—is available only to those whose incomes are low enough to qualify them for welfare, even though the Federal guidelines allow Medicaid benefits for those with incomes up to 133 per cent of the welfare maximum.

Other benefits, such as food stamps, legal help and home-making services, are also often tied directly to welfare.

BRONX WOMAN HIT

Mrs. Elesabeth Miles of 1365 Finley Avenue, the Bronx, for example, faces the loss of a valuable homemaker because the Social Security rise will make her ineligible for welfare. She is 62.

"The letter came last Wednesday," she said, "and now I have nothing. I have been a widow for 29 years and am completely blind in the right eye and partially blind in the left eye. My son is unable to take care of me because he has eight children of his own."

Her monthly Social Security check, to rise from $133.10 to $159.70, will have to cover her $70.40 a month rent, as well as her food and other expenses.

"They say that they are giving me a 20 per cent increase, but they been taking everything back and all I get is nothing," Mrs. Miles said. "We worked hard to take care of ourselves and they just don't care if we live or die."

In a small, sad room on West 86th Street, Joseph Wolfson, 80, a frail, asthmatic man spoke with fear. "Most of the time I am in the hospital because of asthma," he said. "I feel all right now, but who knows what can happen next week? I just can't live with that little amount of money and no Medicaid."

Eva Estelle Jackson, 70, lives alone in Montgomery, Ala., and has suffered from tuberculosis and ulcers. She now receives $132 a month in Social Security and $24 in welfare, but she has been told that the Social Security increase will raise her a few dollars above the welfare maximum she will therefore lose Medicaid, which paid several thousand dollars for three weeks she spent in hospitals last year.

"It's gonna hit me hard," Miss Jackson said. "If they'd just left me with a pension of $1 or $2, and Medicaid, I'd have been a lot better off. If I had some illness, I just don't know what I'd do. I'd just be in bad shape, because I've got nobody to fall back on."

Miss Jackson discovered that she will also have to pay a $2-a-month garbage collection fee to the City of Montgomery. Only those on welfare are exempted from the fee.

Another Montgomery resident, Emily Shepherd, 75, is now in the hospital, being treated for emphysema. When her $137-a-month Social Security check rises to $164, she will lose $66 in welfare from the state, ending up with $39 less a month than now, and no Medicaid.

At that point, her choices will be "either to go into a convalescent home or just go back to my apartment and die," she says. "It's the most ridiculous thing I ever hard of. They should have had a little forethought. They're just a bunch of meatheads in Congress."

In Las Vegas, the Social Security check of Henrietta G. Oberg, 78, will rise from $153 to $183 a month, but her $23 welfare payment will be eliminated as a result, leaving her $7 ahead, but without Medicaid. She is being treated for cancer. "What am I going to do?" she asked.

In Cedar Rapids, Iowa, Mary Wright also lost Medicaid. "It will take it all away from me," she said of the Social Security increase. "I can't afford it. I'm having it all canceled. I got to pay my rent, clothes and feed myself. There's nobody else to do it for me. You can't get any glasses, can't get any teeth—anything you need you can't get."

The difficulties have also affected some younger people. Lennell Frison, 40, a father of 10 in Portland, Ore., is a former foundry worker whose arthritis put him out of a job two years ago. He and his wife, who has diabetes, were told recently that the Social Security rise would mean the end of welfare and the end of medical payments.

"Without that aid to the doctor, man, I don't know how we're going to make it." His wife, he says, works sometimes as a janitor at night, making about $100 a week. They had planned to try to buy the six-room house they now rent, he said, "But we're probably gonna lose it."

Mr. Frison has considered sending his 17-year-old son to work, but he is torn by powerful doubts. "I hate to take my oldest boy out of school, because then he'd be where I am. I think I'd go back to work and punish myself instead. I can't stand up too long. My legs won't hold me. But it gets you. A man ain't nothing if he can't feed his children."

In Hazelwood, Mo., a suburb of St. Louis, Mr. and Mrs. Russell French face similar difficulties. Mr. French suffers from heart disease and diabetes, she from arthritis and rickets. Two of their children, Charles, 15, and Lorraine, 12, have rickets, and a third, Russell, is diabetic.

"It's the Medicaid that counts," said Mrs. French. "I figure it would cost us $100 a month just to keep my husband supplied with medicine." Neither she nor her husband can work; their Social Security comes to about $400 a month.

The family's physician, who asked not to be identified, confirmed that the French family needed constant medical attention. "Of all my families, this is the one that is probably the most in need," he said.

When Mrs. French was 10 years old and living in Corning, Ark., she recalled, her mother died because she could not get medical help. "If anyone thinks things have changed, they haven't," she said, "because the same thing probably will happen to us."

Mr. PERCY. Mr. President, 2 days ago I joined with the distinguished senior Senator from New Jersey (Mr. CASE), and several other colleagues in sponsoring an amendment to title V of H.R. 1, as reported, to restore the eligibility of public assistance recipients for Federal food assistance programs.

It now appears that in the context of yesterday's activities we voted to extend the benefits of these programs to those persons who will receive assistance under the so-called aid to families with dependent children category, but to deny them to persons in the adult categories—the aged, the blind, and the disabled.

I consider this an unfortunate and ill-advised act on the part of this body and that is why I am joining with Senator CASE and others to sponsor an amendment which would in effect suspend sections 508 and 509 of this bill until the Congress takes some further affirmative action to implement them.

As a charter member of the Select Committee on Nutrition and Human Needs and as the ranking minority member of the committee during the 92d Congress, I have witnessed participation in the food stamp program by the very needy nearly quadruple in the last 4 years. I have heard time and time again in testimony before the select committee from both Government officials and

private citizens alike that the food stamp program is beyond a doubt the single most powerful weapon we possess in our war against hunger. Though it has been subject to some abuse, it is small compared to the vast amount of good accomplished for worthy and malnourished Americans.

Have we won that war? Have we fulfilled the commitment which President Nixon set forth so eloquently in 1969 to end hunger in America for all time? Or will the terms of the legislation we are now considering be so generous that recipients of public assistance in the adult categories will be assured of a nutritionally adequate diet? The answer to each of these questions is a resounding "no."

I do not believe any Member of this body wants to put in jeopardy the nutritional status of two groups in our population most vulnerable to malnutrition: The elderly and the disabled. This action would fly in the face of years of progressive steps by this body to extend the reach and scope of our food assistance programs and of our unanimous action not more than 6 months ago to set up a nationwide program of hot meals for the elderly.

To allow our action of yesterday to stand is to take a giant step backwards in our war against hunger and malnutrition and to take it at the expense of perhaps the most helpless and defenseless segment of our population. Some may call this reform; I call it a breach of faith with the elderly and the infirm.

I urge my colleagues to reconsider the action of yesterday and to pass the amendment put forward by the very able and dedicated Senator from New Jersey (Mr. CASE).

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Jersey (Mr. CASE).

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Texas (Mr. BENTSEN), the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Louisana (Mrs. EDWARDS), the Senator from Oklahoma (Mr. HARRIS), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Rhode Island (Mr. PELL), and the Senator from Connecticut (Mr. RIBICOFF) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE) is absent on official business.

I further announce that, if present and voting, the Senator from Minnesota (Mr. HUMPHREY) and the Senator from New Hampshire (Mr. MCINTYRE) would each vote "yea."

On this vote, the Senator from Rhode Island (Mr. PELL) is paired with the Senator from Louisiana (Mrs. EDWARDS).

If present and voting, the Senator from Rhode Island would vote "yea" and the Senator from Louisiana would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BAKER), the Senator from Delaware (Mr. BOGGS), the Senator from Nebraska (Mr. CURTIS), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

Also, the Senator from Colorado (Mr. DOMINICK), the Senator from Connecticut (Mr. WEICKER) and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

If present and voting, the Senator from Texas (Mr. TOWER) would vote "nay."

On this vote, the Senator from Oregon (Mr. HATFIELD) is paired with the Senator from Nebraska (Mr. CURTIS). If present voting, the Senator from Oregon would vote "yea' and the Senator from Nebraska would vote "nay."

Mr. CANNON (after having voted in the negative). On this vote I have a pair with the Senator from Connecticut (Mr. RIBICOFF). If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." I therefore withdraw my vote.

