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[COMMITTEE PRINT]

JUNE 23, 1970

NOTE: This committee print contains the amendments to H.R. 16311 recommended by the Department of Health, Education, and Welfare for consideration by the Committee. Matter proposed to be stricken is printed in linetype or enclosed in brackets and matter proposed to be inserted is printed in italic.

This material has not been reviewed by the Committee on Finance, by any member thereof, or by the Committee staff. It is being published solely for the information of the public.

An explanation of the amendments prepared by the Department of Health, Eduiation, and Welfare begins at page 155.

91ST CONGRESS
2D SESSION

H. R. 16311

IN THE SENATE OF THE UNITED STATES

APRIL 21, 1970

Under the order of April 20, 1970, received, considered as having been read twice, and referred to the Committee on Finance

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AN ACT

To authorize a family assistance plan providing basic benefits to low-income families with children, to provide incentives for employment and training to improve the capacity for employment of members of such families, to achieve greater uniformity of treatment of recipients under the Federal-State public assistance programs and to otherwise improve such programs, 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 "Family Assistance Act of 1970".

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TITLE I—FAMILY ASSISTANCE PLAN

ESTABLISHMENT OF FAMILY ASSISTANCE PLAN

SEC. 101. Title IV of the Social Security Act (42 U.S.C. 601 et seq.) is amended by adding after part C the following new parts:

"PART D—FAMILY ASSISTANCE PLAN

"APPROPRIATIONS

"SEC. 441. For the purpose of providing a basic level of financial assistance throughout the Nation to needy families with children, in a manner which will strengthen

family life, encourage work training and self-support, and enhance personal dignity, there is authorized to be appropriated for each fiscal year a sum sufficient to carry out this part.

"ELIGIBILITY FOR AND AMOUNT OF FAMILY ASSISTANCE BENEFITS

"Eligibility

"SEC. 442. (a) Each family (as defined in section 445)—

"(1) whose income, other than income excluded pursuant to section 443 (b), is less than—

"(A) $500 per year for each of the first two members of the family, plus

"(B) $300 per year for each additional member, and

"(2) whose resources, other than resources excluded pursuant to section 444, are less than $1,500,

shall, in accordance with and subject to the other provisions of this title, be paid a family assistance benefit.

"Amount

"(b) The family assistance benefit for a family shall be payable at the rate of—

"(1) $500 per year for each of the first two members of the family, plus

"(2) $300 per year for each additional member,

reduced by the amount of income, not excluded pursuant to section 443(b), of the members of the family.

"Period for Determination of Benefits

"(c) (1) A family's eligibility for and its amount of family assistance benefits shall be determined for each quarter of a calendar year. Such determination shall be made on the basis of the Secretary's estimate of the family's income for such quarter, ~~after taking into account income for a preceding period and any modifications in income which are likely to occur on the basis of changes in conditions or circumstances. Eligibility for and the amount of benefits of a family for any quarter shall be redetermined at such time or times as may be provided by the Secretary, such redetermination to be effective propectively~~ *and such estimate shall in turn be based on income for a preceding period unless he has reason to believe that modifications in income have or are likely to occur on the basis of changes in conditions or circumstances. The Secretary shall redetermine eligibility for and amount of benefits of a family for a quarter if at any time during such quarter he has reason to believe that there have been changes affecting such eligibility or amount of benefits, and such redetermination shall be effective beginning with the month following the month in which such redetermination is made.*

"(2) ~~The Secretary shall by regulation prescribe the~~

~~cases in which and extent to which the amount of a family assistance benefit 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 benefits.~~ *In the case of an application for family assistance benefits which is filed after the first day of a quarter, the amount determined pursuant to paragraph (1) for such quarter shall be reduced by an amount which bears the same ratio to the amount determined pursuant to such paragraph as the number of days in the quarter preceding the date on which the application was filed bears to the total number of days in such quarter.*

"(3) The Secretary may, in accordance with regulations, prescribe the cases in which and the extent to which income received in one period (or expenses incurred in one period in earning income) shall, for purposes of determining eligibility for and amount of family assistance benefits, be considered as received (or incurred) in another period or periods.

"Special Limits on Gross Income

"(d) The Secretary may, in accordance with regulations, prescribe the circumstances under which the gross income from a trade or business (including farming) will be considered sufficiently large to make such family ineligible for such benefits.

"Puerto Rico, the Virgin Islands, and Guam

"(e) For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 1108(e).

"INCOME

"Meaning of Income

"SEC. 443. (a) For purposes of this part, income means both earned income and unearned income *reduced by amounts paid or withheld pursuant to chapter 1 or 24 of the Internal Revenue Code of 1954 as personal income tax*; and—

"(1) earned income means only—

"(A) remuneration for services performed as an employee (as defined in section 210(j)), other than remuneration to which section 209 (b), (c), (d), (f), or (k), or section 211, would apply; 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)), including earnings for services described in paragraphs (4), (5), and (6) of subsection (c); and

"(2) unearned income means all other income, including—

"(A) any payments received as an annuity, pension, retirement, or disability benefit, including veteran's or workmen's compensation and old-age,

survivors, and disability insurance, railroad retirement, and unemployment benefits;

"(B) prizes and awards;

"(C) the proceeds of any life insurance policy;

"(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 $30 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 re-

ceived 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 *except that such amount may not exceed the cost, established for purposes of section 436(c), of comparable child care*;

"(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-half of the remainder thereof;

"(5) food stamps or any other 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 ~~charitable~~ agency or organization ~~(as determined by the Secretary~~ *described in section 501(c) (3) or (4) of the Internal Revenue Code (26 U.S.C. 501(c) (3) and (4))*;

"(6) allowances under section 432(a) *or under section 437(d);*

"(7) any portion of a scholarship or fellowship received for use in paying the cost of tuition and fees at any educational (including technical or vocational education) institution; ~~and~~

"(8) home produce of a member of the family utilized by the household for its own consumption~~.~~ *; and*

"(9) any amounts paid for the foster care of a child who is not a member of the family.

The Secretary shall prescribe regulations relating to the treatment (for the purposes of this part and part E) of refunds of overpayments of personal income tax under the Internal Revenue Code which regulations are designed to achieve, as nearly as practicable, the results which would have obtained if there had been no such overpayments.

"RESOURCES

"Exclusions From Resources

"SEC. 444. (a) In determining the resources of a family there shall be excluded—

"(1) the home, household goods, and personal effects; and

"(2) other property which, as determined in accordance with and subject to limitations in regulations

of the Secretary, is so essential to the family's means of self-support as to warrant its exclusion.

"Disposition of Resources

"(b) The Secretary shall prescribe regulations applicable to 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 family assistance 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

"Composition of Family

"SEC. 445. (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) who are residents of the United States, and

"(4) at least one of whom is a child who (A) is

not married to another of such individuals and

(B) is in the care of or dependent upon another of such individuals,

shall be regarded as a family for purposes of this part and parts ~~A,~~ C~~,~~ and E. 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.

"Definition of Child

"(b) For purposes of this part and parts C and E, the term 'child' means an individual who is (1) under the age of eighteen, or (2) under the age of ~~twenty-one~~ *twenty-two* and (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.

~~"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 ~~Adult~~ *Individual*

"~~(d)~~ *(c)* For purposes of determining eligibility for and the amount of family assistance 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), 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.

"Recipients of Aid to the Aged, Blind, and Disabled Ineligible

"~~(e)~~ *(d)* If an individual is receiving aid to the aged, blind, and disabled under a State plan approved under title XVI, or if his needs are taken into account in determining the need of another person receiving such aid, then, for the period for which such aid is received, such individaul shall not be regarded as a member of a family for purposes of determining the amount of the family assistance benefits of the family.

"PAYMENTS AND PROCEDURES

"Payments of Benefits

"SEC. 446. (a) (1) Family assistance benefits shall be paid ~~at such time or times and in such installments as the Secretary determines will best effectuate the purposes of this title~~ *not less frequently than monthly, except that such benefits may be paid quarterly in any case in which the Secretary determines that the amount of such benefits for a quarter will not exceed $30.*

"(2) Payment of the family assistance benefit of any family may be made to any one or more members of the family, or, if the Secretary deems it appropriate, to any person, other than a member of such family, who is interested in or concerned with the welfare of the family.

"(3) The Secretary may by regulation establish ranges of incomes within which a single amount of family assistance benefit shall apply.

"Overpayments and Underpayments

"(b) Whenever the Secretary finds that more or less than the correct amount of family assistance 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 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 current 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 *unless such* adjustment or recovery ~~on account of such overpayment in such case~~ *(in the case of an overpayment)* would defeat the purposes of this part, or be against equity or good conscience, or (because of the small amount involved) impede efficient or effective administration of this part.

"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 part with respect to eligibility of the family for family assistance benefits, the number of members of the family, or the amount of the benefits, if such individual requests a hearing on the matter in disagreement within thirty days after notice of such determination is received. Until a determination is made on the basis of such hearing or upon disposition of the matter through default, withdrawal of the request by the individual or revision of the initial determination by the Secretary, any amounts which are payable (or would be payable for for the

matter in disagreement) to any individual who has been determined to be a member of such family shall continue to be paid; but any amounts so paid for periods prior to such determination or disposition shall be considered overpayments to the extent they would not have been paid had such determination or disposition occurred at the same time as the Secretary's initial determination on the matter in disagreement.

"(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 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

"(d) The provisions of sections 206*(a) (other than the penultimate sentence thereof)* and 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.

"Applications and Furnishing of Information by Families

"(e) (1) The Secretary shall prescribe regulations applicable to families or members thereof with respect to the filing of applications, 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) In order to encourage prompt reporting of events and changes in circumstances relevant 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 ~~may~~ *shall* prescribe the cases in which and the extent to which—

"(A) failure to so report or delay in so reporting, or

"(B) inaccuracy of information which is furnished by the members and on which the estimates of income or expenses for such purposes are based,

will result in treatment as overpayments of all or any portion of payments of such benefits for the period involved.

"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 family assistance benefits, or verifying other information with respect thereto.

"REGISTRATION AND REFERRAL OF FAMILY MEMBERS FOR MANPOWER *OR REHABILITATION* SERVICES, TRAINING, AND EMPLOYMENT

"SEC. 447. (a) Every individual who is a member of a family which is found to be eligible for family assistance benefits, other than a member to whom the Secretary finds paragraph (1), (2), (3), (4), or (5) of subsection (b) applies, shall register for manpower services, training, and employment with the local public employment office of the State as provided by regulations of the Secretary of Labor. If and for so long as any such individual is found by **the Secretary of Health, Education, and Welfare to have** failed to so register, he shall ~~not~~ be regarded as a member of a family but ~~his income which would otherwise be counted under this part as income of a family shall be so counted; except that if such individual is the only member of the family other than a child, such individual shall be regarded as a member for purposes of determination of the family's eligibility for family assistance benefits, but not (except for counting his income) for purposes of determination of the amount of such benefits~~ *no family assistance benefits shall be payable to such family with respect to such member. In the case of such a finding such member, or, if there*

are two or more such members of a family to whom such a finding is applicable at the same time, the first and second members of such family with respect to whom it is so applicable, shall be treated as, respectively, the first member and first and second members respectively of such family for purposes of section 442(b). No part of the family assistance benefits of any such family may be paid to such individual during the period for which the ~~preceding~~ *second* sentence *of this subsection* is applicable to him; and the Secretary may, if he deems it appropriate, provide for payment of such benefits during such period to any person, other than a member of such family, who is interested in or concerned with the welfare of the family.

"(b) An individual shall not be required to register pursuant to subsection (a) if the Secretary determines that such individual is—

"(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 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 the second sen-

tence of subsection (a), or section 448 (a), is applicable to him);

"(4) a child who is under the age of sixteen or meets the requirements of section 445 (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 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.

"(c) The Secretary shall make provision for the furnishing of child care services in such cases and for so long as he deems appropriate in the case of (1) individuals registered pursuant to subsection (a) who are, pursuant to such registration, participating in manpower services, training, or employment, and (2) individuals referred pursuant to subsection (d) who are, pursuant to such referral, participating in vocational rehabilitation.

"(d) In the case of any member of a family receiving family assistance benefits who is not required to register pursuant to subsection (a) because of such member's incapacity, the Secretary shall make provision for referral of such member 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 the Secretary may determine)~~ for a review ~~not less often than quarterly~~ of such member's incapacity and his need for and utilization of the rehabilitation services made available to him under such plan *as frequently as may be appropriate, as determined by the Secretary taking into consideration the nature of the individual's incapacity and the likelihood of a change in his condition.* If and for so long as such member is found by the Secretary, *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 section 446(a) (1) and (2)),* to have refused without good cause to accept rehabilitation services available to him under such plan, he shall be treated as an individual to whom subsection (a) is applicable by reason of refusal to ~~accept or participate in employment or training~~ *register for manpower services, training, and employment.*

"DENIAL OF BENEFITS IN CASE OF REFUSAL OF MANPOWER *OR REHABILITATION* SERVICES, TRAINING, OR EMPLOYMENT

"SEC. 448. (a) For purposes of determining eligibility for and amount of family assistance benefits under this part, an individual who has registered as required under section 447 (a) shall ~~not be regarded as a member of a family, but~~

~~his income which would otherwise be counted as income of the family under this part shall be so counted,~~ *be treated as an individual to whom section 447(a) applies by reason of refusal to register for manpower services, training, and employment*, if and for so long as he has been found by the Secretary of Labor, 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 section 446(c) (1) and (2)), to have refused without good cause to participate or continue to participate in manpower services, training, or employment, 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 by the Secretary of Labor, after notification by such employer or otherwise, to be a bona fide offer of employment~~; except that if such individual is the only member of the family other than a child, such individual shall be regarded as a member of the family for purposes of determination of the family's eligibility for benefits, but not (except for counting his income) for the purposes of determination of the amount of its benefits. No part of the family assistance benefits of any such family may be paid to such individual during the period for which the preceding sentence is applicable to him; and the Secretary

~~may,~~ ~~if~~ ~~he~~ ~~deems~~ ~~it~~ ~~appropriate,~~ ~~provided~~ ~~for~~ ~~payment~~ ~~of~~ ~~such~~ ~~benefits~~ ~~during~~ ~~such~~ ~~period~~ ~~to~~ ~~any~~ ~~person,~~ ~~other~~ ~~than~~ a ~~member~~ ~~of~~ ~~such~~ ~~family,~~ ~~who~~ is ~~interested~~ ~~in~~ ~~or~~ ~~concerned~~ ~~with~~ ~~the~~ ~~welfare~~ ~~of~~ ~~the~~ ~~family~~.

"(b) No family shall be denied benefits under this part, or have its benefits under this part reduced, because an individual who is ~~(or would, but for subsection (a), be)~~ a member of such family refuses work under any of the following conditions:

"(1) if the position offered is vacant due directly to a strike, lockout, or other labor dispute;

"(2) if the wages, hours, or other terms or conditions of the work offered are contrary to or less than those prescribed by Federal, State, or local law or are substantially less favorable to the individual than those prevailing for similar work in the locality;

"(3) 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; or

"(4) ~~if the individual has the demonstrated capacity, through other available training or employment opportunities, of securing work that would better enable him to achieve self-sufficiency~~ *if the individual has the ability, based on skills or prior experience, to acquire*

other employment that would contribute more to his self-sufficiency, but only if the Secretary of Labor is satisfied that such employment is actually available in the community, and the individual has not been given adequate opportunity to obtain it.

"TRANSFER OF FUNDS FOR ON-THE-JOB TRAINING PROGRAMS

"SEC. 449. The Secretary shall, pursuant to and to the extent provided by agreement with the Secretary of Labor, pay to the Secretary of Labor amounts which ~~he~~ *the Secretary of Health, Education, and Welfare* estimates would be paid as family assistance benefits under this part to individuals participating in public or private employer compensated on-the-job training under a program of the Secretary of Labor if they were not participating in such training. Such amounts shall be available to pay the costs of such programs.

"PART E—STATE SUPPLEMENTATION OF FAMILY ASSISTANCE BENEFITS

"PAYMENTS UNDER TITLES ~~IV~~, V, XVI, ~~AND~~ XIX, AND XX CONDITIONED ON SUPPLEMENTATION

"SEC. 451. In order for a State to be eligible for payments pursuant to title V, XVI, ~~or~~ XIX, or ~~part A or B of this title,~~ *XX*, with respect to expenditures for any quarter beginning on or after the date this part becomes effective with respect to such State, it must have in effect an agree-

ment with the Secretary under which it will make supplementary payments, as provided in this part, to any family *residing in the State* other than a family in which both parents of the child or children are present~~,~~ *and* neither parent is incapacitated~~, and the male parent is not unemployed~~.

"ELIGIBILITY FOR AND AMOUNT OF SUPPLEMENTARY PAYMENTS

~~"SEC. 452. (a) Eligibility for and amount of supplementary payments under the agreement with any State under this part shall, subject to the succeeding provisions of this section, be determined by application of the provisions of, and rules and regulations under, sections 442 (a) (2), (c), and (d), 443 (a), 444, 445, 446 (to the extent the Secretary deems appropriate), 447, and 448, and by application of the standard for determining need under the plan of such State as in effect for January 1970 (which standard complies with the requirements for approval under part A as in effect for such month) or, if lower, a standard equal to the applicable poverty level determined pursuant to section 453 (c) and in effect at the time of such payments, or such higher standard of need as the State may apply, with the resulting amount reduced by the family assistance benefit payable under part D and further reduced by any other income (earned or unearned) not excluded under section 443 (b) (except para-~~

graph (4) thereof) or under subsection (b) of this section; but in making such determination the State may impose limitations on the amount of aid paid to the extent that such limitations (in combination with other provisions of the plan) are no more stringent in result than those imposed under the plan of such State as in effect for such month. In the case of any State which provides for meeting less than 100 per centum of its standard of need or provides for considering less than 100 per centum of requirements in determining need, the Secretary shall prescribe by regulation the method or methods for achieving as nearly as possible the results provided for under the foregoing provisions of this subsection.

