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(Leg.Hist.)

***1943 P.L. 87-543, PUBLIC WELFARE AMENDMENTS OF 1962**

Senate Report No. 87-1589,
June 14, 1962 (To accompany H.R. 10606)
House Report No. 87-1414,
Mar. 10, 1962 (To accompany H.R. 10606)
Conference Report No. 87-2006,
July 18, 1962 (To accompany H.R. 10606)
The Senate Report and the Conference Report are set out.

(CONSULT NOTE FOLLOWING TEXT FOR INFORMATION ABOUT OMITTED MATERIAL. EACH COMMITTEE REPORT IS A SEPARATE DOCUMENT ON WESTLAW.)

SENATE REPORT NO. 87-1589

June 14, 1962

THE Committee on Finance, to whom was referred the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes, having considered the same, report favorably thereon with amendments, and recommend that the bill as amended do pass.

I. SCOPE OF THE BILL

H.R. 10606, as reported by the committee, affects both the public assistance programs and the child welfare programs of the Social Security Act.

As to the public assistance programs (aid for the needy aged, blind, disabled, and dependent children), the reported bill makes some changes and additions. More Federal funds are provided to increase payments to recipients. The bill is also designed to encourage and assist the States to provide more rehabilitation services in order to get individuals off the welfare rolls and to develop better trained staffs to render these services. Also provided are substantially increased authorizations for child welfare services.

***1944 II. SUMMARY OF THE PRINCIPAL PROVISIONS OF THE BILL**

PUBLIC ASSISTANCE

A. REHABILITATIVE SERVICES AND TRAINING IN THE PUBLIC ASSISTANCE PROGRAMS

A State, at its option, may now provide such services under all the public assistance programs except medical assistance for the aged. The Federal Government matches these expenditures on a 50-50 under the provision which governs administrative expenses.

Under the bill as passed by the House, States would be required to provide certain minimum services for applicants and recipients, which the Secretary would prescribe, to help them attain self-care (old-age assistance); self-support and self-care (the blind and the disabled); and to strengthen family life (aid to dependent children). There were no required services for medical assistance for the aged.

The committee's bill would leave the provision of such services optional with the States; but, if they are not provided by a

State, the Federal matching of all administrative costs for that category of assistance (now 50 percent) would be reduced to 25 percent effective June 30, 1963.

The bill would authorize 75 percent Federal matching in all public assistance titles for certain services (including the minimum services) to be specified by the Secretary of Health, Education, and Welfare. These services (including the minimum services) could apply to applicants and recipients of assistance as well as to those likely to become or who have been recipients, on the request of such persons (within such periods as the Secretary may prescribe.)

The 75-percent matching would also be available for training personnel who are employed, or who are preparing to work, in State or local welfare agencies.

Other services which the Secretary does not designate would be continued at 50-percent matching, as would all other administrative costs. Cost: HEW estimate, \$40.8 million ¹ (with over half going into the ADC program).

B. INCREASE IN FEDERAL MATCHING FORMULA FOR THE AGED, BLIND, AND DISABLED

The Committee bill, as does the House bill, increases the Federal matching share in the case of the programs for the aged, the blind, and the disabled to twenty-nine thirty-fifths of the first \$35 of the average monthly payment per recipient; the maximum for matching would be raised to \$70 on a permanent basis effective October 1, 1962. The bill passed by the House makes the same increase in the matching formula on a permanent basis effective July 1, 1962. The temporary provision now in effect which uses matching on four-fifths of the first \$31, with a maximum of \$66 through June 30, 1962, was extended through September 30, 1962. Without such an extension the formula would revert to four-fifths of the first \$30 with a maximum of \$65. The change does not effect the special provision for *1945 medical care in the old-age assistance program. Cost: HEW estimate, \$105.5 million ² (\$140.6 million for first full year of operation).