Mr. GAMBRELL (after having voted in the negative). On this vote I have a pair with the Senator from South Carolina (Mr. HOLLINGS). If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." I therefore withdraw my vote.

The result was announced—yeas 44, nays 27, as follows:

[No. 535 Leg.]

YEAS—44

Aiken	Griffin	Pastore
Allen	Hart	Pearson
Bayh	Hartke	Percy
Beall	Hughes	Randolph
Brooke	Inouye	Schweiker
Burdick	Jackson	Scott
Byrd, Robert C.	Javits	Smith
Case	Magnuson	Sparkman
Cook	Mathias	Stafford
Cooper	Mondale	Stevens
Cotton	Montoya	Stevenson
Cranston	Moss	Symington
Dole	Muskie	Taft
Fulbright	Nelson	Tunney
Gravel	Packwood	Williams

NAYS—27

Bellmon	Fannin	McClellan
Bennett	Fong	Miller
Bible	Gurney	Proxmire
Brock	Hansen	Roth
Buckley	Hruska	Saxbe
Byrd, Harry F., Jr.	Jordan, N.C.	Spong
	Jordan, Idaho	Stennis
Chiles	Long	Talmadge
Ervin	Mansfield	Thurmond

PRESENT AND GIVING LIVE PAIRS, AS PREVIOUSLY RECORDED—2

Cannon, against.
Gambrell, against.

NOT VOTING—27

Allott	Eastland	McGovern
Anderson	Edwards	McIntyre
Baker	Goldwater	Metcalf
Bentsen	Harris	Mundt
Boggs	Hatfield	Pell
Church	Hollings	Ribicoff
Curtis	Humphrey	Tower
Dominick	Kennedy	Weicker
Eagleton	McGee	Young

So the Case amendment was agreed to.

Mr. CASE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BROOKE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HARTKE. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to state the amendment.

Mr. HARTKE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 295, between lines 11 and 12, insert the following:

"(H) to determine whether the services of clinical psychologists may be made more generally available to persons eligible for services under titles 18 and 19 of this act in a manner consistent with quality of care and equitable as efficient administration."

Mr. HARTKE. Mr. President, I have discussed the amendment with the distinguished chairman of the committee and also with the ranking minority member. It calls for a termination to be made on the question of whether the services of clinical psychologists may be made more generally available to persons eligible for services under titles 18 and 19 of this act in a manner consistent with the quality of care and equitable and efficient administration.

Mr. LONG. Mr. President, we support the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana. (Putting the question.)

The amendment was agreed to.

Mr. BUCKLEY. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to state the amendment.

Mr. BUCKLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, add the following new section:

SEC. —. (a) Section 402(a) of the Social Security Act is amended by adding at the end thereof the following new paragraphs:

"(27) provide that eligibility for aid to families with dependent children will not be determined solely on the basis of declarations concerning eligibility factors and other relevant facts by an applicant for or recipient of such aid, and that relevant information

will be verified to the maximum extent feasible from independent or collateral sources and additional information obtained as necessary in order to insure that such aid is only provided to eligible persons and that the amounts of such aid are correct;

"(28) provide—

"(A) that aid to families with dependent children shall not be furnished to any individual unless such individual (i) is a resident of the State, and (ii) has resided in the State continuously for ninety consecutive days immediately preceding the application for such aid;

"(B) that such aid shall be furnished under the State plan for a period of ninety consecutive days to any individual who (i) has moved out of such State regardless of whether he has terminated his residence in such State, (ii) was receiving aid under such State plan in the month before the month in which he moved out of such State, (iii) continues to meet the eligibility requirements of such State plan except for residency, and (iv) is not receiving aid to families with dependent children under a plan of the State in which he is present solely because he does not meet the duration of residency requirements imposed under subclause (A);

"(C) that for the purpose of furnishing aid under the State plan to any individual described in subclause (B), appropriate agreements (including provisions for reimbursement) will be made with the State agency administering or supervising the administration of the plan approved under this part of the other State so that the agency of such other State will determine the continuing eligibility of and make payments to such individual; and

"(D) that the State agency will enter into agreements with the State agency administering or supervising the administration of the plan under this part of other States to carry out for them the functions described in subclause (C); and

"(29) provide emergency assistance to needy families with children (as defined in section 406(e), on a statewide basis, to needy migrant workers with children in the State."

(b) Section 406(a) of the Social Security Act is amended by inserting the words "who has been born and" after "needy child";

(c) Section 406 of said Act is further amended by adding at the end thereof the following new subsections:

"(f) Notwithstanding the provisions of subsection (b), the term "aid to families with dependent children" does not mean payments with respect to a dependent child, a relative with whom any dependent child is living, or any other individual (living in the same home as such a child and relative) whose needs such State determines should be considered in determining the need of the child or relative claiming aid under the plan of such State approved under this part—who for any month—

"(1) (other than a member of a migrant family, for purposes of emergency assistance under section 410) has resided in such State for a period of less than ninety consecutive days or, in the case of a child born within three months immediately preceding the application for such aid, is living with a parent or other relative who has resided in such State for a period of less than ninety consecutive days;

"(2) is neither a citizen nor an alien lawfully admitted for permanent residence (or otherwise permanently residing in the United States under color of law);

"(3) is outside the United States during all of such month (and an individual who has been outside the United States for any period of 30 consecutive days shall be treated as remaining outside the United States until he has been in the United States for a period of 30 consecutive days);

"(4) is a mother of a child born out of wedlock with respect to whom such aid is claimed and who fails to cooperate with the State agency or with the United States in establishing the paternity of such child;

"(5) is the parent of a child with respect to whom such aid is claimed who fails to cooperate with any agency or official of the State or of the United States in obtaining support payments for herself or such child or in obtaining any other payments or property due herself or such child;

"(6) is medically determined to be a drug addict or alcoholic;

and (but only if the State, at its option, so provides in its plan approved under this part) does not include payments to any one or more of the following—

"(7) an individual who is absent from such State for a period in excess of 90 consecutive days (regardless of whether he maintains his residence in the State during such period) until he has been present in the State for 30 consecutive days in the case of such an individual who has maintained his residence in such State during such period or 90 consecutive days in the case of any other such individual;

"(8) an individual who will not agree, as a condition of initial or continuing eligibility for such aid, to permit inspection of his home, at reasonable times and with reasonable notice, by any duly authorized person employed by or on behalf of such State in the administration of such plan;

(d) Section 402(a)(4) of said Act is amended to read:

"(4) provide (A) for granting an opportunity for an evidentiary hearing before the State agency or, if the State plan is administered in each of the political subdivisions of the State by a local agency, before such local agency, to any individual whose claim for aid to families with dependent children is denied, or is not acted upon with reasonable promptness or to any individual who is receiving aid under the plan which aid such State or local agency determines should be terminated or the amount of which should be reduced, (B) that any hearing held at the request of any individual to determine the matter of whether the aid provided to such individual (or to members of his family) under the State plan should be terminated or the amount thereof reduced shall be completed and the agency before which such hearing is held shall make a decision on the basis of such evidentiary hearing with respect to such matter not later than thirty days after the date such individual is notified of the intention of such agency to terminate or reduce the amount of such aid, (C) that the agency before which such hearing is held may put its decision into effect immediately upon its issuance, (D) that if the evidentiary hearing is held by a local agency administering the State plan in a political subdivision of such State, the individual will be provided an opportunity to appeal such decision to the State agency, and (E) if any individual (or family) is determined under a final decision of the State agency (or of the local agency if no appeal is taken therefrom) to have received, prior to such decision, aid under the plan in any amount to which he (or his family) was not entitled, appropriate adjustment or recovery of such amount will be made as required by section 404(e); except that no individual whose eligibility for aid under the State plan is terminated by reason of provisions relating to limitation of duration of eligibility based on any approved application for aid in a State plan shall be entitled to a hearing on account of termination of his eligibility arising from the application of such provisions;"

Mr. BUCKLEY. Mr. President, yesterday so many things were happening in such a confused way that some of the important reforms worked out by the Finance Committee kind of evaporated. I am talking about reforms that would make this flexible to the States and enable them to handle welfare problems in a humane way.