"(b) For purposes of determining eligibility for and amount of supplementary payments to a family for any period pursuant to an agreement under this part, in the case of earned income to which paragraph (4) of section 443 (b) applies, there shall be disregarded $720 per year (or proportionately smaller amounts for shorter periods), plus—

(1) one-third of the portion of the remainder of earnings which does not exceed twice the amount of the family assistance benefits that would be payable to the family if it had no income, plus

(2) one-fifth (or more if the Secretary by regulation so prescribes) of the balance of the earnings.

~~For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 1108(c).~~

"SEC. 452. (a) The amount payable under the agreement with any State under this part to any family described in section 451 shall, subject to the succeeding provisions of this section, be no less than the difference between

"(1) the payment level in such State, and

"(2) the family assistance benefits payable under part D plus any other income (earned or unearned) not excluded under section 443(b) (except paragraph (4) thereof) or under subsection (b) of this section.

The payment level for each State shall be determined by the Secretary after considering the payment which would have been made to a family group of such size with no income (adjusted as may be necessary to reflect differences in shelter costs between different areas of the State) under the plan of such State as in effect for January 1970 (which complies with the requirements for approval under part A as in effect for such month), but this section shall not be construed to require a State to make payments with respect to that amount by which its payment level exceeds the poverty level (as defined in section 453(c)) applicable to such family.

"(b) For purposes of determining eligibility for and the

amount of supplementary payments to a family for any period pursuant to an agreement under this part,

"(1) the provisions of, and the rules and regulations under, sections 442 (a)(2), (c), and (d), 443(a), 444, 445, 446 (to the extent the Secretary deems appropriate), 447, and 448 shall be applied, and

"(2) in the case of earned income to which paragraph (4) of section 443(b) applies, there shall be disregarded $720 per year (or proportionately smaller amounts for shorter periods), plus one-third of the remainder.

For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 1108(e).

"(c) The agreement with a State under this part shall—

"(1) provide that it shall be in effect in all political subdivisions of the State;

"(2) provide for the establishment or designation of a single State agency to carry out or supervise the carrying out of the agreement in the State;

"(3) provide for granting an opportunity for a fair hearing before the State agency carrying out the agreement to any individual whose claim for supplementary payments is denied or is not acted upon with reasonable promptness;

"(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 agreement in the State, and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full- or part-time employment of recipients of supplementary payments and other persons of low income, as community services aides, in carrying out the agreement and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants for and recipients of supplementary payments and in assisting any advisory committees established by the State agency;

"(5) provide that the State agency carrying out the agreement 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 restrict the use or disclosure of information concerning applicants for and

recipients of supplementary payments to purposes directly connected with the administration of this title; ~~and~~

"(7) provide that all individuals wishing to make application for supplementary payments shall have opportunity to do so, and that supplementary payments shall be furnished with reasonable promptness to all eligible individuals~~.~~*;*

"(8) provide that no lien will be imposed against the property of any member of a family or his estate on account of payments made under the agreement (except pursuant to the judgment of a court on account of payments incorrectly made to such family), and that there will be no adjustment or any recovery of payments correctly made under the agreement; and

"(9) provide—

"(A)(i) for the development and implementation of a program under which the State will undertake—

"(I) in the case of a child born out of wedlock who is receiving assistance to needy families with children, or payments under the agreement, to establish the paternity of such child and secure support for him,

"(II) in the case of any child receiving

such assistance or payments who has been deserted or abandoned by his parent, to secure support for such child from such parent (or from any other person legally liable for such support), utilizing reciprocal arrangements adopted with other States to obtain or enforce court orders for support, and

"(III) in the case of any parent (of a child referred to in clause (II)) receiving such assistance or payments 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

"(ii) for the establishment of a single organizational unit in the State agency or local agency administering the program referred to in clause (i);

"(B) for entering into cooperative arrangements with appropriate courts and law enforcement officials (i) to assist in administering the program referred to in clause (A)(i), including the entering into of financial arrangements with such courts and

officials in order to assure optimum results under such program, and (ii) with respect to any other matters of common concern to such courts or officials and the State agency or local agency administering such program;

"(C) that the State will report to the Secretary, at such times (not less often than once each calendar quarter) and in such manner as the Secretary may prescribe—

"(i) the name, and social security account number, if known, of each parent of a child referred to in clause (A)(i)—

"(I) against whom an order for the support and maintenance of such child has been issued by a court of competent jurisdiction but who is not making payments in compliance or partial compliance with such order, or against whom a petition for such an order has been filed in a court having jurisdiction to receive such petition, and

"(II) whom it has been unable to locate after requesting and utilizing information included in the files of the Department of Health, Education, and Welfare maintained pursuant to section 205,

"(ii) the last known address of such parent and any information it has with respect to the date on which such parent could last be located at such address, and

(iii) such other information as the Secretary may specify to assist in carrying out the provisions of section 456;

"(D) that the State will, in accordance with standards prescribed by the Secretary, cooperate with any other State carrying out an agreement under this part—

"(i) in locating a parent residing in such State (whether or not permanently) against whom a petition has been filed in a court of competent jurisdiction of such other State for the support and maintenance of his child receiving assistance to needy families with children or payments under the agreement of such other State, and

"(ii) in securing compliance or good faith partial compliance by a parent residing in such State (whether or not permanently) with an order issued by a court of competent jurisdiction against such parent for the support and maintenance of such child, and

"(10) provide for arrangements to assure that there will be made a non-Federal contribution to the cost of manpower services, training, and employment and opportunities provided for individuals registered pursuant to section 447, in cash or kind, equal to 10 per centum of such cost.

"PAYMENTS TO STATES

"SEC. 453. (a) (1) The Secretary shall pay to any State which has in effect an agreement under this part, for each fiscal year, an amount equal to 30 per centum of the total amount expended during such year pursuant to its agreement as supplementary payments to families ~~other than families in which both parents of the child or children are present, neither parent is incapacitated, and the male parent is not employed~~, not counting so much of the supplementary payment made to any family as exceeds the amount by which (with respect to the period involved)—

"(A) the family assistance benefit payable to such family under part D, plus any income of such family (earned or unearned) not disregarded in determining the amount of such supplementary payment, is less than

"(B) the applicable poverty level as promulgated and in effect under subsection (c).

"(2) The Secretary shall also pay to each such State an amount equal to 50 per centum of its administrative costs

found necessary by the Secretary for carrying out its agreement.

"(b) Payments under subsection (a) shall be made at such time or times, in advance or by way of reimbursement, and in such installments as the Secretary may determine; and shall be made on such conditions as may be necessary to assure the carrying out of the purposes of this title.

"(c) (1) For purposes of this part, the 'poverty level' for a family group of any given size shall be the amount shown for a family group of such size in the following table, adjusted as provided in paragraph (2):

"FAMILY SIZE:	BASIC AMOUNT
One	$1,920
Two	~~2,460~~ *2,520*
Three	~~2,940~~ *3,120*
Four	~~3,720~~ *3,720*
Five	~~4,440~~ *4,270*
Six	~~4,980~~ *4,820*
Seven ~~or more~~	*5,320*
Eight	*5,820*
Nine	*6,270*
Ten	*6,720*
Eleven or more	*7,170*

"(2) Between July 1 and September 30 of each year, beginning with 1970, the Secretary (A) shall adjust the amount shown for each size of family group in the table in paragraph (1) by increasing such amount 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 1969, and (B) shall thereupon promulgate the amounts

so adjusted as the poverty levels for family groups of various sizes which shall be conclusive for purposes of this part for the fiscal year beginning July 1 next succeeding such promulgation.

"(3) 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.

"FAILURE BY STATE TO COMPLY WITH AGREEMENT

"SEC. 454. If the Secretary, after reasonable notice and opportunity for hearing to a State with which he has an agreement under this part, finds that such State is failing to comply therewith *or with any requirement imposed by or pursuant to this part*, he shall withhold all, or such portion as he deems appropriate, of the payments to which such State is otherwise entitled under this part ~~or part A or B of this title~~ or under title V, XVI, ~~or~~ XIX, *or XX*; but the amounts so withheld from payments ~~under such part A or B or~~ under title V, XVI, ~~or~~ XIX, *or XX* shall be deemed to have been paid to the State under such ~~part or~~ title. Such withholding shall be effected at such time or times and in such installments as the Secretary may deem appropriate.

"*DEFINITIONS*

"*SEC. 455. As used in this part, the term 'needy families with children' means families who are receiving family*

assistance benefits under part D and who (1) are receiving supplementary payments under this part, or (2) would be eligible to receive, under a State plan (approved under part A) as in effect prior to the enactment of part D, aid to families with dependent children as defined in section 406 as it was in effect prior to such enactment, if the State plan had continued in effect; and 'assistance to needy families with children' means family assistance benefits under such part D, paid to such families.

"PART F—ADMINISTRATION

"AGREEMENTS WITH STATES

"SEC. 461. (a) The Secretary may enter into an agreement with any State under which the Secretary will make, on behalf of the State, the supplementary payments provided for under part E, or will perform such other functions of the State in connection with such payments as may be agreed upon, or both. In any such case, the agreement shall also (1) provide for payment by the State to the Secretary of an amount equal to the supplementary payments ~~the State would otherwise make pursuant to part E, less any payments which would be made to the State under section 453(a), and (2) at the request of the State, provide for joint audit of payments under the agreement~~ *made by the Secretary under such agreement, less any payments which would otherwise be made to the State under section 453(a), (2) at the request*

of the State, provide for joint audit of payments under the agreement, and (3) in the case of an agreement which will become effective at a future date, but not later than two years after the date as of which part D becomes effective for such State, provide for payments of the State's administrative costs found necessary by the Secretary for making supplementary payments pursuant to part E during the period after the execution of the agreement under this section and before its effective date, except that if the State takes any action which prevents such agreement from becoming effective at the end of such two years, the Secretary shall recover (by adjustment of any other amounts due the State under this Act, or otherwise) an amount equal to one-half the administrative costs paid pursuant to this clause.

"(b) The Secretary may enter into an agreement with a State under which the Secretary will determine eligibility for medical assistance under such State's plan approved under title XIX or for surplus food commodities under such State's program conducted pursuant to section 416 of the Act of October 31, 1949 (7 U.S.C. 1431) or administer all or part of such State's food stamp program conducted pursuant to the Food Stamp Act of 1964 (7 U.S.C. 2011, et seq.), with respect to (1) individuals eligible under such State's plan approved under title XVI for aid to the aged, blind, and disabled (and individuals who would be eligible for such

aid but for the income and resources requirements of title XVI), but only if the State has entered into an agreement with the Secretary pursuant to section 1605, and (2) all individuals other than those described in clause (1), but only if, in the case of any State required to make supplementary payments pursuant to section 452, the Secretary is carrying out an agreement with such State pursuant to subsection (a) of this section. In any such case, the agreement shall also provide for payment by the State to the Secretary of any amount equal to one-half of the cost of determining eligibility for medical assistance plus the cost of determining eligibility for surplus food commodities and of administering the food stamp program, but in computing such costs the Secretary shall include only those costs which are additional to the costs incurred in carrying out part D, or in carrying out an agreement under subsection (a) or section 1605.

"(c) In the case of any State which has an agreement with the Secretary under subsection (a) (if the State is required to make supplementary payments pursuant to section 452), under subsection (b) with respect to medical assistance, and under section 1605, the Secretary may further agree to administer all or any part of any other program under which cash benefits are provided on the basis of need, but only to the extent that he determines, with respect to any such program or part thereof which the State seeks to include

in the agreement, that administration by him is feasible and will not result in undue administrative burden. In any such case the agreement shall provide for payment by the State to the Secretary of an amount equal to the cash benefits paid by the Secretary, plus the costs of administering any such program or part thereof included in the agreement, but in computing such administrative costs the limitations applicable to computation of administrative costs under subsection (b) shall apply.

"(d) In the case of an agreement, plan, or program, or any portion thereof, which the Secretary administers on behalf of a State under an agreement pursuant to subsection (a) or (b) of this section or pursuant to section 1605, the Secretary may waive any procedural requirements or methods of administration imposed upon such agreement, plan, or program (or portion thereof) by or pursuant to this or any other Federal statute, and substitute the requirements or methods applicable to the administration of part D which serve the same purpose or relate to the same or comparable matters as do the requirements or methods which are waived.

"~~(b)~~ *(e)* The Secretary may also enter into an agreement with any State under which such State will make, on behalf of the Secretary, the family assistance benefit payments provided for under part D with respect to all or specified families in the State who are eligible for such benefits or will

perform such other functions in connection with the administration of part D as may be agreed upon, *or both*. The cost of carrying out any such agreement shall be paid to the State by the Secretary in advance or by way of reimbursement and in such installments as may be agreed upon.

"PENALTIES FOR FRAUD

"SEC. 462. The provisions of section 208, other than paragraph (a), shall apply with respect to benefits under part D and allowances under part C, of this title, to the same extent as they apply to payments under title II.

"REPORT, EVALUATION, RESEARCH AND DEMONSTRATIONS, AND TRAINING AND TECHNICAL ASSISTANCE

"SEC. 463. (a) The Secretary shall make an annual report to the President and the Congress on the operation and administration of parts D and E, including an evaluation thereof in carrying out the purposes of such parts and recommendations with respect thereto. The Secretary is authorized to conduct evaluations directly or by grants or contracts of the programs authorized by such parts.

"(b) The Secretary is authorized to conduct, directly or by grants or contracts, research into or demonstrations of ways of better providing financial assistance to needy persons or of better carrying out the purposes of part D, and in so doing to waive any requirements or limitations in such part with respect to eligibility for or amount of family

assistance benefits for such ~~family~~ *families*, members of families, or groups thereof as he deems appropriate.

"(c) The Secretary is authorized to provide such technical assistance to States, and to provide, directly or through grants or contracts, for such training of personnel of States, as he deems appropriate to assist them in more efficiently and effectively carrying out their agreements under this part and part E.

"(d) In addition to funds otherwise available therefor, such portion of any appropriation to carry out part D or E as the Secretary may determine, but not in excess of $20,000,000 in any fiscal year, shall be available to him to carry out this section.

"OBLIGATION OF DESERTING PARENTS

"SEC. 464. 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 family assistance benefits under part D or supplementary payments under part E, such individual shall be obligated to the United States in an amount equal to—

"(1) the total amount of the family assistance benefits paid to such family during such period with respect to such spouse and child or children, plus the amount paid by the Secretary under section 453 on account of the

supplementary payments made 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 and child or children during such period, if and to the extent that such amount is excluded in determining the amount of such family assistance 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 otherwise satisfied), in such manner as may be specified by the Secretary, from any amounts otherwise due ~~him~~ *such individual* 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.

"TREATMENT OF FAMILY ASSISTANCE BENEFITS AS INCOME FOR FOOD STAMP PURPOSES

~~"SEC. 465. Family assistance benefits paid under this title shall be taken into consideration for the purpose of determining the entitlement of any household to purchase food stamps, and the cost thereof, under the food stamp program conducted under the Food Stamp Act of 1964."~~

"SEC. 465. (a) Family assistance benefits paid under this title and supplementary payments made pursuant to part E shall be taken into consideration for the purpose of determining the entitlement of any household to purchase food stamps, and the cost thereof, under the food stamp program conducted under the Food Stamp Act of 1964.

"(b) At the request of an individual to whom the Secretary is making payments pursuant to part D or pursuant to an agreement under section 461 or 1605, the Secretary shall withhold therefrom an amount necessary to provide to such individual (and the members of his family or household) all (or such portion as the individual may request) of the food stamps to which he is entitled.

"(c) At the request of an individual to whom the State is making supplementary payments pursuant to part E, providing aid to the aged, blind, and disabled under title XVI, or paying family assistance benefits under an agreement with the Secretary pursuant to section 461(c), the State shall with-

hold therefrom an amount necessary to provide to such individual (and the members of his family, if any, or household) all (or such portion as the individual may request) of the food stamps to which he is entitled."

MANPOWER SERVICES, TRAINING, EMPLOYMENT, CHILD CARE, AND SUPPORTIVE SERVICES PROGRAMS

SEC. 102. Part C of title IV of the Social Security Act (42 U.S.C. 630 et seq.) is amended to read as follows:

"PART C—MANPOWER SERVICES, TRAINING, EMPLOYMENT, CHILD CARE, AND SUPPORTIVE SERVICES PROGRAMS FOR RECIPIENTS OF FAMILY ASSISTANCE BENEFITS OR SUPPLEMENTARY PAYMENTS

"PURPOSE

"SEC. 430. The purpose of this part is to authorize provision, for individuals who are members of a family receiving *family assistance* benefits under part D or supplementary payments pursuant to part E, of manpower services, training, employment, child care, *vocational rehabilitation*, and related supportive services necessary to train such individuals, 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 needy families with children will be restored to self-supporting, independent, and useful roles in their communities.

"OPERATION OF MANPOWER SERVICES, TRAINING, AND EMPLOYMENT PROGRAMS

"SEC. 431. (a) The Secretary of Labor shall, for each person registered pursuant to part D, in accordance with priorities prescribed by him, develop or assure the development of an employability plan describing the manpower services, training, and employment which the Secretary of Labor determines each person needs in order to enable him to become self-supporting and secure and retain employment and opportunities for advancement.

"(b) The Secretary of Labor shall, in accordance with the provisions of this part, establish and assure the provision of manpower services, training, and employment programs in each State for persons registered pursuant to part D or receiving supplementary payments pursuant to part E.

"(c) The Secretary of Labor shall, through such programs, provide or assure the provision of manpower services, training, and employment and opportunities necessary to prepare such persons for and place them in regular employment, including—

"(1) any of such services, training, employment, and opportunities which the Secretary of Labor is authorized to provide under any other Act;

"(2) counseling, testing, coaching, program orienta-

tion, institutional and on-the-job training, work experience, upgrading, job development, job placement, and follow up 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 suitable employment, offered through the public employment offices of the State in such area, which will lead to the earning of income sufficient to make such individual and his family ineligible for benefits under part D and supplementary payments under part E) ; and

"(4) special work projects.

"(d) (1) For purposes of subsection (c) (4), a 'special work project' is a project (meeting the requirements of this subsection) which consists of the performance of work in the public interest through grants to or contracts with public or nonprofit private agencies or organizations.

"(2) No wage rates provided under any special work project shall be lower than the applicable minimum wage for the particular work concerned.