C. CHANGES IN THE AID TO DEPENDENT CHILDREN (ADC) PROGRAM

1. Additional authority to State to prevent abuses in aid to dependent children payments.-- The committee bill would provide that, beginning October 1, 1962, and ending June 30, 1967, payments (limited in number to 5 percent of recipients) would be authorized to be made to third parties interested in the welfare of the child where it is determined that the parent is so incapable of managing funds that the child's welfare is affected. Certain safeguards and standards would be prescribed. The committee eliminated the provision of the House bill which would have allowed the States to use voucher payments (payments directly to grocers, landlords, etc.). Cost: HEW estimate, negligible. ²

2. Payments on the basis of the unemployment of the parent.-- This temporary provision of existing law, which is effective May 1, 1961, to June 30, 1962, would be expanded to cover both parents instead of one as in existing law. A provision would be added which would deny aid to a parent for refusal to accept retraining without good cause.

Under prior law, ADC payments could be made only on the basis of the death, disability, or absence of the parent. Cost: HEW estimate, \$85 million (of which \$12 million is attributable to the second parent provision).

3. Payments on the basis of the disability of the parent.-- Federal matching would be expanded to cover payments for both parents of children who are needy because of the disability of the parent. At the present time the Federal Government matches for one adult recipient only. Cost: HEW estimate, \$22 million.

4. Community work and training programs.-- The bill would provide that beginning October 1, 1962, for a period of 5 years, Federal matching funds would be available in cases where payments are made under work programs which are a part of the ADC program and meet certain standards. Under interpretation of existing law there can be no matching as to payments made for work by a welfare agency; such payments currently are financed wholly by State and local funds. Under an amendment added by the committee, payments to individuals under these programs would be excluded from gross income for Federal income tax purposes. Cost: HEW estimate, negligible. ³

5. Payments to children removed by court order into foster care.-- Under temporary existing law, which is effective May 1,

1962, to June 30, 1962, payments can be made to ADC children removed by court order into foster home care. This provision would be made permanent under the House bill and the committee bill. Payments under prior law were limited to children living with specified relatives. The committee deleted the provision in the House bill which would have expanded the program to include children placed in private care institutions as well as those receiving family *1946 home care as in existing law. The committee bill also includes an amendment which would allow States, for a 1-year period, under the foster care provisions of aid to dependent children program, to utilize the services of other public agencies in the placement and supervision of children in foster home care under agreements with the welfare agency. Cost: HEW estimate, \$4.1 million. ³

D. OTHER CHANGES IN PUBLIC ASSISTANCE PROGRAMS

1. Incentive for employment through consideration of expenses.-- The States would be required, in determining the amount of assistance to be provided for the needy aged, blind, disabled, and dependent children, to take into account necessary expenses that may reasonably be attributed to the earning of income. Under current administrative policy, the States may, at their option, consider such expenses.

Also, in determining need in the ADC program, the States would be allowed to disregard certain earned or other income set aside for the child's future need (for example, such items as education or preparation for employment. Cost: HEW estimate, negligible. ^{3 4}

2. Optional single State plan for aged, blind, disabled, and medical assistance for the aged.-- States would be allowed to operate these programs under a single plan. States which select the single plan would become eligible for Federal matching for medical care for recipients of aid to the blind and to the disabled on the same basis as they are now available for recipients of old-age assistance (that is, up to \$15 a month per recipient for vendor medical care). Such additional matching would not be available if States remained under their separate programs. Administration would be allowed, however, by separate existing blind agencies. Cost: HEW estimate, \$7.4 million. ^{3 5}

3. Training of public assistance workers.-- Under the House bill, provisions of present law authorizing Federal grants to States to increase the number of adequately trained public welfare personnel to work in public assistance programs, which are due to expire June 30, 1963, would be made permanent, with dollar limitations on authorized appropriations for grants to States for training of public assistance workers-- \$3.5 million in fiscal 1963 and \$5 million a year thereafter. Within the dollar limitations established by the House bill, the committee bill authorizes a program of direct Federal training and grant activity and of scholarships and stipends for persons preparing for employment in public welfare agencies. The committee bill would repeal existing provisions of law that authorize 100 percent Federal funds for expenditures made by States for training of staff. Cost: HEW estimate, negligible. ³