I have 10 in one on this amendment to save us all time and trouble.

This would be reinserted in the bill as the result of the amendment. The bill would once again require States to provide emergency assistance for migrant families and children. It would provide that welfare children could not be counted for welfare purposes. It would eliminate eligibility for nonresident aliens. It would eliminate——

Mr. LONG. Mr. President, having looked at the amendment, it can be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York (putting the question).

The amendment was agreed to.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. COOK. Mr. President, I do not have an amendment. I got my name on the list some time ago so that I could have a discussion with the distinguished manager of the bill about a matter that I would hope would be taken up next year. I will only take about 60 seconds on this matter.

We are faced with a very serious problem that I hope the Senate will consider next year. That concerns an individual under social security who has, let us say, 19 quarters and does not have the additional quarter.

Nothing can be done for this individual except to find some welfare agency that can help him out.

There happens to be a problem, as Senators well know, under the Federal civil service system. If an individual retires before she is eligible to receive any benefits, that individual can draw out everything that she put into the fund plus 2.5 percent or 3 percent interest. They are entitled to that.

I might say that we have a real serious problem. I would like the attention of my colleagues on this matter, because I think it is something that we ought to face up to next year.

We here within our own Federal employees find ourselves in a situation where we have employees in our offices who can build up part of their retirement funds, and then if they want to take a vacation or buy a car, they go off the payroll for 1 day and withdraw everything that they put into the fund, plus interest. They then go back on the payroll the next day and start building up their retirement fund again.

Nobody else in the United States is entitled to do that; nobody under social security is entitled to do that. I can only say to the chairman I hope next year if we get into the field of reform we would do something about the individual who finds himself with 19 quarters or 19-plus quarters and does not have that 20th quarter. He really could withdraw nothing from social security, and yet we sit here and sanctify under the Civil Service System a program

whereby if an individual finds himself in the same situation as the person under social security, he can draw all of his money out—and the present interest rate is between 2.5 and 3 percent—and yet the individual under social security finds himself in a different situation. I hope we will consider that next year.

Mr. LONG. We certainly need more answers than we have now. I thank the Senator for having directed our attention to it.

Mr. COOK. I thank the Senator.

Mr. LONG. Mr. President, I would like to submit an amendment and explain the situation it is designed to help. The Roth amendment struck from the committee bill the arrangement that the committee had provided for fiscal relief to the States. We restored most of the fiscal relief, and in some States perhaps more than provided by the committee bill, except we did not give the States the same oportunity to profit from tight administration of their welfare programs. This would restore that feature, so if they elect to do so they can receive the money under an alternative formula that would be available to them as long as they maintain the existing level of benefits. If the State manages to save money, they can do so. This amendment would seek to reinstate this feature of the bill as reported.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

The amendment is as follows:

At the end of the bill, add the following new section:

SEC. —. Part A of title IV of the Social Security Act is amended by adding at the end thereof the following new section:

"ALTERNATIVE FEDERAL SHARE OF ASSISTANCE COSTS

"SEC. 411(a). For any fiscal year beginning after June 30, 1972, the Secretary of the Treasury shall pay to any State electing to receive payments under this section an amount equal to 120 per centum of the amount payable to such State for quarters in the calendar year 1972 under section 403 (a)(1) or under section 1118 (but only with respect to expenditures described in section 403(a)(1)).

"(b) Any payment under subsection (a) for any fiscal year shall be in lieu of amounts otherwise payable with respect to expenditures described in section 403(a)(1) or section 560 of the Social Security Amendments of 1972 (but only with respect to expenditures described in section 403(a)(1)).

"(c) The amount payable to a State under subsection (a) for any fiscal year shall be increased or decreased by the same percentage by which the population of such State in such fiscal year is greater or less than the population of such State in calendar year 1972. For the purpose of this subsection the population of a State shall be estimated by the Secretary on the basis of the most recent satisfactory data available from the Secretary of Commerce.

"(d) No payment shall be made under this section to any State with respect to any fiscal year during which the levels of assistance which it provides to families of various sizes are lower than the levels of assistance provided to such families under the State plan approved under this title as in effect in October 1972."

Mr. BENNETT. Mr. President, I have no objection to the amendment. I hope it is accepted.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BURDICK. Mr. President, will the Senator yield?

Mr. BENNETT. I am glad to yield to the Senator from North Dakota.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. BURDICK. Mr. President, I would like to ask the manager a question about the bill. Overlooked in the bill is consideration for the citizens of the United States residing in Guam, Puerto Rico, and the Virgin Islands.

I hastily drew up an amendment I had intended to offer which I discussed with the Senator, and I believe the Senator gave me assurance that early next year the matter would be considered, and by early I mean as early as possible, after we have some data, facts, and figures that we need to correct this matter.

Do I have that understanding?

Mr. LONG. Yes. I told the Senator, speaking as the manager of the bill, that if we could find what would appear to be an appropriate answer to provide equity and justice in those territories, I would be willing to accept such an amendment and take it to conference.

Unfortunately, neither he nor those of us on the committee could come up with an adequate answer.

I assure the Senator we on the committee will be glad to look into it and give our cooperation early in the next session.

Mr. BURDICK. I thank the Senator.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. JAVITS. Mr. President, Senator BUCKLEY and I were apprised unfortunately late with respect to alleged serious deprivation resulting from certain ceilings under the social security laws on money for Guam, Puerto Rico, and the Virgin Islands for welfare programs. We decided it was just too hasty and too complicated to move into now. May I have the assurance of the chairman that that will be looked into?

Mr. LONG. Mr. President, the Senator is familiar with the problem here. There is a difference in the dollar level of earnings, and there are tax considerations, but I would be happy to say that we will seek to look into it next year.

Mr. JAVITS. And Senator BUCKLEY has the same assurance?

Mr. LONG. Yes.

Mr. President, the junior Senator from New York wanted to ask a question, and I will be glad to respond.

The PRESIDING OFFICER. Does the Senator yield?

Mr. BENNETT. I yield.

Mr. BUCKLEY. Mr. President, I wish to ask the chairman two questions which will take an aggregate of 43 seconds. I know, because I timed them.

Mr. President, the Roth amendment which we adopted yesterday contained a provision repealing section 204(2)(2) of the Social Security Amendments of 1967.

I would like to ask the distinguished chairman whether my understanding is correct that the effect of this deletion is to restore the opportunity for the States to develop their own community work and training programs independently of the WIN program?

I also would like to ask the distinguished chairman whether the effect of this deletion is to restore the right of the State of New York to develop and enforce the requirements of its work performance program which I have described?

Mr. LONG. Yes, that is exactly what was intended. The committee did that so the State of New York could do what it was trying to do and that is implement a work program to help reform its own welfare program.

Mr. BUCKLEY. So they could pick up checks at the State employment office?

Mr. LONG. That is part of the program of the State of New York to create community work and training opportunities. We applaud that, as well as the efforts of the State of California to reform welfare.

Mr. BENNETT. Mr. President, I have two amendments. The first is an amendment prepared by the staff and I ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT LEGISLATIVE CLERK. The Senator from Utah (Mr. BENNETT) proposes an amendment at the end of title II.

Mr. BENNETT. Mr. President, I ask that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment ordered to be printed in the RECORD is as follows:

At the end of title II of the bill, add the following new section:

DETERMINATIONS AND APPEALS

SEC. —. (a) Section 1869 (b) of the Social Security Act is amended to read as follows:

"(b)(1) Any individual dissatisfied with any determination under subsection (a) as to—

"(A) whether he meets the conditions of section 226 of this Act or section 103 of the Social Security Amendments of 1965, or

"(B) whether he is eligible to enroll and has enrolled pursuant to the provisions of part B of this title, or section 1818, or section 1819, or

"(C) the amount of benefits under part A (including a determination where such amount is determined to be zero) shall be entitled to a hearing thereon by the Secretary to the same extent as is provided in section 205(b) and to judicial review of the Secretary's final decision after such hearing as is provided in section 205(g).

"(2) Notwithstanding the provisions of subparagraph (C) of paragraph (1) of this subsection, a hearing shall not be available to an individual by reason of such subparagraph (C) if the amount in controversy is less than $100; nor shall judicial review be available to an individual by reason of such subparagraph (C) if the amount in controversy is less than $1,000."