"(3) Before entering into any special work project

under a program established as provided in subsection (b), the Secretary of Labor shall have reasonable assurances that—

"(A) appropriate standards for the health, safety, and other conditions applicable to the performance of work and training on such project are established and will be maintained,

"(B) such project will not result in the displacement of employed workers,

"(C) with respect to such project the conditions of work, training, education, and employment are reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant.

"(D) appropriate workmen's compensation protection is provided to all participants, and

"(E) such project will improve the employability of the participants.

"(4) With respect to individuals who are participants in special work projects under programs established as provided in subsection (b), the Secretary of Labor shall periodically (at least once every six months) review the employment record of each such individual while on the special work project and on the basis of such record and such other information as he may acquire determine whether it would be

feasible to place such individual in regular employment or in on-the-job, institutional, or other training.

*"(e) The Secretary of Labor shall provide for the continuing evaluation of the manpower training and employment programs provided under this part, including their effectiveness in achieving stated goals and their impact on other related programs. The Secretary of Labor may conduct research regarding, and demonstrations of, ways to improve the effectiveness of the manpower training and employment programs so provided and may also conduct demonstrations of improved training techniques for upgrading the skills of the working poor and provide technical assistance for the programs authorized by this part. The Secretary may, for these purposes, contract for independent evaluations of and research regarding such programs or individual projects under such programs, and establish a data collection, processing, and retrieval system.**

"ALLOWANCES FOR INDIVIDUALS UNDERGOING TRAINING

"SEC. 432. (a) (1) The Secretary of Labor shall pay to each individual who is a member of a family and is participating in manpower training under this part an incentive allowance of $30 per month. If one or more members of a

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*This section appeared as section 439(a)(1) in the bill as passed by the House.

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 the family assistance benefit under part D and supplementary payments pursuant to part E payable with respect to such month to the family, the total of the incentive allowances per month under this section for such members shall be equal to the greater of (1) 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 March 1, 1970, over the sum of such family assistance benefit and such supplementary payments, and (2) $30 for each such member.

"(2) The Secretary of Labor shall, in accordance with regulations, also pay, to any member of a family participating in manpower training under this part, allowances for transportation and other costs to him which are necessary to and directly related to his participation in training.

~~"(3) The Secretary of Labor shall by regulation provide for such smaller allowances under this subsection as he deems appropriate for individuals in Puerto Rico, the Virgin Islands, and Guam.~~

"(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 a family who is participating in a program of the Secretary of Labor providing public or private employer compensated on-the-job training.

"UTILIZATION OF OTHER PROGRAMS

"SEC. 433. 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 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 and as will make maximum use of existing manpower and manpower related programs and agencies. To such end the Secretary of Labor may use the funds appropriated to him under this part to provide the programs required by this part through such other Act, to the same extent and under the same conditions as if appropriated under such other Act and in making use of the programs of other Federal, State, or local agencies, public or private, the Secretary *of Labor* may reimburse such agencies for services

rendered to persons under this part to the extent such services and opportunities are not otherwise available on a nonreimbursable basis.

"RULES AND REGULATIONS

"SEC. 434. The Secretary of Labor may issue such rules and regulations as he finds necessary to carry out his responsibilities under this part.

"APPROPRIATIONS; NON-FEDERAL SHARE

"SEC. 435. (a) There is authorized to be appropriated to the Secretary of Labor for each fiscal year a sum sufficient for carrying out the purposes of this part (other than sections 436 and 437), including payment of not to exceed 90 per centum of the cost of manpower services, training, and employment and opportunities provided for individuals registered pursuant to section 447. The Secretary of Labor shall establish criteria to achieve an equitable apportionment among the States of Federal expenditures for carrying out the programs authorized by section 431. In developing these criteria the Secretary of Labor shall consider the number of registrations under section 447 and other relevant factors.

"(b) If a non-Federal contribution of 10 per centum of the cost specified in subsection (a) is not made in any State (as required by section ~~402(a)(13)~~ *452(c)(10)*), the Secretary of Health, Education, and Welfare may withhold any action under section ~~404~~ *454* on account thereof and if he

does so he shall instead, after reasonable notice and opportunity for hearing to the appropriate State agency or agencies, withhold any payments to be made to the State under sections ~~403(a),~~ 453, 1604, ~~and~~ 1903(a), *and 2012* until the amount so withheld (including any amounts contributed by the State pursuant to the requirement in section ~~402(a)~~ (~~13~~) *452(c)(10)*) equals 10 per centum of such costs. Such withholding shall remain in effect until such time as the Secretary of Labor has assurances from the State that such 10 per centum will be contributed as required by section ~~402(a)(13)~~ *452(c)(10)*. Amounts so withheld shall be deemed to have been paid to the State under such sections and shall be paid by the Secretary of Health, Education, and Welfare to the Secretary of Labor.

*"(c) There are authorized to be appropriated such sums, not exceeding $15,000,000 for any fiscal year, as may be necessary to carry out section 431(e).**

"CHILD CARE

"SEC. 436. (a) (1) For the purpose of assuring that individuals receiving benefits under part D or supplementary payments pursuant to part E will not be prevented from participating in training or employment by the unavailability of appropriate child care, there are authorized to

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* This section appeared as Sec. 439(a)(2) in the bill as passed by the House.

be appropriated for each fiscal year such sums as may be necessary to enable the Secretary of Health, Education, and Welfare 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 projects for the provision of child care, including necessary transportation ~~and alteration, remodeling, and renovation of facilities,~~ *and including, in the case of grants to and contracts with any public or nonprofit private agency or organization, construction of facilities,* which may be necessary or appropriate in order to better enable an individual who has been registered pursuant to ~~part D or is receiving supplementary payments pursuant to part E~~ *section 447(a)* to undertake or continue manpower training or employment under this part, or to enable an individual who has been referred pursuant to section 447(d) to participate in vocational rehabilitation, or to enable a member of a family which is, or ~~has been~~ (within such period of time as the Secretary may prescribe) *has been or is likely to become* eligible for benefits under such part D or payments pursuant to such part E to undertake or continue manpower training or employment under this part; or, with respect to the period prior to the date when part D becomes effective for a State, to better enable an individual who is receiving aid to families with dependent children, or whose needs are taken into account in

determining the need of any one claiming or receiving such aid, to participate in manpower training or employment.

"(2) Such grants or contracts for the provision of child care in any area may be made directly, or through grants to *or contracts with* any public or nonprofit private 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.

"(3) Such projects shall provide for various types of child care needed in the light of the different circumstances and needs of the children involved.

"(4)(A) For purposes of this section, the term "construction" means acquisition, alteration, remodeling, or renovation of facilities, and includes, where the Secretary finds it is not feasible to use or to adapt existing facilities for use for the provision of child care, construction (including acquisition of land) of facilities for such care.

"(B) If within twenty years of the completion of any

construction for which Federal funds have been paid under this section—

"(i) the owner of the facility shall cease to be a public or nonprofit private agency or organization, or

"(ii) 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.

"(C) All laborers and mechanics employed by contractors or subcontractors on all construction projects assisted under this section 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. 276a–276a–5). The Secretary of Labor shall have with respect to the labor

standards specified in this section 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. 276c).

"(b) ~~Such sums~~ *Sums appropriated pursuant to subsection (a)* shall also be available to enable the Secretary of Health, Education, and Welfare to make grants to any public or nonprofit private agency or organization, and contracts with any public or private agency or organization, for evaluation, training of personnel, technical assistance, or research or demonstration projects to determine more effective methods of providing any such care.

"(c) The Secretary of Health, Education, and Welfare may provide, in any case in which a family is able to pay for part or all of the cost of child care provided under a project assisted under this section, for payment by the family of such fees for the care as may be reasonable in the light of such ability.

"SUPPORTIVE SERVICES

"SEC. 437. (a) No payments shall be made to any State under title V, XVI, ~~or~~ XIX, or ~~part A or B of this title,~~ *XX* with respect to expenditures for any calendar quarter beginning on or after the date part D becomes effective with respect to such State, unless it has in effect an agreement with the Secretary of Health, Education, and Welfare under

which it *(1)* will provide health, ~~vocational rehabilitation,~~ counseling, social, and other supportive services which *are* ~~the Secretary under regulations determines to be~~ necessary to permit an individual who has been registered pursuant to ~~part D or is receiving supplementary payments pursuant to part E~~ *section 447(a)* to undertake or continue manpower training and employment under this part *and (2) will provide vocational rehabilitation services (as defined in the Vocational Rehabilitation Act) to individuals referred therefor pursuant to section 447(d).*

"(b) Services under such an agreement shall be provided in close cooperation with manpower training and employment services provided under this part.

"(c) The Secretary of Health, Education, and Welfare shall from time to time, in such installments and on such conditions as he deems appropriate, pay to any State with which he has an agreement pursuant to subsection (a) up to 90 per centum of the cost of such State of carrying out such agreement. There are authorized to be appropriated for each fiscal year such sums as may be necessary to carry out this section.

"(d) The Secretary of Health, Education, and Welfare shall pay to each individual who has been referred for vocational rehabilitation services under section 447(d), and is receiving such services, an incentive allowance of $30 per

month and such additional amounts for transportation and other costs as are necessary for and directly related to his receipt of such services.

"ADVANCE FUNDING

"SEC. 438. (a) For the purpose of affording adequate notice of funding available under this part, appropriations for grants, contracts, or other payments with respect to individuals registered *or referred for vocational rehabilitation services* pursuant to section 447 are authorized to be included in the 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.

"~~EVALUATION AND RESEARCH;~~ REPORTS TO CONGRESS

~~"SEC. 439. (a) (1) The Secretary shall (jointly with the Secretary of Health, Education, and Welfare) provide for the continuing evaluation of the manpower training and employment programs provided under this part, including their effectiveness in achieving stated goals and their impact on other related programs. The Secretary may conduct re-~~

~~search regarding, and demonstrations of, ways to improve the effectiveness of the manpower training and employment programs so provided and may also conduct demonstrations of improved training techniques for upgrading the skills of the working poor. The Secretary may, for these purposes, contract for independent evaluations of and research regarding such programs or individual projects under such programs, and establish a data collection, processing, and retrieval system.*~~

~~"(2) There are authorized to be appropriated such sums, not exceeding $15,000,000 for any fiscal year, as may be necessary to carry out paragraph (1).**~~

~~"(b) On or before September 1 following each fiscal year in which part D is effective with respect to any State—~~

~~"(1) the Secretary shall report to the Congress on the manpower training and employment programs provided under this part in such fiscal year, and~~

~~"(2) the Secretary of Health, Education, and Welfare shall report to the Congress on the child care and supportive services provided under this part in such fiscal year."~~

"SEC. 439. On or before September 1 following each fiscal year in which part D is effective with respect to any State, the Secretary of Health, Education, and Welfare and the

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* This appears as subsection (e) of Sec. 431.
** This appears as subsection (c) of Sec. 435.

Secretary of Labor shall jointly report to the Congress on the manpower training, employment, child care, supportive service, and vocational rehabilitation programs provided under this part in such fiscal year."

~~CONFORMING AMENDMENTS RELATING TO ASSISTANCE FOR NEEDY FAMILIES WITH CHILDREN~~

~~SEC. 103. (a) Section 401 of the Social Security Act (42 U.S.C. 601) is amended—~~

~~(1) by striking out "financial assistance and" in the first sentence; and~~

~~(2) by striking out "aid and" in the second sentence.~~

~~(b) (1) Subsection (a) of section 402 of such Act (42 U.S.C. 602) is amended—~~

~~(A) by striking out "aid and" in the matter preceding clause (1);~~

~~(B) by inserting, before "provide" at the beginning of clause (1), "except to the extent permitted by the Secretary,";~~

~~(C) by striking out clause (4);~~

~~(D) (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 ap-~~

~~plicants and recipients" in such clause and inserting in lieu thereof "providing services under the plan";~~

~~(E) by striking out clauses (7) and (8);~~

~~(F) by striking out "aid to families with dependent children" in clause (9) and inserting in lieu thereof "the plan";~~

~~(G) by striking out clauses (10), (11), and (12);~~

~~(H) (i) by striking out "section 406(d)" in clause (14) and inserting in lieu thereof "section 405(c)",~~

~~(ii) 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 such family) whose needs would be taken into account in determining the need of any such member under the State plan (approved under this part) as in effect prior to the enactment of part D, and each individual who would have been eligible to receive aid to families with dependent children under such plan", and~~

~~(iii) by striking out "such child, relative, and individual" each place it appears in such clause and inserting in lieu thereof "such member or individual";~~

~~(I) by striking out clause (15) and inserting in lieu thereof the following: "(15) (A) provide 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;"~~

~~(J) by striking out "aid" in clause (16) and inserting in lieu thereof "assistance to needy families with children";~~

~~(K) (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",~~

~~(iii) by striking out "and" at the end of clause (i), and 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 assistance 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";~~

~~(L) by striking out "clause (17) (A)" in clause (18) and inserting in lieu thereof "clause (11) (A)";~~

~~(M) by striking out clause (19) and inserting in lieu thereof the following: "(19) provide for arrangements to assure that there will be made a non-Federal~~

~~contribution to the cost of manpower services, training, and employment and opportunities provided for individuals registered pursuant to section 447, in cash or kind, equal to 10 per centum of such cost;";~~

~~(N) 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";~~

~~(O) (i) by striking out "of each parent of a dependent child or children with respect to whom aid is being provided under the State plan" in clause (21) (A) and inserting in lieu thereof "of each person who is the parent of a child or children with respect to whom assistance to needy families with children or foster care is being provided or is the spouse of the parent of such a child or children",~~

~~(ii) by striking out "such child or children" in clause (21) (A) (i) and inserting in lieu thereof "such child or children or such parent",~~

~~(iii) by striking out "such parent" each place it appears in clause (21) (B) and inserting in lieu thereof "such person", and~~

~~(iv) by striking out "section 410;" in clause (21) (C) and inserting in lieu thereof "section 408; and";~~

(P) (i) by striking out "a parent" each place it appears in clause (22) and inserting in lieu thereof "a person",

(ii) by striking out "a child or children of such parent" each place it appears in such clause and inserting in lieu thereof "the spouse or a child or children of such person",

(iii) by striking out "against such parent" in such clause and inserting in lieu thereof "against such person", and

(iv) by striking out "aid is being provided under the plan of such other State" each place it appears in such clause and inserting in lieu thereof "assistance to needy families with children or foster care payments are being provided in such other State"; and

(Q) by striking out "; and (23)" and all that follows and inserting in lieu thereof a period.

(2) Clauses (5), (6), (9), (13), (14), (15), (16), (17), (18), (19), (20), (21), and (22) 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 ful-

fills the conditions specified in subsection (a), except that he shall not approve any plan which imposes, as a condition of eligibility for services under it, any residence requirement which denies services or foster care payments with respect to any individual residing in the State."

(d) Section 402 of such Act is further amended by striking out subsection (c).

(e)(1) Subsection (a) of section 403 of such Act (42 U.S.C. 603) is amended—

(A) by striking out "aid and services" and inserting in lieu thereof "services" 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 expenditures with respect to any month as exceeds the product of $18 multiplied by the number of children receiving such foster care in 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 expenditures with respect to any month as exceeds the product of $100 multiplied by the 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 or any member of a family receiving assistance to needy families with children or to any other individual (living in the same home as such family) whose needs would be taken into account in determining the need of any such member under the State plan approved under this part as in effect prior to the enactment of part D",

(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"; and~~

~~(v) 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(d)"; 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.~~

~~(f) 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 and inserting in lieu thereof a period.~~

~~(g) Section 404 of such Act (42 U.S.C. 604) 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"; and~~

~~(2) by striking out subsection (b).~~

~~(h) Section 405 of such Act (42 U.S.C. 605) is repealed.~~

~~(i) Section 406 of such Act (42 U.S.C. 606) is redesignated as section 405, and as so redesignated is amended—~~

~~(1) by striking out subsections (a) and (b) and inserting in lieu thereof the following:~~

~~"(a) The term 'child' means a child as defined in section 445(b).~~

~~"(b) The term 'needy families with children' means families who are receiving family assistance benefits under part D and who (1) are receiving supplementary payments~~

under part E, or (2) would be eligible to receive aid to families with dependent children, under a State plan (approved under this part) as in effect prior to the enactment of part D, if the State plan had continued in effect and if it included assistance to dependent children of unemployed fathers pursuant to section 407 as it was in effect prior to such enactment, and 'assistance to needy families with children' means family assistance benefits under such part D, paid to such families.";

(2) by striking out subsection (c) and redesignating subsections (d) and (e) as subsections (c) and (d), respectively;

(3)(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 (d) as so redesignated and inserting in lieu thereof "a member of a family (as defined in section 445(a))", and

(B) by striking out "because such child or relative refused" and inserting in lieu thereof "because such child or another member of such family refused".

(j) Section 407 of such Act (42 U.S.C. 607) is repealed.

(k) Section 408 of such Act (42 U.S.C. 608) is re-

designated as section 406, and as so redesignated is amended—

(1) by striking out everything (including the heading) which precedes paragraph (1) of subsection (b) and inserting in lieu thereof the following:

"FOSTER CARE

"SEC. 406. For purposes of this part—

"(a) '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, (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, or (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, 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 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 445 (a)) within six months prior to the month in which such proceedings were initiated, would have received such assistance, 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) '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 subsection (b) (2) and inserting in lieu thereof "foster care",~~

~~(B) by striking out "such foster care" in such subsection and inserting in lieu thereof "foster care"; and~~

~~(C) by striking out the period at the end of such subsection and inserting in lieu thereof "; and";~~

~~(3) by striking out subsection (c) and redesignating subsections (d), (e), and (f) as subsections (c), (d), and (e), respectively;~~

~~(4) by striking out "paragraph (f) (2)" and "sec-~~

~~tion 403(a)(3)" in subsection (c) (as so redesignated) and inserting in lieu thereof "paragraph (c)(2)" and "section 403(a)(2)" respectively;~~

~~(5) by striking out "aid" in subsection (d) (as so redesignated) and inserting in lieu thereof "services";~~

~~(6) by striking out "relative specified in section 406(a)" in subsection (e)(1) (as so redesignated) and inserting in lieu thereof "family (as defined in section 445(a))";~~ and

~~(7) by striking out "522" and "part 3 of title V" in subsection (e)(2) (as so redesignated) and inserting in lieu thereof "422" and "part B of this title", respectively.~~

~~(l)(1) Section 409 of such Act (42 U.S.C. 609) is repealed.~~

~~(m) Section 410 of such Act (42 U.S.C. 610) 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)(15)".~~

~~(n)(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 by striking out "provided for dependent children" and inserting in lieu thereof "provided with respect to needy families with children".~~

~~(c) 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 (from and after the effective date of the amendments made by this Act) be considered to be references to such provision as so redesignated.~~

REPEAL OF PARTS A AND B OF TITLE IV

SEC. 103. (a) Part A of title IV of the Social Security Act is amended by redesignating section 410 as section 456.