4. Assistance to repatriated American citizens.-- This provision of existing law, which was effective on June 30, 1961, will expire on June 30, 1962, permits temporary assistance to citizens returning from foreign countries because of illness, destitution, or crisis. It would be extended for 2 years. Cost: HEW estimate, \$400,000. ⁶

*1947 5. Demonstration projects.-- The bill would permit the Secretary of Health, Education, and Welfare to waive any State plan requirement which he deemed necessary (such as statewide applicability of plan) for pilot or demonstration projects designed to improve the public assistance programs and would provide alternative methods of financing such projects out of public assistance appropriations. Cost: HEW estimate, negligible. ³

6. Aid-to-the-blind programs (Missouri and Pennsylvania).-- The provision of the 1950 amendments, which granted an exemption to certain aid-to-the-blind programs (in effect at that time) from the income and resources test of Federal law, would be placed on a permanent basis. The temporary provision has been extended periodically and would, under existing law, expire in 1964.

7. Other committee amendments.-- Two provisions were added by the committee which were not contained in the House bill. (a) The resistance expenditures in Puerto Rico from the present \$9,500,000 to \$10,500,000, and in the Virgin Islands from the present \$320,000 to \$400,000. ⁷ (b) The bill as reported also contains an amendment which provides that, in determining need for aid to the blind, a State shall, in addition to present exempted amounts (\$85 a month in earnings plus one-half of the balance) exempt such other amounts of income or resources as may be necessary to fulfill a State-approved rehabilitation

plan for a blind individual. Such additional exemptions cannot last for more than 1 year.

CHILD WELFARE SERVICES

The authorization for child welfare services would be increased from the present \$25 million per year to \$30 million for 1963, \$35 million in 1964, \$40 million in 1965-66, \$45 million in 1967-68, and \$50 million in 1969 and thereafter. Of the amount between \$25 and \$35 million, there would be specific earmarking for day care of not more than \$5 million in 1963 and not more than \$10 million in subsequent years. The committee added an amendment which would permit Federal grants for research or demonstration projects in child welfare to be used for special projects for training personnel in this field. Cost: HEW estimate, \$5 million ⁶ (increasing in subsequent years as noted above.)

ADVISORY COUNCIL

The bill provides for an advisory council, to be appointed by the Secretary of Health, Education, and Welfare in 1964, to review the status of the public assistance and child welfare services programs and report their findings to the Secretary. The power to appoint other advisory committees contained in the House bill was somewhat limited in the bill reported by the committee.

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***1949** III. GENERAL DISCUSSION

A. IMPROVEMENT IN SERVICES TO REDUCE OR PREVENT DEPENDENCY

The committee bill is designed to improve the rehabilitative aspects of the public assistance programs particularly in stimulating constructive services designed to help families and individuals to attain self-sufficiency. The committee is convinced that much can be done to relieve the undesirable effect on the community of a large and growing number of persons now on assistance. The number of illegitimate births has been increasing and indications are that family breakup by reason of desertion, divorce, and separation have also increased significantly in the population as a whole, as well as among public welfare recipients. Experience has shown that services by highly trained welfare personnel can help these situations. These social services, usually provided by trained social workers, are designed to help families and individuals to become self-supporting rather than dependent upon welfare checks.

At the present time, the Federal Government shares with the States in the costs of administration essential for the proper and efficient operation of the States' plans on a dollar-for-dollar basis. The Social Security Amendments of 1956 provided that social services to applicants and recipients of assistance are considered a part of necessary administrative cost; services provided to persons other than applicants or recipients are not now subject to Federal financial participation.