(b)(1) The provisions of subparagraphs (A) and (B) of section 1869(b)(1) of the Social Security Act, as amended by subsection (a) of this section, shall be effective on the date of enactment of this Act.

(2) The provisions of paragraph (2) and of subparagraph (C) of paragraph (1) of section 1869(b) of the Social Security Act, as amended by subsection (a) of this section, shall be effective with respect to any claims under Part A of title XVIII of such Act, filed—

(A) in or after the month in which this Act is enacted, or

(B) before the month in which this Act is enacted, but only if a civil action with respect to a final decision of the Secretary of

Health, Education, and Welfare on such claim has not been commenced under such section 1869(b) before such month.

Mr. BENNETT. Mr. President, the purpose of the amendment is to make sure existing law, which gives the right of a person to go to court on the question of eligibility to receive welfare, is not interpreted to mean he can take the question of the Federal claim to court. If he did we would never have an end to it. This is to reconfirm the original intention of the law that the courts can determine only eligibility.

The situations in which medicare decisions are appealable to the courts were intended in the original law to be greatly restricted in order to avoid overloading the courts with quite minor matters. The law refers to "entitlement" as being an issue subject to court review and the word was intended to mean eligibility to any benefits of medicare but not to decisions on a claim for payment for a given service.

If judicial review is made available where any claim is denied, as some court decisions have held, the resources of the Federal court system would be unduly taxed and little real value would be derived by the enrollees. The proposed amendment would merely clarify the original intent of the law and prevent the overloading of the courts with trivial matters because the intent is considered unclear.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BENNETT. Mr. President, I send a second amendment to the desk and I ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT LEGISLATIVE CLERK. The Senator from Utah (Mr. BENNETT) proposes an amendment at the end of the bill to insert the following new section.

Mr. BENNETT. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment, ordered to be printed in the RECORD, is as follows:

At the end of bill insert the following new section:

SEC. —. (a) No participant in any of the three test programs provided in Sec. 401(b)(1) of Title IV as amended who is the father of a dependent child shall be considered to be unemployed for any week in which his unemployment is on account of a labor dispute at the establishment where he was previously employed, unless such individual (1) is not directly interested in and has not participated in such dispute, and (2) is not a member of any group of employees which is directly interested in, financing or participating in, such dispute.

SEC. —. (b) Section 407(a) of the Social Security Act is amended by striking the period at the end thereof and adding "provided that a father of a dependent child shall not be considered to be unemployed for any week in which his unemployment is on account of a labor dispute at the establishment where he was previously employed, unless such individual (1) is not directly interested in and has not participated in such dispute, and (2) is not a member of any group of employees which is directly interested in, financing or participating in, such dispute."

Mr. BENNETT. Mr. President, another thing left out of the committee bill by the Roth amendment was a problem in the bill that welfare payments could not be paid to striking fathers under aid to families with dependent children. The amendment was drawn so the effect of this would not fall on other employees of corporations or anybody not directly and properly involved in the strike.

I think the chairman is willing to take this to conference.

Mr. JAVITS. Mr. President, this strikes me as very much a labor matter, which we have kept out of. After all, we do not want to delay the Senate. This is the Senator's amendment and with all respect to the Senator from Utah I hope very much that this will not be passed on at this hour. I do not know its implications and neither does anyone else. This deals with labor disputes and we are going to make a special record for fathers under welfare. I hope it can be submitted at a later date.

Mr. LONG. This amendment was included under the committee bill. It was stricken from the bill in the Roth amendment. This Senator made the statement that the provision would be submitted to the Senate for decision. It is up to the Senate to make the decision. Frankly, the Senator from Louisiana feels that the Government should be neutral between labor and management in a labor dispute, and that to pay welfare benefits to people who are on strike is not being neutral. We are not talking about people in a secondary involvement. We are not talking about an instance in which one union goes out, and since that union is out, it is not practical for others to work. We are talking only about those who are actively engaged in a strike.

For example, if there are several unions in a plant, and one union walks out, and therefore the plant cannot operate, the others can receive benefits because they are not on strike, but the strikers themselves could not receive benefits, just on the theory that the Government should be neutral in a controversy between labor and management, and to pay a generous level of benefits while a worker is on strike is, in effect, to place labor in a position to remain on strike indefinitely, while management is not in a position to operate a plant.

This, admittedly, is one about which there can be a difference of opinion. There was in the committee. I am sure there will be in the Senate.

When the Roth amendment was voted, those of us who voted for it promised those who favored this committee amendment that we would offer them the opportunity to vote on this amendment, which I feel is more a welfare matter than it is a labor matter. It is just a question of: Do you think you ought to pay welfare benefits to people who are not working because they decline to work for the reason that they are engaged in a controversy with management, and therefore they withhold their labor?

Since this is a struggle between management and labor, where both will suffer until they come to some kind of accord, we think that under no circumstances should the Government take the side of labor to the extent that it makes eligible for welfare payments and food stamps those who are on strike, and thereby, in one respect or another, tends to aid the side of labor in a dispute between labor and management.

It is the feeling of a majority of those of us on the committee that the Government should be neutral between the two contending forces of management and labor, and therefore, that welfare benefits should not be paid to those who are actively engaged in a strike. This matter, as Senators know, is in contest in the State of Maryland right now. But all of that has to do with: What was the congressional intent? Did we intend welfare payments to be paid to those who are out on strike, or did we not?

It seems to me that it is more appropriate that the Congress tell the Supreme Court what it meant than to have a bunch of lawyers argue what we meant. My guess is that it was not considered at all when the legislation was passed, and as it stands now, the Court is in a position to construe what Congress meant. When I doubt whether any 10 Senators could agree on what we meant on this matter, it seems to me our intention should be made clear: Do you think welfare payments should be payable to those actively engaged in a strike, or do you not?

Mr. BENNETT. Mr. President, I think the quickest way to settle this is by a division. I do not think that we should settle it by a voice vote. I ask for a division.

Mr. JAVITS. Mr. President, we are not quite ready yet to vote on it. We have not brought it up; the proponents of the bill have brought it up, and though it is very late, there is no hesitancy in dealing with an amendment which may be serious in its implications because the proponents, the managers, have sought to bring up an amendment at a late hour.

One thing the Senator from Louisiana (Mr. LONG) has said is quite proper: The Government should be neutral. But the Government should not hurt children whose father happens to be on strike. That is not being neutral, either.

I frankly do not know the depth of this amendment. It is a matter of first impression, but I beg the Senate to listen to it, because it has not been read. It reads as follows. It applies to two programs, one to the three test programs for income maintenance, and another part of it—both are proposed together—applies to the welfare assistance. It reads as follows:

No participant in any of the three test programs provided in Sec. 401(b)(1) of Title VI as amended who is the father of a dependent child shall be considered to be unemployed for any week in which his unemployment is on account of a labor dispute at the establishment where he was previously employed, unless such individual (1) is not directly interested in and has not participated in such dispute, and (2) is not a member of any group of employees which is directly interested in, financing or participating in, such dispute."

It strikes me that there are two grave deficiencies in this matter. One defi-

ciency is that it is participating in a labor dispute, because it is penalizing a man who is on strike or has joined a union. That is what it says. Second, I believe—and again I submit to the Senate it must, because of how it is submitted, be only a matter of first impression—it affects the eligibility for a particular family or a particular child to receive aid.

I could not imagine much more coercion on any man in going on a strike or being a member of a union which is on strike than denying relief, welfare, or whatever it may be that is agreed to under the law, to this man's child.

For those reasons, I think it is a serious matter, and I hope very much that, in this last moment on a major bill—and I join all my colleagues, and I think the whole country owes a debt of thanks to the Senator from Louisiana (Mr. LONG) and the Senator from Utah (Mr. BENNETT) for piloting this measure through, which seems to be of some consolation, and at least there will be some legislation that Congress will have created as a result of this enormous effort—but both gentlemen, I respectfully submit, should not ask us to take this amendment, which seems to have very serious and adverse implications, at this late hour. That is asking us, at least me, in all conscience—and I am the ranking Republican member of the Committee on Labor and Public Welfare—to do more than we should do.