(b) Such Act is further amended by redesignating section 426 as section 1117.

(c) Such Act is further amended by repealing parts A and B of title IV (other than the sections redesignated by this section).

CHANGES IN HEADINGS

SEC. 104. ~~(a)~~ The heading of title IV of the Social Security Act (42 U.S.C. 601, et seq.) is amended to read as follows:

"TITLE IV—FAMILY ASSISTANCE BENEFITS, STATE SUPPLEMENTARY PAYMENTS, ~~WORK INCENTIVE PROGRAMS,~~ *AND* WORK INCENTIVE PROGRAMS~~,~~ ~~AND GRANTS TO STATES FOR FAMILY AND CHILD WELFARE SERVICES~~".

~~(b) The heading of part A of such title IV is amended to read as follows:~~

~~"PART A—SERVICES TO NEEDY FAMILIES WITH CHILDREN".~~

TITLE II—AID TO THE AGED, BLIND, AND DISABLED

GRANTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

SEC. 201. Title XVI of the Social Security Act (42 U.S.C. 1381 et seq.) is amended to read as follows:

"TITLE XVI—GRANTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

"APPROPRIATIONS

"SEC. 1601. For the purpose of enabling each State to furnish financial assistance to needy individuals who are sixty-five years of age or over, blind, or disabled ~~and for the purpose of encouraging each State to furnish rehabilitation and other services to help such individuals attain or retain capability for self-support or self-care~~, there are authorized

to be appropriated for each fiscal year sums sufficient to carry out ~~these~~ ~~purposes~~ *this purpose*. The sums made available under this section shall be used for making payments to States having State plans approved under section 1602.

"STATE PLANS FOR FINANCIAL ASSISTANCE ~~AND SERVICES~~ TO THE AGED, BLIND, AND DISABLED

"SEC. 1602. (a) A State plan for aid to the aged, blind, and disabled must—

"(1) provide for the establishment or designation of a single State agency to administer or supervise the administration of the State plan;

"(2) provide such methods of administration as are found by the Secretary to be necessary for the proper and efficient operation of the plan, including methods relating to the establishment and maintenance of personnel standards on a merit basis (but the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of individuals employed in accordance with such methods);

"(3) provide ~~for the training and effective use of social service personnel in the administration of the plan,~~ for the furnishing of technical assistance to units of State government and of political subdivisions which are furnishing financial assistance ~~or services~~ to the aged, blind, and disabled, and for the development through research

or demonstration projects of new or improved methods of furnishing assistance ~~or services~~ to the aged, blind, and disabled;

"(4) provide for the training and effective use of paid subprofessional staff (with particular emphasis on the full-time or part-time employment of recipients and other 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 to applicants and recipients and in assisting any advisory committees established by the State agency;

"(5) provide that all individuals wishing to make application for aid under the plan shall have opportunity to do so and that such aid shall be furnished with reasonable promptness with respect to all eligible individuals;

"(6) provide for the use of a simplified statement, conforming to standards prescribed by the Secretary, to establish eligibility, and for adequate and effective methods of verification of eligibility of applicants and recipients through the use, in accordance with regulations prescribed by the Secretary, of sampling and other scientific techniques;

"(7) provide that~~,~~ ~~except to the extent permitted by the Secretary with respect to services,~~ the State plan

shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them;

"(8) provide for financial participation by the State;

"(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) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for aid under the plan is denied or is not acted upon with reasonable promptness;

"(11) provide for periodic evaluation of the operations of the State plan, not less often than annually, in accordance with standards prescribed by the Secretary, and the furnishing of annual reports of such evaluations to the Secretary together with any necessary modifications of the State plan resulting from such evaluations;

"(12) 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;

"(13) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the plan; *and*

"(14) provide, if the plan includes aid to or on behalf of 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

~~"(15) provide a description of the services which the State makes available to applicants for or recipients of aid under the plan to help them attain self-support or self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of all available services that are similar or related; and~~

~~"(16) assure that, in administering the State plan and providing services thereunder, the State will observe priorities established by the Secretary and comply with such performance standards as the Secretary may, from time to time, establish.~~

Notwithstanding paragraph (1), if on January 1, 1962, and on the date on which a State submits (or submitted) its plan for approval under this title, the State agency which administered or supervised the administration of the plan of

such State approved under title X 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, then the State agency which administered or supervised the administration of such plan approved under title X may be designated to administer or supervise the administration of the portion of the State plan for aid to the aged, blind, and 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) and in section 1603, except that he shall not approve any plan which imposes, as a condition of eligibility for aid under the plan—

"(1) an age requirement of more than sixty-five years;

"(2) any residency requirement which excludes any individual who resides in the State;

"(3) any citizenship requirement which excludes any citizen of the United States, or any alien lawfully admitted for permanent residence who has resided in the United States continuously during the five years immediately preceding his application for such aid;

"(4) any disability or age requirement which excludes any persons under a severe disability, as determined in accordance with criteria prescribed by the Secretary, who are eighteen years of age or older; or

"(5) any blindness or age requirement which excludes any persons who are blind as determined in accordance with criteria prescribed by the Secretary.

In the case of any State to which the provisions of section 344 of the Social Security Act Amendments of 1950 were applicable on January 1, 1962, and to which the sentence of section 1002(b) following paragraph (2) thereof is applicable on the date on which its State plan was or is submitted for approval under this title, the Secretary shall approve the plan of such State for aid to the aged, blind, and disabled for purposes of this title, even though it does not meet the requirements of section 1603(a), if it meets all other requirements of this title for an approved plan for aid to the aged, blind, and disabled; but payments to the State under this title shall be made, in the case of any such plan, only with respect to expenditures thereunder which would

be included as expenditures for the purposes of this title under a plan approved under this section without regard to the provisions of this sentence.

"DETERMINATION OF NEED

"SEC. 1603. (a) A State plan must provide that, in determining the need for aid under the plan, the State agency shall take into consideration any other income or resources of the individual claiming such aid as well as ~~any~~ *those* expenses *(if any)* reasonably attributable to the earning of any such income *which are necessitated by or related to such individual's age, blindness, or disability*; except that, in making such determination with respect to any individual—

"(1) the State agency shall not consider as resources (A) the home, *automobile*, household goods, and personal effects of the individual, (B) other personal or real property, the total value of which does not exceed $1,500, or (C) other property which, as determined in accordance with and subject to limitations in regulations of the Secretary, is so essential to the family's means of self-support as to warrant its exclusion, but shall apply the provisions of section 442(d) and regulations thereunder *and shall provide appropriate methods for disposal of resources in excess thereof and for application of the proceeds*;

"(2) the State agency may not consider the

financial responsibility of any individual for any applicant or recipient unless the applicant or recipient is the individual's spouse, or the individual's child who is under the age of ~~twenty-one~~ *twenty-two* or is blind or severely disabled;

"(3) if such individual is blind, the State agency (A) shall disregard the first $85 per month of earned income plus one-half of earned income in excess of $85 per month, and (B) shall, for a period not in excess of twelve months, and may, for a period not in excess of thirty-six months, disregard such additional amounts of other income and resources, in the case of any such individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of such plan;

(4) if such individual is not blind but is severely disabled, the State agency (A) shall disregard the first $85 per month of earned income plus one-half of earned income in excess of $85 per month, and (B) shall, for a period not in excess of twelve months, and may, for a period not in excess of thirty-six months, disregard such additional amounts of other income and resources, in the case of any such individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of the plan, but

only with respect to the part or parts of such period during substantially all of which he is undergoing vocational rehabilitation;

"(5) if such individual has attained age sixty-five and is neither blind nor severely disabled, the State agency ~~may~~ *shall* disregard ~~not more than~~ the first $60 per month of earned income plus one-half of the remainder thereof; and

"(6) the State agency may, before disregarding any amounts under the preceding paragraphs of this subsection, disregard not more than $7.50 of any income.

For *additional* requirement ~~of additional disregarding~~ *for treatment* of income of OASDI recipients in determining need for aid under the plan, see section 1007 of the Social Security Amendments of 1969.

"(b) A State plan must also provide that—

"(1) each eligible individual, other than one who is a patient in a medical institution or is receiving institutional services in an intermediate care facility to which section 1121 applies, shall receive financial assistance in such amount as, when added to his income which is not disregarded pursuant to subsection (a), will provide a minimum of $110 per ~~month;~~ *month or, if higher than such $110, an amount equal to the minimum amount which such individual would have received*

~~"(2) the standard of need applied for determining eligibility for and amount of aid to the aged, blind, and disabled shall not be lower than (A) the standard applied for this purpose~~ under the State plan (approved under this title) as in effect ~~on the date of enactment of part D of title IV of this Act,~~ *for January 1970 plus his income which was not disregarded pursuant to such plan*, or ~~(B)~~ if there was no such plan in effect for such State ~~on such date, the standard of need which was applicable~~ *for such month* under—

"(i) the State plan which was in effect on such date and was approved under title I, in the case of any individual who is sixty-five years of age or older,

"(ii) the State plan in effect on such date and approved under title X, in the case of an individual who is blind, or

"(iii) the State plan in effect on such date and approved under title XIV, in the case of an individual who is severely disabled,

except that if two or more of clauses (i), (ii), and (iii) are applicable to an individual, the ~~standard of need applied with respect to such individual may not be lower than~~ *amount referred to shall be* the higher (or highest) of the ~~standards~~ *amounts* under the applicable plans, and except that if none of such clauses is applicable to

an individual, the ~~standard of need applied with respect to such individual may not be lower than~~ *amounts referred to shall be* the higher (or highest) of the ~~standards~~ *amounts* under the State plans approved under titles I, X, and XIV which were in effect ~~on such date~~ *for such month*; and

"~~(3)~~ *(2)* no aid will be furnished to any individual under the State plan for any period with respect to which he is considered a member of a family receiving family assistance benefits under part D of title IV or supplementary payments pursuant to part E thereof, or training allowances under part C thereof, for purposes of determining the amount of such benefits, payments, or allowances (but this paragraph shall not apply to any individual, otherwise considered a member of such a family, if he elects in such manner and form as the Secretary may prescribe not to be considered a member of such a family).

"(c) For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 1108(e).

"PAYMENTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

"SEC. 1604. From the sums appropriated therefor, the Secretary shall pay to each State which has a plan approved under this title, for each calendar quarter, an amount equal

to the sum of the following proportions of the total amounts expended during each month of such quarter as aid to the aged, blind, and disabled under the State plan—

"(1) 90 per centum of such expenditures, not counting so much of any expenditures as exceeds the product of $65 multiplied by the total number of recipients of such aid for such month; plus

"(2) 25 per centum of the amount by which such expenditures exceed the maximum which may be counted under paragraph (1), not counting so much of any expenditures with respect to such month as exceeds the product of the amount which, as determined by the Secretary, is the maximum permissible level of assistance per person in which the Federal Government will participate financially, multiplied by the total number of recipients of such aid for such month.

In the case of any individual in Puerto Rico, the Virgin Islands, or Guam, the maximum permissible level of assistance under paragraph (2) may be lower than in the case of individuals in the other States. For other special provisions applicable to Puerto Rico, the Virgin Islands, and Guam. see section 1108(e).

"ALTERNATE PROVISION FOR DIRECT FEDERAL PAYMENTS TO INDIVIDUALS

"SEC. 1605. The Secretary may enter into an agreement with a State under which he will, on behalf of the State, pay aid to the aged, blind, and disabled directly to individuals in the State under the State's plan approved under this title and perform such other functions of the State in connection with such payments as may be agreed upon. In such case ~~payments shall not be made as provided in section 1604 and~~ the agreement shall ~~also~~ provide for payment to the Secretary by the State of ~~its share of such aid~~ *an amount equal to the payments made by the Secretary as aid to the aged, blind, and disabled under such plan, less any payments which would otherwise be made to the State under section 1604 with respect to such expenditures* (adjusted to reflect the State's share of any overpayments recovered under section 1606).

"OVERPAYMENTS AND UNDERPAYMENTS

"SEC. 1606. Whenever the Secretary finds that more or less than the correct amount of payment has been made to any person as a direct Federal payment pursuant to section 1605, proper adjustment or recovery shall, subject to the

succeeding provisions of this section, be made by appropriate adjustments in future payments of the overpaid individual or by recovery from him or his estate or, *in the case of an underpaid individual*, payment to him. The Secretary shall make such provision as he finds appropriate in the case of payment of more than the correct amount of benefits with a view to avoiding penalizing individuals 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.

"OPERATION OF STATE PLANS

"SEC. 1607. 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 sections 1602 and 1603; 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 all, or such portion as he deems appropriate, of any further payments will not be made to the State or individuals within the State under this title (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 such further payments to the State or individuals in the State under this title (or shall limit payments to categories under or parts of the State plan not affected by such failure).

"PAYMENTS TO STATES FOR ~~SERVICES AND~~ ADMINISTRATION

~~"SEC. 1608. (a) If the State plan of a State approved under section 1602 provides that the State agency will make available to applicants for or recipients of aid to the aged, blind, and disabled under the State plan at least those services to help them attain or retain capability for self-support or self-care which are prescribed by the Secretary, such State shall qualify for payments for services under subsection (b) of this section.~~

~~"(b) In the case of any State whose State plan approved under section 1602 meets the requirements of subsection (a), the Secretary shall pay to the State from the sums appropriated therefor an amount equal to the sum of the following proportions of the total amounts expended during each quarter, as found necessary by the Secretary for the proper and efficient administration of the State plan—~~

"(1) 75 per centum of so much of such expenditures as are for—

"(A) services which are prescribed pursuant to subsection (a) and are provided (in accordance with subsection (c)) to applicants for or recipients of aid under the plan to help them attain or retain capability for self-support or self-care, or

"(B) other services, specified by the Secretary as likely to prevent or reduce dependency, so provided to the applicants for or recipients of aid, or

"(C) any of the services prescribed pursuant to subsection (a), and any of the services specified in subparagraph (B) of this paragraph, 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 aid under the plan, if such services are requested by the individuals and are provided to them in accordance with subsection (c), or

"(D) 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

"(2) one half of so much of such expenditures (not

included under paragraph (1)) as are for services provided (in accordance with subsection (c)) to applicants for or recipients of aid under the plan, 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 aid; plus

"(3) one half of the remainder of such expenditures.

"(c) The services referred to in paragraphs (1) and (2) of subsection (b) shall, except to the extent specified by the Secretary, include only—

"(1) services provided by the staff of the State agency, or the local agency administering the State plan in the political subdivision (but 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 that Act, or (B) which the State agency or agencies administering or supervising the administration of the State plan approved under that 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 that 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).~~

~~Services described in clause (B) of paragraph (1) may be provided only pursuant to agreement with the State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act.~~

"~~(d) The portion of the amount expended for administration of the State plan to which paragraph (1) of subsection (b) applies and the portion thereof to which paragraphs (2) and (3) of subsection (b) apply shall be determines in accordance with such methods and procedures as may be permitted by the Secretary.~~

"~~(c) In the case of any State whose plan approved under section 1602 does not meet the requirements of subsection (a) of this section, there shall be paid to the State, in lieu of the amount provided for under subsection (b), an amount equal to one-half the total of the sums expended during each quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in subsections (b) and (c) and provided in accordance with the provisions of those subsections.~~

"~~(f) In the case of any State whose State plan included a provision meeting the requirements of subsection (a), 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 the plan, that—~~

"~~(1) the provision no longer complies with the requirements of subsection (a), or~~

"~~(2) in the administration of the plan there is a failure to comply substantially with such provision,~~

the Secretary shall notify the State agency that all, or such portion as he deems appropriate, of any further payments will not be made to the State under subsection (b) until he is satisfied that there will no longer be any such failure

~~to comply. Until the Secretary is so satisfied, no such further payments with respect to the administration of and services under the State plan shall be made, but, instead, such payments shall be made, subject to the other provisions of this title, under subsection (c).~~

"SEC. 1608. From the sums appropriated therefor, the Secretary shall pay to each State which has a plan approved under this title, an amount equal to one-half of the total amounts expended during each quarter, as found necessary by the Secretary for the proper and efficient administration of the State plan.

"COMPUTATION OF PAYMENTS TO STATES

"SEC. 1609. (a) (1) Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a State will be entitled under sections 1604 and 1608 for that 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 that quarter in accordance with the provisions of sections 1604 and 1608, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in that 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, 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 the State for any prior quarter and with respect to which adjustment has not already been made under this subsection.

"(b) 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 a State or political subdivision thereof with respect to aid furnished under the State plan, but excluding any amount of such aid 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 subsection (a) (2).

"(c) Upon the making of any estimate by the Secretary under this section, any appropriations available for payments under this title shall be deemed obligated.

"DEFINITION

"SEC. 1610. For purposes of this title, the term 'aid to the aged, blind, and disabled' means money payments to needy individuals who are 65 years of age or older, are blind, or are severely disabled, but such term does not include—

"(1) any such payments to any individual who is an inmate of a public institution (except as a patient in a medical institution); or

"(2) any such payments to any individual who has not attained 65 years of age and who is a patient in an institution for tuberculosis or mental diseases.