The bill as reported makes some changes in the provisions relating to such services in the bill as passed by the House, although neither the essential features nor the basic purpose is changed. Under the House bill States would be required to provide certain minimum services-- to be prescribed by the Secretary-- for applicants and recipients. If a State did not provide such minimum services its State plan would be out of conformity and for that category of assistance it would lose all Federal matching for both payments and administrative costs. The committee bill leaves the decision of assistance with the States, but provides that, in the event the State decides not to provide the minimum level of services specified by the Secretary, the Federal Government's share of that State's cost of administering the State's plan will be reduced from 50 percent (the matching share under the current provisions of the law) to 25 percent. If a State provides at least the minimum level of services which the Secretary specifies, the Federal Government will bear 75 percent of the cost of providing these services. The Federal share of certain other services which the Secretary may identify as appropriate, together with the cost of training staff to provide the services, would be 75 percent; the cost of providing other services and of ordinary administration would be matched at 50 percent. It is expected that the Secretary will carefully limit the prescribed services to those which will significantly contribute to the rehabilitative objective of this legislation and meet the serious problems known to exist in the assistance programs. The committee intends that care will be taken by the Secretary in specifying the ***1950** 75 percent services in order to avoid the inclusion of ordinary administrative costs.

Under the committee's bill, States may receive, for the period July 1, 1962, through June 30, 1963, Federal participation at the 75 percent rate in the cost of social services which the Secretary designates without regard as to whether they encompass all of the minimum services which the Secretary prescribes. Effective July 1, 1963, the Federal participation in social services will be based on a determination of whether The state is providing the minimum content of services specified by the Secretary.

In an effort to encourage the prevention of dependency, the committee bill also provides that the States may receive Federal participation in the cost of providing social services to persons who have been or are likely to become recipients (within such periods as the Secretary may prescribe), on the request of such persons. The committee wishes it to be clear that such services shall only be provided upon the request of the individual or on his behalf. The committee hopes that the operation of this provision may, in some cases, avoid the need for cash assistance.

Use of other State agencies.-- Certain changes have been made in the language of the House-passed bill to clarify the purpose of the provision. The bill provides that, in the provision of these services, the State public welfare agency will use (as now provided in the law) the services of its own staff, and may also, by agreement with another State agency, purchase the necessary services from such other agency. The committee is aware that, in some instances, services which are needed to fulfill the rehabilitation of service plan developed by the public welfare agency cannot be carried out because the normal range of services provided by the public welfare agency does not include all of the services needed. In these instances (including a special provision as indicated in the next paragraph with respect to vocational rehabilitation services), the State public welfare agency, upon determining that it cannot provide these services as economically or as effectively may enter into an agreement with an appropriate State agency for the purchase of the services. The committee does not anticipate that the public welfare programs will be used to finance the cost of services normally the responsibility of another State agency.

A special provision is included in the committee bill in the case of vocational rehabilitation. The committee does not believe that public welfare agencies are likely to, or should, provide programs of vocational rehabilitation to physically handicapped individuals that duplicate those already made available by the vocational rehabilitation agencies or which the vocational rehabilitation agencies are better able to provide. The bill authorizes public welfare agencies to enter into agreements to physically handicapped persons eligible for service from public assistance agencies. It also precludes Federal participation in the cost of vocational rehabilitation services provided by the staff of the public welfare agencies to physically handicapped persons, other than those services which the vocational rehabilitation agencies do not make available or which they are not able and willing to provide under reimbursement agreements.

***1951** The provision relating to services, as specified, to applicants for and recipients of the four federally aided categories of assistance continues language already in the law with respect to the utilization of services of other agencies. These could include, among others, vocational education and public health agencies.

B. INCREASE IN FEDERAL MATCHING FORMULA FOR THE AGED, THE BLIND, AND THE DISABLED

The committee believes that circumstances justify the House action in not only continuing the small increase voted last year, but increasing that amount. The old, blind, and disabled people assisted under these programs are living, in many parts of the country, under marginal condition. The committee bill changes the effective date for the \$4 additional increase in Federal participation in payments to the aged, blind, and disabled contained in the House-approved bill. Rather than July 1, 1962, the formula would, under the committee bill, become effective October 1, 1962. The bill provides that the temporary \$1 increase in the formula enacted in 1961 and otherwise to expire July 1, 1962, would be continued up to October 1, 1962. The new effective date will allow the States time to make the necessary changes in order to arrange to pass on to recipients the additional money.