Mr. WILLIAMS. Mr. President, this seems to me to be a matter which should be considered by the Labor and Public Welfare Committee, and as chairman of that committee, I feel compelled to move to table this amendment.

The PRESIDING OFFICER. The motion is not debatable. All those in favor signify by saying "aye." Those opposed, "no." The "ayes" appear to have it. The "ayes" have it. The motion to lay on the table is agreed to.

The bill is open to further amendment.

Mr. HART. Mr. President, I invite the attention of the Senator from New York, with some apology to everybody on the floor, to a matter. I know what Senators think, and I would not be doing this if I had not just been jumped by members of the staff, who, hopefully, know more about what we have just done than all of us here, or most of us here.

Would the Senator from New York advise us whether the amendment that he offered, which was not, as I have been advised, explained, and then was accepted, and hence has been added to this bill—it was an unprinted amendment; it was just recently acted on—reimposes, for example, the residency requirement for welfare? In effect, does it overrule the finding of the Supreme Court?

Mr. BUCKLEY. No, it does not overrule the Supreme Court's finding, but it imposes a uniform residency requirement unless State law requires otherwise. I think the Chairman is in a position to discuss the details.

Mr. HART. What does it do about——

Mr. LONG. The language is right there in the committee report.

Mr. HART. I beg the Senator's pardon?

Mr. LONG. I assume the Senator is reading from the committee report. The language is there. As to the residency requirement problem, it provides that a citizen is deemed a resident of the State from which he departed for 3 months after he left, and he then is deemed a resident of the State to which he moves for the purpose of their welfare program 3 months after he arrives, so that a State that wants to have high welfare benefits, such as New York or Michigan, can do so, and then will be some small impediment to a heavy migration of people from States that have lower welfare payments into their State.

There is an amendment to that that affects a particular problem in the State of Arizona, but the point is to say that 3 months after a citizen leaves the State, that State does not have to make any further payments to him, and 3 months after he leaves the State, the State to which he goes must make payments to him, so that he would be eligible under the laws of one State or the other.

The committee moved in a way to meet the Supreme Court decision which said that Congress cannot authorize a State to impose a residency requirement under the equal protection clause, but the equal protection clause does not prevent Congress from levying a residency requirement, and so it would seek to meet the problem by simply setting a residency definition by saying that you would be eligible for the welfare benefits of a State for 3 months after you left, and then the State to which you moved could make you eligible 3 months after you arrived there.

There is also a provision that the Senator might want to read there, where we went along with what the House of Representatives suggested by prohibiting the thing which we thought was probably the most unwise thing that was done to load the welfare rolls down with people who did not belong there, and that was what is called the declaration method, whereby a person could be put on the welfare rolls by a mere telephone call or by sending in a card by mail. The House of Representatives felt and we feel, that that provision increased the welfare rolls and the number of ineligible people on them by at least 10 percent. So, the House provided that the declaration method would not be used, and we also provided that the declaration method would not be used.

These are provisions that the Roth amendment struck from the bill.

We also provided, for example, that a State would not be required to make persons eligible who are not either citizens of the United States or aliens lawfully admitted to this country. It was also provided that a State need not make eligible a family where the mother declines to cooperate with the State in identifying the paternity of the child. She can say she does not know who the father is, and there is nothing they can do about it, but if she simply refuses to tell you who the father is, it would seem to me and to our committee that she should not be entitled to support from welfare.

Those are provisions that were in the committee bill—I have yet to hear anyone argue that they should not have been there—that were stricken by the Roth amendment. Frankly, I must confess I was not aware that these provisions had been stricken, but I am constrained to agree that they should be restored. The Senator from New York felt that they should be restored, and I agreed that they should be.

I would be happy, if the Senator would like, to vote individually on any one of these proposals which were in the committee bill and were stricken by the Roth amendment. Is there any particular one the Senator would like to vote on?

Mr. HART. I have been asked to obtain some kind of explanation. Unless material was handed in before our vote, we lack—maybe there is material in the RECORD, with the filing of printed material, and we will find out in the morning what it was we did. That is a harsh thing to have to get up and say, but we are all in this boat, and it is not meant to embarrass anyone, but rather in an effort to avoid embarrassment that I ask, for example, if there was included in the unprinted amendments any change with respect to the entry of caseworkers into homes.

Mr. BUCKLEY. There is such a provision. I think it would be useful if the Senator from Michigan would pick up the committee report and turn to page 451, and he will see the various items set out, with a very concise description of the provisions, contained in that index.

Mr. HART. On page 451, there are page references to what, 20 or 25 items?

Mr. BUCKLEY. "Refusal to allow caseworkers in home," 471. If the Senator will turn to page 471, he will find the following:

> The committee bill would codify the Supreme Court's decision in the statute by permitting the States, at their option, to require as a condition of eligibility under the AFDC welfare program that a recipient allow a caseworker or other duly authorized person to visit the home. In doing so, the committee is not endorsing the so-called "midnight raids," which have been generally considered objectionable as a means of enforcing welfare eligibility rules. The bill specifically requires that such home visits must be made at a reasonable time and with reasonable advance notice.

Mr. LONG. That particular provision right in the law is a Supreme Court decision. That is a decision of the Supreme Court of the United States which reversed the lower courts.

Being happy to find a Supreme Court decision with which we could heartily agree, we have decided that it should be written into the law, lest someone should argue that it should be reversed by trying to persuade the court that we did not mean what we thought we meant, and what the court has agreed we meant.

These provisions, Mr. President, that were involved in the Buckley amendment, are all provisions that were in the bill. As a matter of fact, what the Senator from New York suggested when he showed it to me was actually—here is what the Senator showed me, photostated from the bill.

He said, "This is some language that was stricken from the bill, and I think it ought to be restored."

I am familiar with it, of course; we sat there and worked on this for weeks. So as far as this Senator was concerned, the Senator from Delaware (Mr. ROTH) made no point to explain that this was being stricken when he offered his amendment.

At the time, I was aware there were some things being stricken that I thought should be restored. I did not suggest that the Senator from New York offer the amendment, but when he offered it I was satisfied that these were items that should be restored, and they were.

The Senator from Michigan probably did not know they were in the bill to begin with. He probably did not know, when the Roth amendment struck them, that they were stricken, and when they went back in, he probably did not know that they went back in. But the fact is that there were things in the Roth amendment that were so much more controversial and attracted so much debate and fire in other respects that these items simply were not debated.

I would be happy to vote on each one of them individually if the Senator wants to do so, but I am confident I know what the committee wants to do about it.

Mr. HART. Well, clearly a vote at this time would not serve the best interests of anyone. I am not in a position, since I am not a member of the committee, really to do more than rise here and at least in part make the point, though it is not new, that we have wrought in these last hours changes in legislation that affect intimately the lives of an awful lot of people, generally speaking the weakest and poorest among us, without knowing what we were doing. This is not a charge against anyone; but if anybody wants to disagree with this, that enormous legislative changes affecting an awful lot of people have been made and not very many people knew what we were doing, I would be glad to be corrected.

Mr. LONG. Mr. President, while the Senator from Michigan may not understand this bill as well as he would like to, he has sitting beside him a man who understands it better than I do. He is Mr. Peterson, who is the assistant to Mr. RIBICOFF who is responsible for some of the provisions that appear in the bill. He is a very brilliant adviser. I am sure Mr. Peterson knew what these provisions were as reported. I assume he was following it closely enough to know that they were stricken when the Roth amendment struck them, even if I did not, and that they were restored when they were restored.

All I want to do, Mr. President, is what the Senate wants to do about this matter, and I will seek to move accordingly.

We have accepted some amendments here tonight that I do not fully understand; but when the Senate is trying to adjourn 1 week from now, if we do not pass this bill some time soon, we might as well forget about it. It should be resolved soon, and I hope the House will go to conference with us.