Such term also includes payments which are not included within the meaning of such term under the preceding sentence, but which would be so included except that they are made on behalf of such a needy individual to another individual who (as determined in accordance with standards prescribed by the Secretary) is interested in or concerned with the welfare of such needy individual, but only with respect to a State whose State plan approved under section 1602 includes provision for—

"(A) determination by the State agency that the needy individual has, by reason of his physical or mental condition, such inability to manage funds that making payments to him would be contrary to his welfare and,

therefore, it is necessary to provide such aid through payments described in this sentence;

"(B) making such payments only in cases in which the payment will, under the rules otherwise applicable under the State plan for determining need and the amount of aid to the aged, blind, and disabled to be paid (and in conjunction with other income and resources), meet all the need of the individuals with respect to whom such payments are made;

"(C) undertaking and continuing special efforts to protect the welfare of such individuals and to improve, to the extent possible, ~~his~~ *their* capacity for self-care and to manage funds;

"(D) periodic review by the State agency of the determination under clause (A) to ascertain whether conditions justifying such determination still exist, with provision for termination of the 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 such action will best serve the interests of the needy individual; and

"(E) opportunity for a fair hearing before the State agency on the determination referred to in clause (A) for any individual with respect to whom it is made.

Whether an individual is blind or severely disabled shall be determined for purposes of this title in accordance with criteria prescribed by the Secretary."

REPEAL OF TITLES I, X, AND XIV OF THE SOCIAL SECURITY ACT

SEC. 202. Titles I, X, and XIV of the Social Security Act (42 U.S.C. 301 et seq., 1201 et seq., and 1351 et seq.) are hereby repealed.

ADDITIONAL DISREGARDING OF INCOME OF OASDI RECIPIENTS IN DETERMINING NEED FOR AID TO THE AGED, BLIND, AND DISABLED

SEC. 203. Section 1007 of the Social Security Amendments of 1969 is amended by striking out "and before July 1970" *and by inserting "applying for or" immediately following "in the case of any individual"*.

TRANSITION PROVISION RELATING TO OVERPAYMENTS AND UNDERPAYMENTS

SEC. 204. In the case of any State which has a State plan approved under title I, X, XIV, or XVI of the Social Security Act as in effect prior to the enactment of this section, any overpayment or underpayment which the Secretary determines was made to such State under section 3, 1003, 1403, or 1603 of such Act with respect to a period before

the approval of a plan under title XVI as amended by this Act, and with respect to which adjustment has not already been made under subsection (b) of such section 3, 1003, 1403, or 1603, shall, for purposes of section 1609 (a) of such Act as herein amended, be considered an overpayment or underpayment (as the case may be) made under title XVI of such Act as herein amended.

TRANSITION PROVISION RELATING TO DEFINITIONS OF BLINDNESS AND DISABILITY

SEC. 205. In the case of any State which has in operation a plan of aid to the blind under title X, aid to the permanently and totally disabled under title XIV, or aid to the aged, blind, or disabled under title XVI, of the Social Security Act as in effect prior to the enactment of this Act, the State plan of such State submitted under title XVI of such Act as amended by this Act shall not be denied approval thereunder, with respect to the period ending with the first July 1 which follows the close of the first regular session of the legislature of such State which begins after the enactment of this Act, by reason of its failure to include therein a test of disability or blindness different from that included in the State's plan (approved under such title X, XIV or XVI of such Act) as in effect on the date of the enactment of this Act.

TITLE III—INDIVIDUAL AND FAMILY SERVICES AND CONSOLIDATED HEALTH, EDUCATION, AND WELFARE PLANS

ESTABLISHMENT OF SERVICES PROGRAMS

SEC. 301. The Social Security Act (42 U.S.C. 301 et seq.) is amended by adding after title XIX the following new title:

"TITLE XX—GRANTS TO STATES FOR INDIVIDUAL AND FAMILY SERVICES AND CONSOLIDATED HEALTH, EDUCATION, AND WELFARE PLANS

"PART A—INDIVIDUAL AND FAMILY SERVICES

"AUTHORIZATION OF GRANTS

"SEC. 2001. The Secretary is authorized to make grants to States for the purposes of enabling each State (1) to provide individual and family services to low-income individuals and families and to members of certain other groups particularly in need of such services in order to (A) strengthen family life and enhance family stability, (B) assist individuals to attain or retain the capability for self-support or self-care, (C) promote the welfare of children, (D) protect children and adults in danger of neglect, exploitation, or abuse, and (E) combat dependency, and (2) to consolidate arrangements for providing certain individual and family services which are currently available within

the State through several health, education, or welfare programs.

"DEFINITIONS

"SEC. 2002. *As used in this part—*

"*(1) The term 'individual and family services' means services designed to carry out the purposes for which grants to States are made under this part, including such services as:*

"*(A) identification of and provision of information to persons in need of services, counseling and referral for other services, and followup activities with respect to persons so referred to insure that needed services will be provided if available;*

"*(B) services in support of manpower training and employment programs;*

"*(C) family and marriage counseling, family planning services, and other services designed to strengthen family life and reduce the incidence of births out of wedlock;*

"*(D) self-care services to enhance the capacity of individuals to function independently, including homemaker and other services aimed at preventing or reducing the need for institutional care when alternative arrangements are in the best interests of the individual concerned;*

"(E) protective service for adults in danger of abuse, neglect, or exploitation, or otherwise unable to care for themselves, including, subject to limitations prescribed by the Secretary, institutional services for adults who are aged, or physically or mentally disabled, and are unable to maintain their own place of residence;

"(F) child welfare services;

"(G) foster care services;

"(H) adoption services; and

"(I) temporary emergency assistance.

"(2) The term 'child welfare services' means services which supplement, or substitute for, parental care and supervision for the purpose of (1) preventing or remedying, or assisting in the solution of problems which may result in, the neglect, abuse, exploitation, or delinquency of children, (2) protecting and caring for homeless, dependent, or neglected children, (3) protecting and promoting the welfare of children of working mothers, and (4) otherwise protecting and promoting the welfare of children, including the strengthening of their own homes where possible or, where needed, the provision of adequate care of children away from their homes in foster family homes or day care or other child care facilities.

"(3) 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 foster care of children, such as finding, evaluating, and licensing of foster homes and institutions, supervising children in foster homes and institutions, and providing services to enable the child to remain in or return to his own home.

"(4) The term 'adoption services' means—

"(A) services and administrative activities related to adoptions, including activities related to judicial proceedings, determination of amount of the payments described in clause (B), location of homes, and all activities related to the placement and adoption, and any 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 based on the financial ability of such person or persons to meet the medical and other remedial needs of such child who is physically or men-

tally handicapped and who, for such reason, may be difficult to place for adoption.

"(5) The term 'temporary emergency assistance' means assistance in cash or in kind or through the provision of services to individuals or families in urgent need thereof, subject to limitations prescribed by the Secretary with respect to amount and duration of assistance in cash or in kind, but in no case does it include assistance furnished in the form of cash payments to an individual or family for any period in excess of sixty days in any calendar year.

"(6) The term 'poverty level' has the same meaning as when used in part E of title IV.

"(7) The term 'local prime sponsor' means a unit of general local government designated to administer the program of individual and family services in a particular service area, or a local public agency designated for such purpose by a unit of general local government.

"ELIGIBLE INDIVIDUALS AND FAMILIES

"SEC. 2003. In order to be approved under section 2005(b), a State plan must contain assurances, satisfactory to the Secretary, that, with respect to needed individual and family services provided under such plan—

"(1) no charge will be made for any such services provided to any individual or family whose income does not exceed the poverty level;

"(2) no charge will be made, except as authorized

pursuant to regulations prescribed by the Secretary, for (i) those services described in clause (A) of section 2002 (1), (ii) protective services (other than institutional services) described in clause (E) or (F) of such section, or (iii) those services described in clause (G) or (H) of such section, provided to any other individual or family;

"(3) no charge will be made for those services described in clause (B) of section 2002(1) provided to any individual registered pursuant to section 447; and

"(4) except as provided in clauses (2) and (3), payment of fees will be required for such services, in accordance with a fee scheduled based upon family income and approved by the Secretary, in the case of any individual or family whose income exceeds the poverty level; and

no payment may be made under section 2012 with respect to any service which is not so provided.

"ORGANIZATION AND ADMINISTRATION

"SEC. 2004. (a) In order for a State to be eligible for payments under section 2012 for its program of individual and family services, the Governor of such State shall, in accordance with regulations of the Secretary—

"(1) divide the entire State into distinct areas for the provision of services (hereinafter called 'service areas'), the boundaries of which, insofar as is practicable, shall coincide with the boundaries of one or more units

of general local government, after considering any factors which might affect efficient and effective administration of the program within an area and the boundaries of areas served by similar or related programs;

"(2) designate a State agency to review the administration of the program throughout the State and to determine whether the program is being administered consistently with the State plan and any applicable area plan; and

"(3) designate, for the purpose of administering the program of individual and family services within any service area, either a State agency or a local prime sponsor, except that the chief elected official or officials of any municipality whose population is in excess of two hundred and fifty thousand may designate such municipality as a service area and may designate the local prime sponsor therefor, but in any case in which the Governor finds that the designation of a service area by the chief elected official or officials of a municipality will or is likely to result in inadequate availability of individual and family services in areas adjacent to (or near) the service area so designated, he shall notify the Secretary, and the Secretary may prescribe such requirements as a condition to such designation as he finds necessary to safeguard the interests of such individuals and families. No State agency or local prime

sponsor shall be designated pursuant to this section unless it is separate and distinct from any agency in the State which is administering a program under which cash benefits are provided on the basis of need (but this shall not be construed to preclude the designation of a State agency or local prime sponsor which is a constitutent of a larger agency or department which administers several health, education, or welfare, or related programs).

"(b) In order for a State to be eligible for payments under section 2012, the Governor of such State shall, in addition to the requirements of subsection (a), require each local prime sponsor, if any, to submit to him an annual area plan which he shall approve if he finds that such area plan is consistent with the requirements of sections 2003 and 2005, and, in the case of plans submitted by local prime sponsors designated by him, that the plan is consistent as well with any other applicable requirements of State law. In any case in which the Governor does not approve an area plan, the Secretary shall, upon request of the local prime sponsor submitting such plan and after consultation with the Governor, determine whether the area plan is consistent with the requirements of sections 2003 and 2005 and, if the Secretary determines that such plan is consistent therewith, the Governor shall (in order to be eligible for such payments) approve such plan.

"(c) In order to carry out the purposes for which they were designated pursuant to subsection (a), the State agency

and local prime sponsors (if any) may, subject to limitations in regulations of the Secretary, enter into such contractual or other arrangements as may be necessary for their efficient and effective administration of the program of individual and family services.

"STATE PLANS

"SEC. 2005. (a) *Payments may be made under section 2012 for a year only upon compliance with section 2004 and submission by the Governor of an annual State plan which contains—*

"*(1)(A) identification of the designated service areas, State agency, and local prime sponsors (if any), (B) the approved area plans submitted by local prime sponsors designated pursuant to the exception contained in section 2004(a)(3), and (C) a statement of the allocation among service areas (consistent with criteria prescribed by the Secretary) which will be made from the State's allotments under section 2011;*

"*(2) assurances, satisfactory to the Secretary, that—*

"*(A) the State's program of individual and family services will include a reasonable balance (as prescribed in regulations by the Secretary) of such services and will conform to such minimum standards of performance as the Secretary may establish;*

"*(B) the State program will, with respect to*

each of the individual and family services provided, achieve specified levels of activity and performance measured and expressed in accordance with criteria prescribed by the Secretary;

"(C)(i) to the maximum extent consistent with the efficient and effective administration of the program, priority will be given to the employment, in the State's program of individual and family services and in such other State-assisted programs as the Governor may determine, of persons registered pursuant to section 447, and to this end opportunities for such employment will be listed with the State employment office for use in support of employment programs under part C of title IV, and (ii) a social service volunteer program will be developed and implemented, for the use of nonpaid or partially paid volunteers in providing individual and family services and in assisting any advisory committees established in connection with the State's program of individual and family services;

"(D) the State agency will coordinate its program of individual and family services with related service activities and programs within the State (in both the public and the private sector), with particular emphasis on eliminating the duplicative pro-

vision, under other health, education, or welfare programs, of those individual and family services which are provided under such other programs but the provision of which is not the fundamental purpose of such other programs;

"(E) the provision of protective services for children will be extended, with a view to making such services available by July 1, 1975, throughout the State;

"(F) the amount of non-Federal, public funds expended for the provision of child welfare services within the State will not be less than the amount of such funds expended for that purpose in the fiscal year ending June 30, 1971, under the State plan developed jointly with the Secretary as provided in part B of title IV (as it was then in effect);

"(G) if foster care of children is included in the State's program of individual and family services, payments for such foster care will be made at the rate of not less than $300 per year for each child receiving such care;

"(H) no more than 10 per centum of the Federal assistance allocated to any service area will be used to meet the costs of providing individual and family services (except those required to be pro-

vided without charge pursuant to section 2003), to individuals or families therein whose family income exceeds the poverty level;

"(I) acceptance of individual and family services will be voluntary on the part of any person to whom such services are offered (or any other person responsible under applicable State law for the welfare of such person) and will not be a prerequisite to eligibility for or receipt of any other service or to assistance from any other program operated by the designated State agency or by a local prime sponsor;

"(J) the Governor will make appropriate arrangements for the administration of the program of individual and family services in any service area in which a local prime sponsor fails to submit an approvable area plan or fails substantially to administer such program in accordance with its approved area plan;

"(K) the State agency will (i) make such reports, in such form and containing such information, as the Secretary may from time to time require, and will comply with such provisions as the Secretary may from time to time find necessary to assure the correctness and verification of such reports, and

(ii) conduct periodic evaluations of its program of individual and family services;

"(L) safeguards will be provided which restrict the use or disclosure of information concerning applicants for and recipients of individual and family services to purposes directly connected with the operation of the program;

"(M) an opportunity for a fair hearing before the State agency will be afforded to any person whose request for services under the State plan is denied; and

"(N) the State agency will provide such methods of administration as are found by the Secretary to be necessary for the proper and efficient operation of the program, including methods relating to the establishment and maintenance of personnel standards on a merit basis (but the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of individuals employed in accordance with such methods); and

"(3) an annual operating plan which contains such information and is in such form and detail as the Secretary finds necessary for purposes of this part.

"(b) The Secretary shall approve a State plan submitted under subsection (a) if he finds that all of the foregoing requirements have been met, except that he shall not approve

any such plan if there is imposed as a condition of eligibility thereunder, any residence requirement which denies services to any individual present in the State.

"OPERATON OF STATE PROGRAMS

"SEC. 2006. (a) If the Secretary determines, after notice and opportunity for hearing, that in the administration of the State's program of individual and family services there is a substantial failure to comply with any assurance required by section 2003 or 2005(a) or with any other requirement of this part, the Secretary shall notify the Governor that further payments will not be made to the State (or, in the Secretary's discretion, that payments will be limited to those portions of the program or those service areas not affected by such failure) until the Secretary is satisfied that there is no longer any such failure to comply, and until he is so satisfied he shall make no such further payments or shall limit payments to those portions of the program or those service areas not affected by such failure.

"(b) In any case in which payments to a State are terminated or limited pursuant to subsection (a), the Secretary may provide, directly or through such arrangements as he deems appropriate, any services which would be provided had such State's program of individual and family services continued in accordance with its plan approved under this part, and for this purpose may expend such

portion of the appropriate allotment of such State under section 2011 as he deems necessary.

"(c) In addition to the authority contained in subsections (a) and (b), the Secretary, if he finds that there is a substantial failure to comply with the assurance required by section 2005(a)(2)(D), may (1) refuse to make grants for any other purpose under this part to the agency administering the program of individual and family services in the service area where such failure occurs, or (2) reduce the amount which would otherwise be paid to the State under section 2012 by an amount not in excess of the amounts which he estimates are being expended under other health, education, or welfare programs within such service area to provide services such as those described in section 2005(a)(2)(D) in a manner which is inconsistent with such assurance.

"EVALUATION

"SEC. 2007. (a) The Secretary shall conduct in each State not less often than once every two years an evaluation of the achievements and the efficiency and effectiveness of the program operated under the State plan approved pursuant to section 2005(b).

"(b) Such evaluations may be carried out by the Secretary directly or by contract.

"(c) The Secretary shall take all necessary steps to

publicize the results of the evaluation of the program of individual and family services operated in each State, including publishing a report containing such results and sending copies of such report to one or more of the news media in each State whose program was evaluated.

"PROJECT GRANTS AND CONTRACTS

"SEC. *2008. (a) The Secretary is authorized to make grants to any State or local public agency for planning for the establishment of a program of individual and family services or for the implementation of the assurance required by section 2005(a)(2)(D).*

"*(b) The Secretary may make available to any State agency or local prime sponsor designated pursuant to section 2004(a)(3), such technical assistance as may be necessary to assist such agency or local prime sponsor to administer, in an effective and efficient manner, a program and family services under this part.*

"*(c) The Secretary 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—*

"*(1) training of persons employed or preparing for employment in carrying out programs related to the purposes of this part;*

"*(2) research into or demonstrations of—*

"(A) new individual and family services or more effective combinations of such services, and

"(B) innovative methods of delivering such services;

"(3) evaluations of State and local programs of individual and family services; and

"(4) provision of individual and family services.

"(d) Payments for projects pursuant to grants or contracts under this section may be made for not to exceed 90 per centum of the cost of such projects, except that, the Secretary may pay all of the costs of such a project where he finds that full payment is essential to its successful implementation. Such payments may be made (after necessary adjustment, in the case of grants, on account of previously made overpayments or underpayments) in advance or by way of reimbursement, and in such installments and on such conditions, as the Secretary may determine.

"GOVERNMENT ASSISTANCE PROGRAMS

"SEC. 2009. *(a) The Secretary is authorized to make grants for the purpose of strengthening the capacity of State or county or other units of general local government to plan or deliver a broad range of services under health, education, or welfare programs in an effectively coordinated manner.*

"(b) Grants may be made under this section to—

"(1) the Governor of a State,

"(2) the chief elected executive officer or officers of a county, city, town, or other unit of general local government, or

"(3) a tribal council.

"(c) Grants under this section may be made for projects for—

"(1) comprehensive planning and supervision on an interdisciplinary basis for the provision of services pursuant to health, education, or welfare programs, with special emphasis on activities to carry out the assurance required by section 2005(a)(2)(D);

"(2) evaluation and monitoring of health, education, or welfare programs to determine their adequacy and effectiveness;

"(3) training of persons employed by the grantee and arranging for exchange, with other units of government or with the private sector, of persons employed in health, education, or welfare programs, or in positions in support of such program;

"(4) technical assistance to public agencies engaged in the planning or operation of health, education, or welfare programs; and

"(5) systems analysis, including the development of program budgeting and information systems, for State and local agencies.

"(d)(1) Grants under this section may be made with respect to any project for a period of not more than three years and may not exceed 75 per centum of the cost of the project for the first year thereof, 65 per centum of such cost for the second year thereof, and 50 per centum of such cost for the third year thereof, except that when such project is undertaken jointly by two or more grantees, such percentages may be increased to 95 per centum, 85 per centum, and 70 per centum, respectively.

"(2) Payments with respect to grants under this section may be made (after necessary adjustment on account of previously made overpayments or underpayments) in advance or by way of reimbursement, and in such installments and on such conditions, as the Secretary may determine.

"APPROPRIATIONS

"SEC. 2010. (a) There are authorized to be appropriated, for the fiscal year ending June 30, 1972, and for each fiscal year thereafter such sums as may be necessary for grants or contracts under this part.

"(b) There are authorized to be appropriated, for the fiscal year ending June 30, 1972, $50,000,000 and for the succeeding three fiscal years such sums as may be necessary for grants to States to assure more equal expenditures for individual and family services among the States.

"(c) There are authorized to be appropriated for the

fiscal year ending June 30, 1972, $150,000,000 and for each fiscal year thereafter such sums as may be necessary, in addition to sums appropriated for such purpose pursuant to subsections (a) and (b), for grants to States for foster care and adoption services.

"(d) There are authorized to be appropriated for the fiscal year ending June 30, 1972, and for each fiscal year thereafter, in addition to sums appropriated for such purpose pursuant to subsections (a) and (b), such sums as may be necessary for grants to States for temporary emergency assistance in the form of cash payments and, when provided in connection with a major disaster declared by the President pursuant to 42 U.S.C. 1855 et seq., in the form of services.

"ALLOTMENTS

"SEC. 2011. (a) The sums appropriated pursuant to section 2010 for a fiscal year shall be allotted as follows:

"(1)(A) the Secretary shall reserve an amount equal to 10 per centum of the sums appropriated pursuant to subsection (a) of such section, of which at least one-half shall be available to carry out sections 2007 and 2008, and the remainder shall be available to carry out section 2009;

"(B) from the remainder of the sums appropriated pursuant to subsection (a) of such section, (i) the Secretary shall allot to each State an amount which bears the

same ratio to such remainder as the Federal share of expenditures in such State in the fiscal year ending June 30, 1971, for services under titles I, IV (part A), X, XIV, and XVI, and for child welfare services under title IV (part B) bears to the total of such Federal shares in all the States, but in no case shall such amount with respect to any State exceed the Federal share of such expenditures in such State in such year, and (ii) after the allotment pursuant to clause (1) 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 in such State whose income does not exceed the poverty level bears to the number of such individuals in all the States;

"(2) from the sums appropriated pursuant to subsection (b) of such section, there shall be allotted to each State in which the average service expenditure (as defined in subsection (b) of this section) is less than the average of such expenditures in all the States, an amount which, with respect to each such State, is equal to the same proportion of the difference between the average service expenditure in such State and the average of such expenditures in all the States; and

"(3) from the sums appropriated pursuant to subsection (c) of section 2010, there shall be allotted to each

State an amount which bears the same ratio to such sums as the number of children in such State bears to the number of children in all the States.

"(b) For purposes of this section, the term 'average service expenditure' in a State means the amount obtained by dividing (1) the Federal share of expenditures in such State in the fiscal year ending June 30, 1971, for services under titles I, IV (part A), X, XIV, and XVI, by (2) the number of individuals in the State whose income does not exceed the poverty level, determined on the basis of the most recent period for which satisfactory data are available from the Department of Commerce.

"(c) The amount of any allotment to a State under subsection (a) for any fiscal year which the Secretary determines will not be required for carrying out the State's program of individual and family services (if any) under this part shall be available for reallotment, for the same purposes for which it was originally available, from time to time, on such dates as the Secretary may fix, to other States which the Secretary determines have need in carrying out their programs of individual and family services under this part of amounts in excess of those previously allotted to them under subsection (a), giving particular consideration to the needs of States for reallotments to prevent termination or reduction of ongoing services. Any amount so reallotted to a State shall

be deemed part of its allotment under clause (1), (2), or (3) of subsection (a), as appropriate.

"(d) The amount of any allotment under this section to which a State would otherwise be entitled shall be reduced by any amounts expended for the provision of individual and family services within such State by the Secretary pursuant to section 2006(b).

"PAYMENTS

"SEC. 2012. For each fiscal year, the Secretary shall pay to each State with State plan approved pursuant to section 2005, the sum of the following amounts:

"(1)(A) an amount equal to 90 per centum of expenditures during such year for those individual and family services described in section 2002(1)(B), and

"(B) an amount equal to 75 per centum of expenditures (other than those with respect to which payment is made under paragraph (2)) during such year for—

"(i) other individual and family services (but not including temporary emergency assistance in the form of cash payments), including the renovation, remodeling, or alteration of facilities necessary to adapt them or increase their effectiveness for use as group care facilities for children receiving individual and family services, and

"(ii) administrative and other activities, subject to limitations prescribed by the Secretary, for the purpose of increasing the efficiency or effectiveness of the State's program of individual and family services,

but reduced by 75 per centum of any fees collected for such services;

"(2) an amount equal to the expenditures made, as required by section 2005(a)(2)(G), during such year in the form of payments for foster care and 75 per centum of any other expenditures during such year for foster care services and for adoption services; and

"(3) an amount equal to 50 per centum of expenditures during such year for temporary emergency assistance in the form of cash payments,

except that the amount paid to such State pursuant to paragraph (1) for any fiscal year may not exceed the amount allotted to such State under paragraphs (1) and (2) of section 2011(a) for such year and the amount paid to such State pursuant to paragraph (2) for any fiscal year may not exceed the amount allotted to such State under paragraph (3) of such section. To the extent permitted by the Secretary, the term 'expenditure' as used in clauses (1) and (2) may be construed to include services or facilities made available for

the provision of individual and family services under the approved State plan.

"NATIONAL ADOPTION INFORMATION EXCHANGE SYSTEM

"SEC. 2013. *(a) The Secretary is authorized to provide information, though 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, 1972, and such sums as may be necessary for succeeding fiscal years, to carry out this section.*

"PART B—CONSOLIDATED HEALTH, EDUCATION, AND WELFARE PLANS

"PURPOSE

"SEC. 2020. *In order to secure increased flexibility to respond to the varying needs and local conditions within his State, and in order to permit more effective and interrelated planning and operation of its health, education, or welfare programs, the Governor of a State may submit an annual consolidated health, education, and welfare plan which includes the State's program of individual and family services and one or more other health, education, or welfare programs.*

"CONSOLIDATED HEALTH, EDUCATION, AND WELFARE PLANS

"SEC. 2021. (a) A consolidated health, education, and welfare plan shall—

"(1) designate an agency or official, reporting directly to the Governor, to carry out the requirements of clause (2);

"(2) provide that all necessary steps will be taken to assure the coordinated planning and administration of the programs included in the plan, which shall include joint planning, exchange of information, establishment of procedures for referral of persons seeking services, and provision of services through single sites;

"(3) provide that any unit of general local government administering portions of any two or more programs included in the plan will be permitted to exercise the options authorized in section 2022;

"(4) if Federal assistance is to be transferred from one program to another, as authorized in section 2022, contain a full description of the programs, purposes, and the amounts involved at both the State and local levels; and

"(5) comply with all other requirements imposed by or pursuant to statutes applicable to the programs included in the plan, except that the Secretary may waive

any nonstatutory requirements applicable to any such program to the extent necessary to achieve the purposes of the plan and upon such conditions as he deems appropriate to assure compliance with all applicable statutory conditions.

"(b) If the Secretary finds that the requirements of subsection (a) and of the statute authorizing Federal assistance for each program included in the plan all (subject to any waivers authorized by subsection (a)) are satisfied, he shall approve the plan, which shall serve in all respects as the substitute for the separate plans which would otherwise be required with respect to each of the programs included therein.

"(c)(1) If the Secretary finds, after notice and opportunity for a hearing to a State, that a program included in its plan approved under this section no longer complies with all applicable requirements, that program may no longer be included within the plan until the Secretary is satisfied that it meets such requirements.

"(2) If the statute authorizing the assistance for the program referred to in paragraph (1) requires notice and opportunity for hearing before suspension or termination of assistance or any other such sanction may be imposed, the notice and opportunity for hearing afforded pursuant to paragraph (1), may, at the option of the Secretary, be

deemed to have been provided pursuant to the requirements in the statute under which such assistance is extended.

"OPTIONS FOR PROGRAM INTEGRATION

"SEC. 2022. (a) *Notwithstanding any other provision of Federal law—*

"(1) *the Secretary may, upon request of the Governor, establish a single Federal share for expenditures under the plan based on (A) the Federal share or shares applicable to the various programs included in the plan, and (B) the total expenditures which may be claimed for Federal financial participation with respect to each such program, and*

"(2) *the Governor or the chief elected executive officer or officers of a unit of general local government which administers one or more health, education, or welfare programs included in the plan may transfer an amount, not in excess of 20 per centum of the Federal assistance available to the State or to such unit of general local government with respect to any program included in the plan for any fiscal year, for use in carrying out one or more other such programs in the same fiscal year, but in no case may the amount of Federal assistance available for use in carrying out any of such other programs exceed 150 per centum of the amount of such*

assistance which would have been available therefor without regard to this subsection.

"(b) Any Federal assistance transferred pursuant to subsection (a) shall be subject to the non-Federal share requirements applicable to such assistance prior to such transfer.

"(c) None of the provisions of this section shall apply with respect to a program of medical assistance under title XIX, or of cash assistance under title IV or XVI.

"PART C—GENERAL PROVISIONS

"JOINT FUNDING

"SEC. 2030. Pursuant to regulations prescribed by the President, where funds are advanced for a single project or program by more than one Federal agency to an agency or organization assisted under this title, any one Federal agency may be designated to act for all in administering the funds advanced. In such cases, a single non-Federal share requirement may be established according to the proportion of funds advanced by each agency, and any such agency may waive any technical grant or contract requirement (as defined by such regulations) which is inconsistent with the similar requirements of the administering agency or which the administering agency does not impose.

"DEFINITIONS

"SEC. 2031. For purposes of this title—

"(1) the term 'Governor' means the chief executive officer of each State;

"(2) the term 'unit of general local government' means a political subdivision of the State whose authority is broad and general and is not limited to only one function or a combination of related functions;

"(3) the term 'health, education, or welfare programs' means programs to which Federal assistance is extended by the Department of Health, Education, and Welfare, and which include provision, directly or indirectly, of services to individuals or families to aid or improve their personal development, including health, education, social services, vocational rehabilitation, aging, and any similar or related program."

TITLE ~~III~~ *IV*—MISCELLANEOUS CONFORMING AMENDMENTS

AMENDMENT OF SECTION 228(d)

SEC. ~~301~~ *401*. Section 228 (d) (1) of the Social Security Act is amended by striking out "I, X, XIV, or", and by striking out "part A" and inserting in lieu thereof "receives payments with respect to such month pursuant to part D or E".

AMENDMENTS TO TITLE XI

SEC. ~~302~~ *402*. Title XI of the Social Security Act is amended—

(1) by striking out "I,", "X,", ~~and~~ "XIV,", *and by striking out "and XIX" and inserting in lieu thereof "XIX, and XX"* in section 1101 (a) (1);

(2) by striking out "I, X, XIV," in section 1106 (c) (1) (A);

(3) ~~(A) by striking out "I, X, XIV, and XVI" in section 1108(a) and inserting in lieu thereof "XVI",~~ ~~and~~

~~(B) by striking out "section 402(a)(19)" in section 1108(b) and inserting in lieu thereof "part A of title IV"~~ *by repealing section 1108 (a) and (b)*;

(4) by striking out the text of section 1109 and inserting in lieu thereof the following:

"SEC. 1109. Any amount which is disregarded ~~(or set aside for future needs)~~ in determining the eligibility for and amount of aid or assistance for any individual under a State plan approved under title XVI or XIX, or eligibility for and amount of payments pursuant to part D or E of title IV, shall not be taken into consideration in determining the eligibility for and amount of such aid, assistance, or payments for any other individual under such other State plan or such part D or E.";

(5) (A) by striking out "I, X, XIV, and" in section 1111, and

(B) by striking out "part A" in such section and inserting in lieu thereof "parts D and E";

(6) (A) by striking out "I, X, XIV," in the matter preceding clause (a) in section 1115, *by striking out "or XIX" and inserting in lieu thereof "XIX, or XX"*,

and by striking out "part A" in such matter and inserting in lieu thereof "parts ~~A and~~ E",

(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 or pursuant to section ~~402,~~ 452, *1602, 1603, 1902, 2003, and 2005*", and

(C) by striking out "3, 403, 1003, 1403, 1603, *or 1903*" in clause (b) of such section and inserting in lieu thereof "~~403,~~ 453, 1604, 1608, *1903, or 2012*";

(7) (A) by striking out "I, X, XIV, *XVI, or XIX, or part A of title IV*" in subsections (a) (1), (b), and (d) of section 1116 *and inserting in lieu thereof "XVI, XIX, or XX"*, ~~and~~

(B) by striking out "4, 404, 1004, 1404, 1604, *or 1904*" in subsection (a) (3) of such section and inserting in lieu thereof "~~404,~~ *454*, 1607, ~~1608,~~ *1904, or 2006*"~~.~~*;, and*

(C) by inserting after subsection (d) of such section the following new subsection:

"(e) If the Secretary determines that a State plan which he has approved under title XVI, XIX, or XX no longer complies with the applicable requirements for approval, or that in the administration of such plan or of any agreement into which he has entered under section 437, 451, 461, or 1605, there is a failure by the State to comply substantially

with any provision of such plan or agreement, the Secretary may request the Attorney General to bring suit to enforce the provisions of such plan or agreement.";

(8) by repealing section 1118;

(9) (A) by striking out ~~"I, X, XIV"~~ *everything after "individual"* in section 1119 *that precedes clause (1) and inserting in lieu thereof "eligible for individual and family services, as prescribed by section 2003(1), under a State plan approved under title XX if—", and*

~~(B) by striking out "part A" in such section and inserting in lieu thereof "services under a State plan approved under part A", and~~

~~(C)~~ *(B)* by striking out "3 (a), 403 (a), 1003 (a), 1403 (a), or 1603 (a)" in such section and inserting in lieu thereof "~~403 (a) or 1604~~ *2012(1)*"; and

(10) (A) by striking out "a plan for old-age assistance, approved under title I, a plan for aid to the blind, approved under title X, a plan for aid to the permanently and totally disabled, approved under title XIV, or a plan for aid to the aged, blind, or disabled" in section 1121 (a) and inserting in lieu thereof "a plan for aid to the aged, blind, and disabled", and

(B) by inserting " (other than a public nonmedical facility)" in such section after "intermediate care facilities" the first time it appears.

AMENDMENTS TO TITLE XVIII

SEC. ~~303.~~ *403*. Title XVIII of the Social Security Act is amended—

(1) (A) by striking out "title I or" in section 1843 (b) (1),

(B) by striking out "all of the plans" in section 1843 (b) (2) and inserting in lieu thereof "the plan", and

(C) by striking out "titles I, X, XIV, and XVI, and part A" in section 1843 (b) (2) and inserting in lieu thereof "title XVI and under part E";

(2) (A) by striking out "title I, X, XIV, or XVI or part A" in section 1843 (f) both times it appears and inserting in lieu thereof "title XVI and under part E"; and

(B) by striking out "title I, XVI, or XIX" in such section and inserting in lieu thereof "title XVI or XIX"; and

(3) by striking out "I, XVI" in section 1863 and inserting in lieu thereof "XVI".