I recall the experience 2 years ago when we had a bill that cost half this amount, and the House declined to go to conference with us because they thought it would cost too much money, and they would rather start all over again.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. MAGNUSON. I was tempted to propose an amendment to the end of the bill—I do not know whether it is section 2000 or section 2001—to add a section to the bill sending greetings and sympathy to the Appropriations Committee of the Committee on Health, Education, and Welfare.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. STEVENSON. Mr. President, there are many provisions of this legislation that I strongly support, particularly those affecting social security, old age assistance, and aid to the blind and disabled. Yet, I am forced to vote against passage of H.R. 1 in its final form because it perpetuates our present chaotic, ever-expanding, and inordinately expensive welfare system.

The Senate had a rare opportunity to accomplish a major restructuring of the welfare system. That we were not successful is in large measure due to the opposition of the President who incomprehensibly destroyed his own creation. Having had the foresight to propose far-reaching reform, he apparently lacked the political coverage to support it. He opposed the Ribicoff and Stevenson proposals even though they had the support of his Secretary of Health, Education, and Welfare and were substantially the same as his original proposal.

The President's opposition has condemned us to a continuation of the welfare mess for the indefinite future. I cannot vote for a program which rewards those who do not work and not those who do, which encourages fathers to desert their families; which is bankrupting the States of our Nation, including my own State of Illinois.

Despite my strong support for many provisions of this bill, I have no choice but to cast my vote against it.

Mr. FANNIN. Mr. President, the committee bill modified the unemployed father provision of aid to families with dependent children so that welfare benefits will not be available for strikers. This disqualification would not apply to any employee who is not participating or directly interested in the labor dispute and does not belong to a group of workers any of whom are participating in or financing or directly interested in the dispute. This disqualification, adapted from the unemployment insurance laws, is designed to prevent the government financing one side of a labor-management dispute.

Senator ROTH's amendment in rewriting title IV of the bill left out the striker disqualification.

The committee, in denying welfare for strikers was motivated in part by a 1972 decision by the U.S. District Court of Maryland—Francis against Davidson—holding that Maryland could not disqualify a family from aid to families with dependent children on the grounds that the fathers unemployment was due to a strike.

Members of the committee and I, personally, were more motivated by the fact that union use of welfare funds to support and prolong strikes has become a national disgrace.

To cite a few examples:

A 1970–71 strike by United Electrical Workers against Westinghouse at Lester, Pa.—During this 151-day strike a total of at least $2,500,000 in public funds, in the form of various welfare benefits, was paid to strikers and their families. The union paid nothing in strike benefit funds.

A recent study conducted by the Wharton School of Finance, University of Pennsylvania estimates that by 1973 the direct and indirect dollar cost of aid to strikers will exceed $365 million a year, or more than $1 million a day.

In the General Electric strike of 1969–70 which lasted more than 100 days and involved 150,000 workers, public welfare benefits to strikers totaled $25 million.

In the 71 day strike of the United Automobile workers against General Motors in 1970, an estimated $30 million was spent in public welfare benefits to the strikers. Of this sum, nearly $16 million was spent in Michigan alone. Since the unemployment insurance fund in New York is funded through a tax on employers, General Motors was forced to subsidize its own striking workers. That company estimates that about $5,250,000 in unemployment compensation was paid by New York to GM strikers.

The principal author of the Wharton study states:

"It seems obvious that if strikes become injurious only to one party (management) because the other party (labor) is being subsidized by the government, a strike will not serve its purpose of inducing a reasonable settlement."

Public policies which permit strikers to obtain welfare have serious financial impacts on Government and the taxpaying public and add additional burdens to our troubled welfare system.

Various case studies related in the Wharton study show that some strikers, thanks to welfare benfit payments, have received almost as much income while on strike as when working.

There is only one remedy. Congress must simply declare strikers ineligible for tax supported benefits. Of course, there will be a few hardship cases, but they will be well within the capacity of organized labor to care for.

The committee bill marked the first attempt by the Senate to begin to strike a balance in union rights and duties in financing strikes. The House of Representatives this year attempted to meet part of the problem by a rider to the agriculture appropriations bill which denied food stamps to strikers. This move failed.

The present situation developed because while the American taxpayer was asleep, the unions were working hard in the welfare area. Back in the World War II days, the unions set up a community service department and worked to get a union man on every community service board throughout the country. He is now the liaison man the union contacts before the strike starts. Consequently, today, when a strike occurs, welfare people are ready with food stamps, aid to dependent children, public welfare, and other benefits. The union makes sure the strikers know of all the various welfare benefits they can collect and procedures

are streamlined to make it easy for them to obtain these benefits.

Mr. President, I believe that Congress should take action to stop union abuse of our welfare system. Organized labor is big enough and certainly rich enough today to take care of itself.

This amendment is intended to protect the millions of taxpaying Americans who object to the public financing of strikes. Quite often strikes are not in the public interest, and all too often strikes result in hardship for the general public, not to mention ultimate higher costs for goods and services. It makes no sense for the government to maintain a program which encourages strikes and long work stopages. Tax funds should not be used to finance strikes.

SEVERAL SENATORS. The yeas and nays, Mr. President?

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, "Shall it pass?"

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Texas (Mr. BENTSEN), the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Louisiana (Mrs. EDWARDS), the Senator from Oklahoma (Mr. HARRIS), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Rhode Island (Mr. PELL), and the Senator from Connecticut (Mr. RIBICOFF) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE) is absent on official business.

I further announce that, if present and voting, the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Louisiana (Mrs. EDWARDS), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Rhode Island (Mr. PELL), and the Senator from Connecticut (Mr. RIBICOFF) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BAKER), the Senator from Delaware (Mr. BOGGS), the Senator from Nebraska (Mr. CURTIS), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

Also, the Senator from Colorado (Mr. DOMINICK), the Senator from Connecticut (Mr. WEICKER) and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

If present and voting, the Senator from Delaware (Mr. BOGGS), the Senator from Nebraska (Mr. CURTIS), the Senator from Oregon (Mr. HATFIELD), the Senator from Colorado (Mr. ALLOTT) and the Senator from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 68, nays 5, as follows:

[No. 536 Leg.]

YEAS—68

Aiken	Gambrell	Nelson
Bayh	Gravel	Packwood
Beall	Griffin	Pastore
Bellmon	Gurney	Pearson
Bennett	Hansen	Percy
Bible	Hart	Proxmire
Brock	Hartke	Randolph
Brooke	Hruska	Roth
Buckley	Hughes	Saxbe
Burdick	Inouye	Schweiker
Byrd, Harry F., Jr.	Jackson	Scott
	Javits	Smith
Byrd, Robert C.	Jordan, N.C.	Sparkman
Cannon	Jordan, Idaho	Spong
Case	Long	Stafford
Cook	Magnuson	Stennis
Cooper	Mathias	Stevens
Cotton	McClellan	Symington
Cranston	Miller	Taft
Dole	Mondale	Talmadge
Ervin	Montoya	Thurmond
Fong	Moss	Tunney
Fulbright	Muskie	Williams

NAYS—5

Allen	Fannin	Stevenson
Chiles	Mansfield	

NOT VOTING—27

Allott	Eastland	McGovern
Anderson	Edwards	McIntyre
Baker	Goldwater	Metcalf
Bentsen	Harris	Mundt
Boggs	Hatfield	Pell
Church	Hollings	Ribicoff
Curtis	Humphrey	Tower
Dominick	Kennedy	Weicker
Eagleton	McGee	Young

So the bill (H.R. 1) was passed.

Mr. LONG. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. MAGNUSON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LONG. Mr. President, I have a series of motions to make. First I ask unanimous consent that the bill, H.R. 1, be printed with the amendments of the Senate numbered, and that in the engrossment of the amendments of the Senate to the bill the Secretary of the Senate be authorized to make all necessary technical and clerical changes and corrections, including corrections in section, subsection, and so forth, designations, and cross references thereto.

The PRESIDING OFFICER (Mr. WILLIAMS). Without objection, it is so ordered.

Mr. LONG. Mr. President, I move that the Senate insist on its amendments to the bill, H.R. 1, and ask for a conference with the House thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to and the Presiding Officer appointed Mr. LONG, Mr. ANDERSON, Mr. TALMADGE, Mr. BENNETT, and Mr. CURTIS conferees on the part of the Senate.

Mr. MANSFIELD. Mr. President, first, I want to extend my commendation to the distinguished Senator from Louisiana (Mr. LONG), chairman of the Finance Committee, for the superb job he has performed in handling this most difficult, complicated, and complex piece of legislation.

Of course, we always expect such management on the part of the distinguished Senator from Louisiana, but I think that his forebearance, his understanding, and his consideration of all concerned was outstanding over the past week during which this measure was being debated.

To the distinguished Senator from Utah (Mr. BENNETT) I want, likewise, to extend my commendation for his patience and for his understanding and cooperation. I think that both Members represented their committee with distinction. Both Members represented the Senate well.

Mr. SCOTT. Mr. President, will the distinguished majority leader yield?

Mr. MANSFIELD. I am delighted to yield to the distinguished minority leader.

Mr. SCOTT. Mr. President, I would like very much to state that I am entirely in accord that this is one of the most difficult measures which could come before us. It has been handled with consideration for all Senators in a very thorough and careful manner. We are all very grateful to the distinguished Senator from Louisiana (Mr. LONG) and the distinguished Senator from Utah (Mr. BENNETT).

WELFARE REFORM: THE END OF THE ROAD

Mr. RIBICOFF. Mr. President, there is nothing I can add to the eloquent editorial in this morning's Washington Post which I ask unanimous consent to have printed at this point in the RECORD.

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

WELFARE REFORM: THE END OF THE ROAD

Let us draw an analogy. It will only require a little rearranging of dates and sequences. We will suppose that it is 1964 and that the historic Civil Rights Act is before Congress, having reached one of those unique moments when, after a long and hardfought battle, it suddenly becomes possible to enact legislation that had no chance before. It is one of those rare moments, as well, that is not likely to occur again soon. President Lyndon B. Johnson favors the program and well understands the importance of the moment. But he is running against Senator Goldwater who opposes civil rights legislation, and even though he enjoys an out-of-sight lead over Mr. Goldwater, the President does not care to risk one single vote to the "white backlash" he has been hearing about. So he withdraws his support from the legislation he sponsored and quietly contrives to kill it for the sake of protecting the size of his prospective election victory—not the victory itself, mind you, but merely its magnitude.

That, of course, is not what happened in 1964. It is what happened in 1972. The President was Richard Nixon, not Lyndon Johnson, and the historic program dealt with economic, not racial equity. Thus on Wednesday, with Mr. Nixon's blessing and his help, the Senate laid to rest the innovative and imaginative and—yes—supremely important welfare reform legislation he had himself brought before the Congress three years ago. Welfare - reform—the phrase has become something of a mind-stopper in itself, a couple of hackneyed red-flag words that suggest to some a "dole" for the lazy and to others nothing more than a complicated and boring subject that has something to do with a lot of black mothers of small children who should either be getting more money or less . . . or something. Yet what we were dealing with here was a fundamental reordering of this nation's attitude toward its own poor, toward its own obligations as an industrialized society, toward its own commitment to simple equity. The question—Mr. Nixon raised it in the first place three years ago—was whether we would provide a low but decent income for those among us who cannot work and guarantee as well a decent income for those at the bottom of the economic ladder who can work—and do. Mr. Nixon, relishing the effects of Senator McGovern's initial and clumsy venture into this area and desirous of preserving his own advantage for the short term, decided that the answer was, no.

As has come to be administration custom, he never said so out loud. Rather he rejected the few bills that were within the ambit of his original proposal and had a chance of passage, bills that his own top aides had worked on and/or urged him to support. He clung to one instead that had been gutted of its original purpose by the passage of time and the inroads of congressional alteration, one that he knew was doomed because neither moderate Democrats nor Republicans of practically any variety could in conscience support it. When this signal was given from the White House, it became plain to everyone who has cared about and supported Mr. Nixon's program (as it once existed) that what he wanted was not a bill, but an issue. Who, after all, within the electorate is in favor of welfare recipients? How many divisions do the poor have?

The anti-honor roll should of course be extended. If you were to sift back over the past three years looking for those who had defaulted or otherwise contributed to the final debacle, you would have to mention those Democratic liberals in Congress who, at the beginning, did not pitch in or help at all—even though they provided the bill's principal support in the showdown in the Senate this week. You would give a much more important place to former Senator John Williams of Delaware who, as ranking Republican on the Senate Finance Committee, organized his fellow Republicans and led the fight against reform for the first year. You would save a special award for Democratic Chairman Russell Long of the Finance Committee, who managed to keep the measure locked up for roughly two of the three years it was before Congress. A proper historical accounting would have to take note as well of such disparate factors as the hostility of the National Welfare Rights Organization which declined to support any measure within the realm of fiscal practicality, and the incompetent testimony of former HEW Secretary Robert Finch who, in the spring of

1970, dealt the bill a terrible blow with his inability to explain or defend it on the Hill. His successor, Mr. Richardson both understood the legislation better and fought for it with more conviction. As in other matters of great social moment, he lost. One only hopes to be spared, this time around, the Secretary's eloquent rationalization of what happened and how it's probably all for the best.

But when you have finished accounting for the principal obstacles, human and institutional, that got in the way of genuine welfare reform, you are left with a fairly simple set of facts: That the courage and commitment of some men and women of both parties and in and out of government brought that reform to the point where it could easily have been enacted, that the chance will not soon come again, that the President by refusing to support a passable version of his bill in the Senate killed reform, and that he did so for the sake of a marginal political benefit he did not even need. Mr. Nixon likes "firsts." We will ungrudingly offer him one: Never has anyone in high political office sold out so much for so little.

VOTE ON H.R. 1

Mr. CHILES. Mr. President, at 1 o'clock this morning, after much soul searching, I voted against the final passage of H.R. 1.

The Finance Committee has done a world of work. It has been working on the bill for almost a year in endless meetings, and I think there are a lot of good features in the bill. The title IV portion dealing with welfare reform is an exception, however.

I think the committee was forced to come out with the welfare reform section too quickly because we were getting close to the end of the session. Then, too, they had a fight within the committee on different proposals—the President's family assistance plan, Senator RIBICOFF's program which gave more guaranteed income than the President's plan, and committee chairman Senator LONG's workfare proposal.

I have been against the guaranteed income idea because I felt it would kill incentive for people to work whether it was the Nixon or the Ribicoff plan. The workfare concept, I think, would be much better. But the Finance Committee just was not able to work out provisions that fit together, so what the committee proposed to the Senate just would not stand up to scrutiny. As a result, nothing could get a majority of support, and then the Senate moved to what is supposed to be a study program or test plan to try out the Nixon, the Ribicoff and the Long ideas. However, in the pilot approach they put many new changes that were not going to be just tests but would become permanent fixtures in law. The Senate never really discussed most of these provisions: even last night we adopted amendments on which there had not been discussion on the Senate floor and consequently were not understood by most of the Senators.

All this was objectionable to me.

But I guess the major reason I was compelled to vote against the bill was what I learned during my campaign in 1970. As I campaigned, I found more and more that the guy who really was not represented was the wage earner of this country, the man making $3,000 to $12,000 a year. He was and is paying a disproportionate share of taxes, especially payroll taxes, and the bill passed by the Senate just makes that situation so much worse. Rather than addressing itself to correcting that problem, this bill goes the other way. Figures I got just yesterday show that a person earning $12,000 a year is going to have a 54-percent increase in payroll taxes by 1974. In other words, he or she will be paying $21 per month more than now.

This is a terribly regressive tax. And the guy who is shouldering the load in this country does not have the depreciation allowances or the depletion allowances or the charitable foundation or a deferred income plan. All he has is the burden.

Now, there are many good services in this bill, additional benefits that are needed: but I think those benefits should be paid out of general revenue because they come in the category of welfare, not social security. The Senator from Wisconsin (Mr. NELSON) had two amend-

ments yesterday which would have provided necessary funds for increased benefits—one would have taken away the assets depreciation range; the other would have taxed people who are paying no tax at all—but they were rejected.

So, until we reach the point where we are willing to come to grips with the inequity built into social security taxing, we should not pile on an additional burden.

I talked and talked about this problem in 1970. I introduced my own social security-welfare reform plan to achieve this. I have introduced amendments and I have supported other amendments to this end, but I had to face the fact, as H.R. 1 came to a final vote, that its passage meant that the guy paying all these taxes would continue to get it in the neck. We are going in the wrong direction, and I had to vote "no."