AMENDMENTS TO TITLE XIX

SEC. ~~304.~~ *404*. Title XIX of the Social Security Act is amended—

(1) by striking out "families with dependent children"and "permanently and totally" in clause (1) of the first sentence of section 1901 and inserting in lieu thereof "needy families with children" and "severely", respectively;

(2) by striking out "I or" in section 1902 (a) (5);

(3) (A) by striking out everything in section 1902 (a) (10) which precedes clause ~~(A)~~ *(B)* and inserting in lieu thereof the following:

"(10) provide for making medical assistance available to all individuals receiving assistance to needy families with children as defined in section ~~405 (b)~~ *455*, receiving payments under an agreement pursuant to part E of title IV, or receiving aid to the aged, blind, and disabled under a State plan approved under title XVI; and—", ~~and~~

~~(B) by inserting "or payments under such part E" after "such plan" each time it appears in clauses (A) and (B) of such section;~~

"(A) provide that medical assistance made available to any such individuals—

"(i) shall be equal in amount, duration, and scope for all such individuals, and

"(ii) shall not be less in amount, duration, or scope than the medical or remedial care and services made available to any other individuals; and", and

(B) by striking out "aid or assistance under any such State plan" each time it appears in clause (B) of such section and inserting in lieu thereof "such assist-

ance, payments, or aid" and by striking out "of the one of such State plans which is appropriate" in such clause (B) and inserting in lieu thereof "for such assistance, payments, or aid";

(4) by striking out "effective July 1, 1969," in section 1902(a)(11)(B);

~~(4)~~ *(5)* by striking out section 1902 (a) (13) (B) and inserting in lieu thereof the following:

"(B) in the case of individuals receiving assistance to needy families with children as defined in section ~~405 (b)~~ *455*, receiving payments under an agreement pursuant to part E of title IV, or receiving aid to the aged, blind, and disabled under a State plan approved under title XVI, for the inclusion of at least the care and services listed in clauses (1) through (5) of section 1905 (a), and";

~~(5)~~ *(6)* by striking out "aid or assistance under State plans approved under titles I, X, XIV, XVI, and part A of title IV," in section 1902 (a) (14) (A) and inserting in lieu thereof "assistance to needy families with children as defined in section ~~405 (b)~~ *455*, receiving payments under an agreement pursuant to part E of title IV, or receiving aid to the aged, blind, and disabled under a State plan approved under title XVI,";

~~(6)~~ *(7)* (A) by striking out "aid or assistance under

the State's plan approved under title I, X, XIV, or XVI, or part A of title IV," in so much of section 1902 (a) (17) as precedes clause (A) and inserting in lieu thereof "assistance to needy families with children as defined in section ~~405 (b)~~ *455*, payments under an agreement pursuant to part E of title IV, or aid under a State plan approved under title XVI,",

(B) by striking out "aid or assistance in the form of money payments under a State plan approved under title I, X, XIV, or XVI, or part A of title IV*) as would not be disregarded (or set aside for future needs)*" in clause (B) of such section and inserting in lieu thereof "assistance to needy families with children as defined in section ~~405 (b)~~ *455*, payments under an agreement pursuant to part E of title IV, or aid to the aged, blind, and disabled under a State plan approved under title XVI*) as would not be disregarded*",

(C) by striking out "aid or assistance under such plan" in such clause (B) and inserting in lieu thereof "assistance, ~~aid,~~ ~~or~~ ~~payments";~~ *payments, or aid*", *and*

(D) by striking out "age 21 or is blind or permanently and totally disabled in clause (D) of such section and inserting in lieu thereof "age 22 or is blind or severely disabled";

(8) by striking out "age 21 or is blind or permanently and totally disabled" in section 1902(a)(18) and inserting in lieu "age 22 or is blind or severely disabled";

~~(7)~~ *(9)* 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 ~~1608 (b) (1) (A) and (B)~~ *2002(1) (D) and (E)*";

(10) by striking out "effective July 1, 1969," in sections 1902(a)(24) and 1902(a)(26);

(11) by striking out "(after December 31, 1969)" in section 1902(a)(28)(F)(i);

~~(8)~~ *(12)* by striking out "title X (or title XVI, insofar as it relates to the blind) was different from the State agency which administered or supervised the administration of the State plan approved under title I (or title XVI, insofar as it relates to the aged), the State agency which administered or supervised the administration of such plan approved under title X (or title XVI, insofar as it relates to the blind)" in the last sentence of section 1902 (a) and inserting in lieu thereof "title XVI, insofar as it relates to the blind, was different from the agency which administered or supervised the ad-

ministration of such plan insofar as it relates to the aged, the agency which administered or supervised the administration of the plan insofar as it relates to the blind";

~~(9)~~ *(13)* by striking out ~~"section 406 (a) (2)"~~ ~~in~~ section 1902 (b) (2) and inserting in lieu thereof ~~"section 405 (b)";~~ *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 445(b)(2), be a member of a family eligible for assistance to needy families with children as defined in section 455 or supplementary payments under part E of title IV; or";

~~(10)~~ *(14)* by striking out "I, X, XIV, or XVI, or part A" in section 1902 (c) and inserting in lieu thereof "XVI or under an agreement under part E";

(15)(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

~~(11)~~ *(B)* by striking out "I, X, XIV, or XVI, or part A" in ~~section 1903 (a)~~ *such clause* (1) and inserting in lieu thereof "XVI or *of payments* under an agreement under part E";

~~(12)~~ *(16)* by repealing section 1903 (c);

~~(13)~~ *(17)* by striking out "highest amount which

would ordinarily be paid to a family of the same size without any income or resources in the form of money payments, under the plan of the State approved under part A of title IV of this Act" in section 1903 (f) (1) (B) (i) and inserting in lieu thereof "highest total amount which would ordinarily be paid under parts D and E of title IV to a family of the same size without income or resources, eligible in that State for ~~money~~ *supplementary* payments under part E of title IV of this Act";

~~(14) (A) by striking out "the 'highest amount which would ordinarily be paid' to such family under the State's plan approved under part A of title IV of this Act" in section 1903 (f) (3) and inserting in lieu thereof "the 'highest total amount which would ordinarily be paid' to such family", and~~

~~(B) by striking out "section 408" in such section and inserting in lieu thereof "section 406";~~

(18) by striking out section 1903(f)(3) and inserting in lieu thereof the following:

"(3) For purposes of paragraph (1)(B), in the case of a family consisting of only one individual, the 'highest total amount which would ordinarily be paid' to such family shall be the amount determined by the State agency (on the basis of reasonable relationship to

the amounts payable under parts D and E of title IV to families consisting of two or more persons) to be the amount which would ordinarily be payable under such parts to a family (without any income or resources) consisting of one person if such parts provided for payments to such a family.";

~~(15)~~ *(19)* by striking out ~~"I, X, XIV, or XVI, of part A" in~~ section 1903 (f) (4) (A) *and (B)* and inserting in lieu thereof *the following:* ~~"XVI or under an agreement under part E; and~~

"(A) is a receipient of assistance to needy families with children, as defined in section 455, payments under an agreement pursuant to part E of title IV, or aid to the aged, blind, and disabled under a State plan approved under title XVI, or

"(B) is not a recipient of such assistance, payments, or aid but

"(i) is eligible therefor, or

"(ii) would be eligible therefor if he were not in a medical institution.";

(20) by striking out "has been so changed that it" in section 1904(1);

~~(16)~~ *(21)* (A) by striking out "aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title ~~VI~~ *IV*, who are—" in the

matter preceding clause (i) in section 1905(a) and inserting in lieu thereof "*assistance to needy families with children as defined in section 405(b)*, payments under part E of title IV, or aid under a State plan approved under title XVI, who are—",

(B) by striking out clause (ii) of such section and inserting in lieu thereof the following:

"(ii) ~~receiving assistance to needy families with children as defined in section 405(b), or payments pursuant to an agreement under part E of title IV~~ *members of a family, as described in section 445(a), except a family in which both parents of a child or children are present, neither parent is incapacitated, and the male parent is not unemployed,*",

(C) by striking out clause (v) of such section and inserting in lieu thereof the following:

"~~(iv)~~ *(v)* severely disabled as defined by the Secretary in accordance with section 1602(b)(4), *or*", and

(D) by striking out "or assistance" and "I, X, XIV, or" in clause (vi), and in the second sentence of such section; ;

(22) by striking out "effective July 1, 1969," in section 1905(a)(4)(B); and

(23) by striking out the semicolon and everything

that follows in the last sentence of section 1905(b) and inserting in lieu thereof a period.

TITLE ~~IV~~ *V*—GENERAL

EFFECTIVE DATE

SEC. ~~401~~ *501*. The amendments and repeals made by this Act shall become effective, and section 9 of the Act of April 19, 1950 (25 U.S.C. 639), is repealed effective, on July 1, 1971; except that—

(1) in the case of any State a statute of which (on July 1, 1971) prevents it from making the supplementary payments provided for in part E of title IV of the Social Security Act, as amended by this Act, and the legislature of which does not meet in a regular session which closes after the enactment of this Act and on or before July 1, 1971, the amendments and repeals made by this Act, and such repeal, shall become effective with respect to individuals in such State on the first July 1 which follows the close of the first regular session of the legislature of such State which closes after July 1, 1971, or (if earlier than such first July 1 after July 1, 1971) on the first day of the first calendar quarter following the date on which the State certifies it is no longer so prevented from making such payments; and

(2) in the case of any State a statute of which (on July 1, 1971) prevents it from complying with the

requirements of section 1602 *or 1603* of the Social Security Act, as amended by this Act, and the legislature of which does not meet in a regular session which closes after the enactment of this Act and on or before July 1, 1971, the amendments made by title II of this Act shall become effective on the first July 1 which follows the close of the first regular session of the legislature of such State which closes after July 1, 1971, or (subject to paragraph (1) of this section) on the earlier date on which such State submits a plan meeting the requirements of such sections 1602 *and 1603*;

and except that *(i)* section 436 of the Social Security Act, as amended by this Act, shall be effective upon the enactment of this Act, *(ii) section 203 of this Act shall be effective July 1, 1970, and (iii) section 505 of this Act shall be effective upon enactment.*

SAVING PROVISION

SEC. ~~402~~ *502*. (a) The Secretary shall pay to any State which has a State plan approved under title XVI of the Social Security Act, as amended by this Act, and has in effect an agreement under part E of title IV of such Act, for each quarter *in a fiscal year* beginning after June 30, 1971, ~~and prior to July 1, 1973,~~ in addition to the amount payable to such State under such title and such agreement, an amount equal to the excess of—

(1) (A) 70 per centum of the total of those payments for such quarter pursuant to such agreement which are required under sections 451 and 452 of the Social Security Act (as amended by this Act), plus (B) the non-Federal share of expenditures for such quarter required under title XVI of the Social Security Act (as amended by this Act) as aid to the aged, blind, and disabled (as defined in subsection (b) (1) of this section), over

(2) the non-Federal share of expenditures ~~which would have been made during such quarter~~ as aid or assistance *for the corresponding quarter of fiscal year 1971* under the plans of the State approved under titles I, IV (part (A)), X, XIV, and XVI ~~had they continued in effect~~ (as defined in subsection (b) (2) of this section).

(b) For purposes of subsection (a)—

(1) the non-Federal share of expenditures for any quarter required under title XVI of the Social Security Act, referred to in clause (B) of subsection (a) (1), means the difference between (A) the total of the expenditures for such quarter under the plan approved under such title as aid to the aged, blind, and disabled which would have been included as aid to the aged, blind, or disabled under the plan approved under such title as in effect

for June 1971 plus so much of the rest of such expenditures as is required (as determined by the Secretary) by reason of the amendments to such title made by this Act, and (B) the total amounts determined under section 1604 of the Social Security Act for such State with respect to such expenditures for such quarter; and

(2) the non-Federal share of expenditures ~~which would have been made during any quarter~~ *as aid or assistance for the corresponding quarter of fiscal year 1971* under approved State plans, referred to in subsection (a) (2), means the difference *(adjusted as provided in clause (B) of the following sentence)* between (A) the total of the expenditures ~~which would have been~~ made as aid or assistance (excluding emergency assistance specified in section 406(e) (1) (A) of the Social Security Act and foster care under section 408 thereof) for such quarter under the plans of such State approved under title I, IV (part A), X, XIV, and XVI of such Act ~~and in effect in the month prior to the enactment of this Act if they had continued in effect during such quarter and if they had included (if they did not already do so) payments to dependent children of unemployed fathers authorized by section 407 of the Social Security Act (as in effect on the date of the enactment of this Act)~~, and (B) the total of the amounts

~~which would have been~~ determined under sections 3, 403, 1003, 1403, and 1603, or under section 1118, of the Social Security Act for such State with respect to such expenditures for such quarter.

Between July 1 and September 30 of each year, beginning with 1970, the Secretary (A) shall determine 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 1969, and (B) shall increase the amount computed under clause (2) of the preceding sentence for any quarter in the fiscal year beginning July 1 next succeeding such determination by such percentage. For purposes of the preceding sentence, the term "price index" shall have the same meaning as it does in section 453(c) of the Social Security Act (as amended by this Act).

SPECIAL PROVISIONS FOR PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

SEC. ~~403~~ *503*. 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 sections *432(a)*, 442 (a) and (b), 443 (b) (2), 1603 (a) (1) and (b) (1), and 1604 (1) with respect to Puerto Rico, the Virgin Islands, or Guam, the amounts to be used

shall (instead of the *$30 in section 432(a), the* $500, $300, and $1,500 in such section 442(a), the $500 and $300 in such section 442(b), the $30 in clauses (A) and (B) of such section 443(b)(2), the $1,500 in such section 1603(a)(1), the $110 in such section 1603(b)(1), and the $65 in section 1604(1)) bear the same ratio to such *$30*, $500, $300, $1,500, $500, $300, $30, $1,500, $110, and $65 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 fifty States which has the lowest per capita income; except that in no case may the amounts so used exceed such *$30*, $500, $300, $1,500, $500, $300, $30, $1,500, $110, and $65.

"(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 even-numbered year, on the basis of the average per capita income of each State ~~and of the United States~~ 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 'United States', 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."

REPORT TO CONGRESS ON MEDICAL ASSISTANCE

SEC. 504. On or before February 15, 1971, the Secretary shall submit to the Congress recommendations for restructuring and improving the existing program of medical assistance under title XIX of the Social Security Act, including recommendations specifically designed to assure that such program will be consistent in effect with the objectives of the family assistance plan established by section 101 of this Act.

ADDITIONAL SUPERGRADES FOR DEPARTMENTS OF HEALTH, EDUCATION, AND WELFARE AND LABOR

SEC. 505. (a) Section 5108(c) of title V of the United States Code is amended by striking out "and" at the end of clause (8), by striking out the period at the end of clause (9) and inserting in lieu thereof ";", and by inserting after such clause (9) the following new clauses;

"(10) the Secretary of Health, Education, and Welfare may place — positions in GS–16, — positions in

GS–17, and — positions in GS–18, for purposes of administration of the programs included in the Family Assistance Act of 1970 and related programs; and

"(11) the Secretary of Labor may place — positions in GS–16, — positions in GS–17, and — positions in GS–18, for purposes of administration of manpower and employment programs included in the Family Assistance Act of 1970."

(b) For purposes of administration of the programs included in the Family Assistance Act of 1970 and related programs, the Secretary of Health, Education, and Welfare may establish one position with a rate of compensation equivalent to the rate specified for level V of the Executive Schedule specified in 5 U.S.C. 5316.

MEANING OF SECRETARY AND FISCAL YEAR

SEC. ~~404.~~ *506.* As used in this Act and in the amendments made by this Act, the term "Secretary" means, unless the context otherwise requires, the Secretary of Health, Education, and Welfare; and the term "fiscal year" means a period beginning with any July 1 and ending with the close of the following June 30.

Passed the House of Representatives April 16, 1970.

Attest: W. PAT JENNINGS,

Clerk.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—EXPLANATION OF PROPOSED AMENDMENTS TO H.R. 16311

(Explanations are not provided for wholly editorial or technical changes)

I. FAMILY ASSISTANCE AND AID TO THE AGED, BLIND, AND DISABLED

Number of Section of Title IV or Title XVI of the Social Security Act, as Proposed to be Amended by Titles I and II of H.R. 16311, and Page of Bill.

442(c)(1), pp. 6–7: Period for Determination of Benefits

This section has been rewritten to clarify the time period for redetermination of benefits. It is now ambiguous whether the redetermination becomes effective immediately or at the beginning of the following quarter.

The amended version provides for universal redetermination quarterly, but requires adjustments for essential changes in family composition and income at any time during the quarter with any change in benefits effective in the following month. All estimates of income will be based on the actual income of the preceding period unless modifications in income have or clearly will occur on the basis of changes in circumstance.

This change reduces one element of secretarial discretion and would also limit potential overpayments.

442(c)(2), p. 7: Initial Eligibility

This section has been written to eliminate secretarial discretion. No benefits are to be paid for periods before the month of application. In the month of initial entitlement, benefits would be prorated to reflect the date of application.

443(a), pp. 8–9: Income Taken Net of Federal Income Tax

This amendment provides that earned income for purposes of calculating eligibility and amount of family assistance and State benefits is based on net earnings after payment of Federal income taxes. This change will result in a lower total reduction or marginal tax rate on earnings and increases work incentives. Since unearned income results in a dollar-for-dollar reduction of benefits under the bill, it too should be taken net of Federal income tax to avoid reducing benefits by more than the unearned income a family can actually enjoy. An additional provision at the end of this section permits the Secretary to provide by regulation for the income treatment of tax refunds.

443(b)(3), pp. 10–11: Earnings Disregard for Child Care

This amendment reduces secretarial discretion by specifying that the amount deducted from earned income by a family for necessary child care cannot exceed the cost of comparable care established by the Secretary in section 436(c). This would prevent the possibility of unlimited deductibility of costs.

443(b)(5), p. 11: Other Assistance Excludable

This amendment eliminates secretarial discretion and encourages uniformity by defining the types of agencies or organizations paying excludable assistance as those exempt from income tax under section 501(a) of the Internal Revenue Code as described in sections 501(c) (3) and (4).

443(b)(6), p. 11: Vocational Rehabilitation Allowances Excludable

This section excludes from countable income all incentive and other allowances paid under section 437(d) to individuals referred for and receiving vocational rehabilitation services (comparable to the exclusion of training allowances under the Department of Labor programs).

443(b)(9), p. 12: Foster Care Payments Excludable

This section covers the case in which an FAP family provides foster care for a child who is not a member of the family for FAP purposes. To prevent penalizing low income families who provide homes for foster children, payments for such a child should not count in the income of the FAP family.

445(b)(2), p. 14: Conform Definition of Child to Social Security Definition

This amendment changes the upper age limit of a "child" from under the age of 21 to under the age of 22. This approach conforms with the social security definition and recognizes the fact that the 21st year is generally the last year of undergraduate education.

445(c), p. 14: Strike State Law Reference in Determination of Family Relationships

This section is eliminated in order to permit definition of family relationships on a nationwide basis.

446(a)(1), p. 15: Payments of Benefits

This amendment eliminates secretarial discretion by specifying that payments will be made at least monthly except in such cases where a quarter's benefits will not exceed $30 in which case a quarterly payment may be made.

446(d), p. 18: Lawyer's Fees

This amendment removes all authority to withhold a FAP recipient's back benefits and make payments directly to a lawyer who has represented him. This change places FAP on the same basis as present AFDC practice; the collection of the fee should not be a governmental function.

447(a), p. 20; 448(a), p. 23: Penalty for Refusal to Register for or Accept Employment or Training

This section raises the penalty for refusal to register or accept work or training to $500 and clearly states that it applies to each of the first two members of the family. This strengthens the incentives for work and training.

447(d), p. 22: Periodic Review of Incapacity: Vocational Rehabilitation

The changes made in lines 4–7 would delete the quarterly review and would provide that the frequency of redetermination would be tailored to the nature of the incapacity as is the case in redeterminations in social security. In many cases, quarterly reviews are unnecessary and would be wasteful.

447(d), p. 22: Hearing and Review in Case of Vocational Rehabilitation

This change would provide for hearing and appeal in the case of a person who refuses vocational rehabilitation services under the same conditions as for loss or reduction of benefits generally.