THE ROTH SOCIAL SECURITY SURVIVOR BENEFIT AMENDMENT

Mr. MONDALE. Mr. President, last evening during considration of H.R. 1, the junior Senator from Delaware (Mr. ROTH) proposed an excellent amendment concerning social security survivors' benefits. It was designed to help thousands of widows in this country who are denied the opportunity to claim their children as dependents on their income tax returns because the social security survivors' benefits these children receive provide more than half of their support. Mr. ROTH's amendment correctly provided that a child's social security benefits will not be taken into account in determining whether the child receives more than half his support from the taxpayer claiming him as a dependent.

The present system—which Mr. ROTH's amendment changes—places a particular hardship on lower- and middle-income families. If a widow has a high income she has little difficulty proving that the survivors' benefits constitute less than half the support of her children, and she can count them as dependents. But if her income is not high, she may be denied the chance to claim her children as dependents. This is one of the most discriminatory provisions in our tax code, and must be changed.

When the rollcall vote was taken on the Roth amendment last evening and I voted in favor of the motion, I was under the enormous impression that the motion was on the merits of the issue. Shortly later I discovered that the motion was actually a motion to table the Roth amendment, and that I should have voted "no."

I support the Roth amendment and voted for it on final passage. It is long overdue. I am delighted that the motion to table was defeated, and the amendment was adopted. I believe this explanation will clarify any confusion about my position on this issue which might arise from the rollcall vote last evening.

EXPLANATION OF BUCKLEY AMENDMENT TO H.R. 1

Mr. BUCKLEY. Mr. President, I understand that there has been some concern expressed last night and in today's press as to what was contained in my amendment yesterday to H.R. 1. The distinguished chairman of the Finance Committee confirmed last night that my amendment merely restored certain provisions that were originally a part of the legislation reported by the Finance Committee, and, further, made it clear in his discussion with the distinguished Senator from Michigan (Mr. HART) that he was willing to follow the will of the Senate on each of the several items contained in my amendment and that he would have been happy to vote on each of them individually.

The text of the amendment as adopted appears in today's RECORD. The items contained therein are nothing more than several valuable provisions which were approved overwhelmingly by the Finance Committee and which have been a matter of public record for some time. They were deleted by virtue of the substitution of the Roth amendment for title IV of the committee bill

It was only as a result of the careful examination of the exact provisions of the Roth amendment by two members of my staff that I became aware of the fact that these important reform provisions had somehow been eliminated from the bill reported out by the Finance Committee even though, quite frankly, I was a cosponsor of that amendment. On reviewing the record of the debate accompanying the Roth amendment, I found that it was nowhere mentioned that a side effect of a proposal to provide for experimentation in testing the principle competing proposal for welfare reform that these other provisions would be stricken.

It was therefore my purpose in offering my amendment to remedy what I had concluded to be an oversight; and after having spoken to my colleagues about its provisions and after hearing the debate last night, it was clear to me that most Members of the Senate then present had no knowledge of the fact that the provisions which I was restoring had in fact been deleted. In other words, it was not my intention to—nor did I—introduce new material. Rather, its effect was to correct what seemed to me to be a legislative oversight.

I can deeply appreciate the concern of the Senator from Michigan (Mr. HART) and I am also sure that as he reviews the RECORD he will appreciate that there was no indulgence in legislative sleight of hand. I will say, quite frankly, that I share his general concern when totally novel proposals are introduced in the form of amendments in the late hours when vitally important legislation is being considered—amendments which

the members of the committee have not had an opportunity to consider or evaluate. I respectfully suggest that my amendment does not fit such a category. I further suggest that the distinguished chairman of the committee was doing no more, when he accepted my amendment, than accept the opportunity to restore the bill to that form which most of the Members present who had studied the original proposal assumed was in all their State programs, it might as well take them over totally and pay for them as well. But Governor Reagan of California and later Governor Rockefeller of New York doggedly continued to search for an effective approach to the welfare crisis. They both found that, given the original intent of Congress, and with a reasonable amount of flexibility in developing State programs, the States could mount an effective attack against the welfare crisis. By their efforts they have demonstrated that it is possible for the States to institute substantive and salutary welfare reforms which would correct or prevent abuses, result in fiscal savings, and make available additional benefits to those who are truly and legitimately in need.

The bill as finally adopted provides that flexibility and preserves the reforms so carefully recommended by the Finance Committee.

ACTION OF SENATE ON CERTAIN PROVISIONS OF SOCIAL SECURITY ACT AMENDMENTS OF 1972

Mr. MONDALE. Mr. President, before I begin my remarks, I want to comment on one action we took last night as part of the welfare reform bill which is now in conference—an action about which I feel very deeply.

I think that perhaps the most effective program in the whole OEO effort has been the legal services program. It is modestly funded. I think it is something less than $65 million a year. And yet that program has resulted in attracting some of the most gifted, young, seasoned lawyers in the country. And they have brought a whole host of long-overdue lawsuits dealing with legal and constitutional rights—suits that would have been brought years ago had commercial business interests been the ones adversely affected. Before the legal services program was established in 1965, those lawsuits were not brought, simply because the resources did not exist.

We talk about a health crisis, a housing crisis, a social security crisis, a transportation crisis, and many other crises in American society. But there is an underlying legal crisis which exists because the cost of high quality legal representation is beyond the reach of people of moderate means, and is totally beyond reality for people below or near the poverty level. The result is that public bodies, corporate interests and others can disregard the legitimate constitutional and legal rights of poor people almost with impunity, sometimes cruelly.

I recall hearings held a year or two ago in a county with a high migrant population, where a lawyer testified that the only way he could keep the unemployed migrants of that county from starving was to be with them when they applied for food stamps. If he was not with them, they would not get the stamps. If he did not threaten to sue, the authorities would not grant what the law requires to these pathetic people.

Time and time again this remarkable program has in a simple way brought law and order to poor people and poor communities throughout the country. And because it has been successful, powerful interests now want to throw it off.

I have never heard anyone suggest that the right of corporations to sue for their own interests and the right of wealthy people to sue for their own interests, should be restricted in any way—and I do not think they should be. But those lawsuits by and large are publicly supported, because the costs are deducted from income taxes.

I have never heard anyone say that any public body, such as a school board, should be restricted from asserting its rights. However, once again it is the public taxpayers who pay for the cost of those lawsuits.

Of course, the people in America who have unasserted legal rights are the poor. And even with the legal services they have very few rights to assert.

Last night in an action which I thought was unbelievable, the Senate passed a bill which would prohibit legal services attorneys from bringing a suit under the Social Security Act, which would mean they could not participate in any of the welfare fields at all. No matter how illegal, no matter how outrageous the violation, they cannot sue on behalf of poor people.

Mr. President, I would like to have some who voted for that provision go out and tell those poor people about our deep commitment here to law and order and to the Constitution—after we said, in effect, that the courthouse door is slammed shut, bolted, and nailed down as far as their rights are concerned. They better find a rich friend.

I deeply regret that action taken last night, and since it is in conference I hope the conferees will reject it and seek to keep this remarkable program alive. If the provision is kept I think the legal services program is, for all practical purposes, dead. I do not think they are going to be able to get gifted young lawyers into a program that cannot effectively serve the poor, which is why the American Bar Association sent a powerful telegram to the Senate urging that we reject this provision on the ground that it violates, in their opinion, the Canon of Ethics and the whole concept underlying justice in America.

I hope in conference that highly unwise and I think unfair provision will be dropped.

H.R. 1—RECONSIDERATION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the third

reading and passage of H.R. 1 be reconsidered and that the Stevens amendment, which was offered for the Senator from Montana (Mr. METCALF), and which was inadvertently stricken from the bill be readopted and that, as thus amended, the bill be read a third time and passed, and that the vote be considered as having been reconsidered and laid on the table.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia?

Mr. HART. Mr. President, reserving the right to object—and I shall not—but I am glad that the very able Senator from Alabama (Mr. ALLEN) is still in the Chamber because I should like to remind him again of the hazards we are in when we proceed before we fully understand what we are doing.

I have no objection.

The PRESIDING OFFICER (Mr. ALLEN). Without objection, it is so ordered.