448(b)(4), p. 25: Redefinition of Suitability

This section restricts the recipient's right of refusal of employment on grounds of prior experience and skills to a case in which the Secretary of Labor determines that such employment is actually available in the community and the individual has not been given adequate opportunity to obtain it.

451 and 453(a)(1), pp. 26 and 35–36: Elimination of Federal Requirement for Supplementation of Unemployed Fathers

In order to provide for greater equity between treatment of unemployed and employed male family heads, and provide for an unbroken set of work incentives under which such men are always better off if they work more, these changes repeal the requirement for State supplementation of the unemployed fathers category and eliminate Federal matching for any such State payments.

452(a) and (b), pp. 26–29: Minimum Level of State Supplementation

This change provides a new and much simpler method of determining the minimum required level of State supplementation. It also revises and simplifies the earnings disregard under the supplemental plan. On the basis of the State payment level as of January 1970 (for a family with no other income) and taking into account variations in shelter costs throughout the State, the Secretary will determine the basic minimum "payment level" for families of that size in the State. This will eliminate the unfortunate effect of the present bill which presents complicated State variations for age and sex of family members and for special needs. It also eliminates need for reference to State "standards" which in many States are artificial and bear no relation to actual payment. The minimum required supplementation for families would then be determined through the application of the relevant provisions of part D. The minimum supplemental payment would be the difference between the payment level defined above and the sum of the basic family assistance benefit plus countable income under the supplementary plan. (As under the House-passed bill, the required payment level would not exceed the poverty level.)

This treatment results in greater uniformity of benefit payments within a State, as well as encouraging greater comparability among States.

The new section 452(b) largely duplicates the comparable provision of the House-passed bill but defines the earnings disregard slightly differently for purposes of figuring the amount of supplemental benefits. The first $720 of annual earning plus one-third of the remainder would be disregarded. Under the House-passed bill one-third of earnings up to twice the amount of the FAP payment if the family had no other income would have been disregarded plus one-fifth thereafter.

452(b)(8), p. 31: Part E, No-Lien Provision

Provides that no lien will be imposed on property of the family and no recovery will be made on account of valid payments under part E. This was the intent of the Administration under H.R. 16311 but additional clarifying language is needed.

453(c)(1), p. 37: Families Size 7–11

Under H.R. 16311 the effect of using a single average poverty level for families of seven or more would be to limit Federal financial participation with respect to large families even though the earnings of such families do not bring them up to the poverty level. Spelling out the level for families of more than seven adds no serious administrative complexity and appears more equitable to both the States and the families. Also the figures have been revised to produce more regular intervals between families of one size and the next.

461, pp. 39–42: State Agreements

Section 461(a), pp. 39–40

This amendment authorizes the Secretary to pay all the State's administrative costs necessary to carry out its agreement to make supplementary payments for a transitional period of up to 2 years if the State has entered into

an agreement, with a future effective date, for the Secretary to administer its supplemental payments. If the State prevents the Secretary from eventually making these supplementary payments, the Secretary is required to recover one-half the administrative costs (which the State would have provided under the general formula).

Section 461(b), pp. 40–41 (new)

This subsection authorizes the Secretary, on behalf of a State, to determine eligibility for medical assistance, or for surplus food commodities, or to administer the State's food stamp program, with respect to the classes of adults covered by title XVI if the State has an agreement allowing the Secretary to administer title XVI, or with respect to all other persons if the State allows the Secretary to make its supplementary payments, if any. The State reimburses the Secretary, at whatever is the usual rate, for these additional expenses of the Secretary in performing these functions. This and the succeeding change are designed to facilitate a State's choice to more toward Federal administration of its cash payment since, if it had to retain a field organization to perform similar functions for other programs, it might not find Federal administration of payments under this act economical. Moreover, this will permit administration of assistance programs from a single source more convenient for the recipient.

Section 461(c), pp. 41–42 (new)

If the State has given the Secretary all its eligibility determining functions under the Social Security Act, the Secretary may agree (but only if he finds it will be administratively feasible) to determine eligibility and administer payments with respect to all or part of the State's general assistance program. As in the preceeding section, the State will reimburse the Secretary for additional administrative expenses and for the costs of cash payments.

Section 461(d), p. 42 (new)

With respect to any functions which the Secretary performs on behalf of a State he may substitute his own administrative rules and procedures which he applies under part D in place of those which the State would be required by Federal statute to observe. This will permit the Secretary to administer programs for many States under a uniform set of procedures.

465, pp. 45–46: Provision for Food Stamp Checkoff

This section provides that persons receiving family assistance or State supplementary benefits may request the Secretary or the State to withhold the amount of benefits necessary to purchase part or all of the food stamp allotment to which the recipient is entitled. This unified administration is designed to facilitate coordination of services and to reduce administrative costs at the national and local levels. It represents a step toward standardization of food and cash programs, and furthers the concept of the "one window" approach to cash and in-kind programs.

436(a)(1), pp. 55–58: Construction Grants for Child Care

These changes go beyond the provision for alteration and remodeling of physical facilities for child care which was present in the House bill and permit, in addition, the use of grant funds for new construction—but only where the Secretary finds alteration of existing facilities was not feasible and only in the case of public or nonprofit private sponsors.

437(a), pp. 59–60: Provision of Vocational Rehabilitation to Referred Individuals

This clarifying change would delete the words "vocational rehabilitation" from line 10 and add the clause on line 16 which mandates vocational rehabilitation services as defined in the Vocational Rehabilitation Act to persons referred under section 447(d). This also allows for 90-percent matching for services to those who, after evaluation, are judged handicapped and with vocational rehabilitation potential. The evaluation of incapacity and certification of exemption from the work registration requirement provided under section 447(d) would not be a cost attributable to this section.

437(d), p. 60: Vocational Rehabilitation Allowances

The new subsection (d) assures the handicapped FAP recipients referred for rehabilitation services under section 447(d) the same work incentive and allowances for necessary expenses as are supplied the ablebodied in section 432 (a)(1) and (2).

1603(a), p. 85: Disregard of Work-Related Expenses

This change limits the work-related expenses that may be disregarded in determining earnings under title XVI to those expenses necessitated by the individual's age, blindness, or disability. This change reflects the liberalization in the basic earnings disregards for the aged and the disabled pursuant to section 1603(a)(5), modified as indicated below.

1603(a)(1)(A), p. 85: Exclusion of Automobiles from Resources in Title XVI

This change would specifically exclude the automobile from countable resources in the case of the aged, the blind, and the disabled. This is desirable because of the special transportation needs of this group, and because members of this group could not normally be able to exclude automobiles as essential to self-support as would be true in the case of family assistance.

1603(a)(5), p. 87: Mandatory Disregard of Earnings of the Aged

This change makes it mandatory (rather than optional) to disregard, in the case of the aged, the first $60 per month of earnings plus one-half the remainder.

The earnings disregard provision for other assistance recipients is already mandatory. The extension of this requirement assures that the aged will have the benefit of the earnings disregard.

1603(b)(1), pp. 87–88: Maintenance of Level of Payments in Title XVI

This section would provide that States with payment levels for the aged, blind, or disabled of more than $110 per month (as of January 1970) will be required to at least maintain those levels under the new title XVI program (rather than to maintain their "standards" as provided under the House-passed bill).

Section Number and Page of Bill

402(3), p. 134: Repeal of Limits on Payments to Puerto Rico, the Virgin Islands, and Guam

In view of the effort throughout the bill to treat Puerto Rico, the Virgin Islands, and Guam in an equitable manner, as compared with the States, by reducing if necessary the payment levels to reflect the ratio of the per capita income of those areas to that of the State with the lowest per capita income, it is necessary to remove the dollar ceilings on Federal payments to these areas with respect to cash assistance payments and services. This is a conforming change that was previously overlooked by the administration.

404(22), p. 145: Inclusion of Unemployed Fathers Under Medicaid

This change permits a State to provide or continue to provide medicaid coverage, with Federal matching to the unemployed father category.

402(7)(c), pp. 135–136: Failure of State To Comply with Plan or Agreement

This change would provide that whenever the Secretary of HEW determines that a State plan under title XVI, XIX, or XX (or any part of the plan), or an agreement relating to part D or E of title IV or to title XVI, no longer complies with requirements for approval, he may ask the Attorney General to bring suit to enforce the plan or agreement. This would provide an alternative to the termination of Federal payments in cases of noncompliance.

501, p. 147: Continuation of $4 "Pass-Along" under 1969 Social Security Amendments

This change would make continuation of the $4 pass-along under the 1969 social security amendments effective for July 1970 rather than July 1971. (Conforming and clarifying amendments are made on p. 70, line 16 (sec. 1603 (a)) and on p. 84, line 19 (sec. 202)).

502, pp. 147–150: State Saving Provision

This change (1) makes the guarantee against increases in State assistance payments permanent, rather than effective only for fiscal years 1972 and 1973 (p. 96, lines 15 and 16) and (2) provides a new method of calculating the extent of State liability for future assistance cost increases. States will be "held harmless" as to costs required by the act in excess of State expenditures in fiscal year 1971 for AFDC and the adult categories to the extent that such costs exceed increases in the cost of living. States will, however, be liable for the State's share of increased payment costs resulting from voluntary increases in its payment levels.

504, p. 152: Study of Medical Assistance

This new section would require the Secretary to submit recommendations to the Congress, on or before February 15, 1971, for the restructuring and improving the medicaid program. It would require that the recommendations specifically include proposals designed to assure that the effect of medical assistance program for the needy will be consistent in effect with the objectives of the FAP. This provision is designed to put legislative backing behind the Administration's commitment to introduce a family health insurance plan at the beginning of the next session of Congress.

505, pp. 152–153: Position Requirements

In order to accomplish the massive tasks of building an administrative system for the family assistance plan, language is included to specify the need for one executive level V position for the FAP Agency Administrator and the need for supergrade positions in both the Department of HEW and the Department of Labor (the numbers and descriptions of these positions will be available in 2 to 3 weeks).

This provision would become effective upon enactment.

II. INDIVIDUAL AND FAMILY SERVICES AND CONSOLIDATED HEALTH, EDUCATION, AND WELFARE PLANS

These amendments consolidate the social services authorities in the Social Security Act, repealing the relevant provisions of titles I, IV (parts A and B, X, XIV, and XVI and replacing them with a new title XX. Part A of title XX contains the new consolidated services program, called "individual and family services," and part B proposes certain new authorities—granted pursuant to submission of a Consolidated Health, Education, and Welfare Plan—designed to permit the tailoring of the Department's services programs to fit local needs.

A. Part A—Individual and Family Services

1. Authorized Activities

Part A of title XX would authorize Federal assistance for States which establish a comprehensive program of individual and family services. These services are defined to include the full range of family and child welfare services, services in support of manpower training and employment programs, foster care and adoptions services, self-care and protective services for adults, and temporary emergency assistance (both cash and emergency services). Payments for foster care (which must meet standards prescribed by the Secretary) may include payments for medical care which is not otherwise available, and adoption services have been broadly defined to include payments to adoptive parents to provide them with necessary assistance in meeting the medical or remedial needs of a child who is hard to place because of a physical or mental handicap.

2. Eligible Individuals

Any individual or family in the State whose income does not exceed the poverty level is eligible for needed services, which must be provided without charge to the extent they are available. Persons with incomes above the poverty line may receive services on a fee basis, with the fee on a sliding scale related to income. (To ensure targeting of funds on the neediest group, the States may not use more than 10 percent of their funds to subsidize services for persons above the poverty line.) Fees are not required, however, for persons receiving information, referral, follow-up or related services, protective services, or adoption or foster care services, and no person registered pursuant to the requirements of the Family Assistance Plan may be charged for any services in support of his training or employment program.

3. Service Areas and Program Sponsors

In order to be eligible to participate in the Federally-assisted program, the Governor must first divide the entire State into service areas. Secondly, he designates, to administer the program in each service area, either a State agency or a local prime sponsor (which is a unit of general local government in the service area, or a public agency designated by such governmental unit). However, in any city with population of 250,000 or more, a "self-designation" option is available under which the chief elected local official may choose to designate that city as a service area and designate a local prime sponsor of his choice to administer the

program. Any agency or sponsor designated must be completely separate from an agency providing cash assistance, although they may be grouped as separate units within an "umbrella agency."

4. Area and State Plans

The Governor must then require each local prime sponsor to submit an area plan, which describes the services which will be provided in that service area, eligibility conditions which will be imposed, and contains all the other provisions required of State plans (described below). If the Governor finds that an area plan complies with the statutory requirements, he must approve it. An appeal procedure to the Secretary is provided for cases in which the Governor declines to approve an area plan. Area plans must conform to State law, except that in those large cities where the Mayor self-designates the local prime sponsor, the municipality must be permitted real freedom to shape its services program, and may not be limited by State-determined priorities, or organizational or other rules.

The State plan, which is submitted by the Governor, is a composite of the programs described in the area plans (if any) and the program which will be administered by the State agency. Only the area plans from the cities which have self-designated the local prime sponsor must be submitted as part of the State plan. The plan must also describe an acceptable intra-State allocation of Federal funds which will be made.

The State plan must include assurances with respect to a wide range of matters, including undertakings to provide a balanced program of services, to coordinate individual and family services provided under any other State program so as to eliminate duplication among those programs, and to make protective services available State-wide by 1975. In particular, the State must provide assurances as to specified levels of activity and performance against which its achievement can be monitored.

5. Sanctions and Evaluation

The Secretary is given the same termination authority in the case of noncompliance as he has under the other public assistance titles of the Act (and the judicial review and specific performance provisions of section 1116 have also been made applicable to title XX).

The Secretary is directed to conduct an evaluation of each State's program of individual and family services at least every two years and to make available to the news media a report of his results and conclusions.

6. Project Grants by the Secretary

Separate authority is provided for a program of project grants and contracts for a wide range of activities related to individual and family services, including projects to plan for the establishment of the services programs, to achieve the coordinated provision of such services from all sources within the State, and to provide technical assistance, research, demonstrations, training, and evaluation. Funds may be provided for up to 90 percent of cost, and for 100 percent if the Secretary finds that full payment is necessary to successful implementation of the project.

7. Government Assistance Program

A separate Government Assistance Program is established to provide aid to Governors and the chief executives of cities, counties, and other general purpose local governments, and to tribal councils, to strengthen the capacity of their offices to plan, manage, and evaluate health, education and welfare programs on an effectively coordinated basis. To this end, grants may be made to support comprehensive planning, evaluation, training of persons in employment related to such programs, technical assistance to agencies administering such programs, and systems analysis, including program budgeting and information systems.

Support for any particular project may continue for only 3 years, with Federal matching declining from 75 percent to 65 percent and to 50 percent over that period (unless the project is jointly undertaken by two or more chief executives, in which case the rates may be raised to 95 percent—85 percent—70 percent).

8. Adoption Information Exchange

A national adoption information exchange system is authorized to assist in matching children awaiting adoption with families seeking children. This program is to be carried out within the United States and on a cooperative basis with any other country. One million dollars is authorized for these activities.

9. Financing

Such sums as may be necessary are authorized to carry out the Federal-State individual and family services program, and to support the various project grants and contracts authorized under part A. From this basic appropriation, the Secretary will reserve 10 percent for project grants and contracts, Government Assistance grants, and evaluation. The remainder will be allotted according to a formula based in part on the State's share of Federal service expenditures in fiscal 1971, and in part on the poverty population in the State. Not more than half of this 10 percent reserve may be spent under the Government Assistance Program.

Also, $50,000,000 is separately authorized for fiscal 1972 (and such sums as may be necessary for the next three fiscal years) for allotments to assure more equal service expenditures by States which, in fiscal 1971, are below the national average. Finally, $150,000,000 is separately authorized to be appropriated for foster care and adoption services. The foster care and adoption money is allotted on the basis of the child population in the State.

Federal matching is at the rate of 75 percent for individual and family services, including foster care and adoptions, except that (1) services in support of manpower activities are matched at 90 percent, (2) temporary emergency cash assistance is matched at 50 percent, and (3) $300 per year per child receiving foster care is available without any requirement of a non-Federal share. All appropriations are closed-end, in other words they are limited by the State's allotments, except that emergency cash assistance will be matched on an open-ended basis.

B. Part B—Consolidated Health, Education, and Welfare Plan

Part B would authorize the Governor of each State to submit a single consolidated plan including his program of individual and family services and any one or more of his State's health, education, and welfare programs. (Medicaid and cash public assistance programs are excluded.) The plan must meet all the statutory requirements applicable to the State plans normally required for each included program, and must also designate an official or agency, reporting directly to the Governor, to see that all necessary steps are taken to assure coordinated planning and administration of included programs. The plan must also permit any political subdivision, with respect to portions of the included programs which it administers, to exercise the option for transfer of funds (described below), and must describe any such transfers at both the State and local levels that will take place.

If the Secretary finds that all the requirements are met, he shall approve the consolidated plan. Approval can only be withdrawn after notice and opportunity for hearing if the Secretary finds that a plan condition is not being met.

Upon approval of a consolidated plan, the Secretary would be authorized, at the request of the Governor, to establish a single non-Federal matching share for all the included programs, based on the weighted average of the non-Federal shares under the included programs. The Governor is permitted to transfer up to 20 percent of the Federal assistance available for one such program for use in one or more other included programs, so long as he does not increase the "receiving" program by more than 50 percent of the amount originally available to it.

C. Part C—General

Part C of the new title contains the standard joint funding authority which currently is contained in the Older Americans Act, the Juvenile Delinquency and Youth Offenses Control Act, and the Economic Opportunity Act. It also contains some definitions applicable to the entire title.

[COMMITTEE PRINT]

JUNE 23, 1970

91ST CONGRESS
2D SESSION

H. R. 16311

AN ACT

To authorize a family assistance plan providing basic benefits to low-income families with children, to provide incentives for employment and training to improve the capacity for employment of members of such families, to achieve greater uniformity of treatment of recipients under the Federal-State public assistance programs and to otherwise improve such programs, and for other purposes.

APRIL 21, 1970

Under the order of April 20, 1970, received, considered as having been read twice, and referred to the Committee on Finance