The change necessary in the formula to accomplish this objective is to increase the Federal share of the assistance payments from four-fifths of the first \$31 of the average assistance payments to twenty-nine thirty-fifths of the first \$35 of the average monthly assistance payment. A corresponding increase would be made in the maximum on the assistance payments made by the States in which the Federal Government can participate, from \$66 a month on an average basis to \$70 on an average basis. Identical changes would be made in the law for old-age assistance, aid to the blind, and aid to the totally and permanently disabled. The \$15 in old-age assistance medical payments voted in 1960 and 1961 would not be affected by this

action. The total maximum in old-age assistance, including the \$15 applicable only for vendor payments for medical care, would be \$85 a month.

The committee expects and, on the basis of experience after prior increases of this type, believes that the additional Federal funds that would be available will be used by State to improve payments to persons who are receiving assistance under the programs of old-age assistance, aid to the blind, and aid to the permanently and totally disabled.

The following table shows the amount of additional Federal funds which would be available to each State for each of the three programs for a full year of operation. In fiscal 1963 this cost would be reduced 25 percent-- an overall reduction of \$35 million-- in view of the October 1, 1962, effective date of the \$4 increase.

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*1952 The estimated cost of this change is \$140.7 million annually, plus the \$20 million annual cost of continuing the \$1 increase voted last year.

C. CHANGES IN THE AID TO DEPENDENT CHILDREN PROGRAM

1. Payments on the basis of the unemployment of the parent

The bill would extend, for a 5-year period, the temporary provision enacted in 1961 which would provide Federal matching as to families where *1953 the children are in need because of the unemployment of the parent. Prior to May 1961, Federal matching was limited to families in which the children were deprived of financial support by reason of the death, incapacity, or absence of the parent.

By April 1962, 15 States had programs in effect and 275,858 persons received aid under the temporary provision. The committee believes that this experience justifies extension of the temporary program for 5 years, until June 30, 1967, as in the House bill.

The committee believes that the children of unemployed parents deserve the same treatment as the children where the father is no longer in the home.

The House provision which would deny assistance to an unemployed parent if, and for as long as, he refuses without good cause to undergo retraining is incorporated in the committee bill.

2. Community work and training programs

The 1961 amendment bringing the children of unemployed parents under the aid to dependent children program introduced, for the first time, an identifiable group of employable people into the federally aided public assistance programs. The committee recognizes that some provision must be made to deal with the problem of providing useful work for the unemployed parent.

In many States, programs of work relief already operate under which employable recipients of assistance (usually general assistance, a program financed wholly from State and local funds), are given employment on various local projects. The committee believes that States should be permitted, if they wish, to have community work and training programs for employable people, and provides for such a program as a part of the aid to dependent children program. Under the provisions of the bill, States that wish to have such programs could do so if they fulfill certain safeguarding provisions. If a State plan is approved, assistance could be denied if the individual refuses without good cause to take the work offered.

Under the bill, the States would be required to make some financial contribution to the project; but the project would not need to be in effect throughout the State. Thus, localities could choose whether they wish to participate. The Federal Government would participate in the cost of payments made to the employed person up to the amount he would otherwise be receiving as assistance. The Federal Government would not pay the cost of materials or equipment or project supervision.

Efforts are to be made to have a training element incorporated in the work planning so that the individuals employed may learn useful skills on the job which will enable them to obtain other employment.

The bill contains several safeguards that will assure that the projects will be useful and also that the individual worker will be protected against possible abuse or exploitation.

For a plan for community work and training programs to be approved, the State will have to develop appropriate standards for health and safety and other conditions applicable to the performance of such work; the payment for the work must be at rates not less than the minimum rate under State law, or not less than the prevailing rates on similar work in the community; the projects will have to serve a useful purpose, not result in the *1954 displacement of regular workers or substitute for work that would otherwise be performed by workers and not be of a type that has normally been undertaken in the past in the State or community involved (except in the instance of projects of an emergency or nonrecurring nature, such as an emergency snow removal program); the additional expenses, if any, reasonably attributable to the individual's work must be taken into consideration; the plan of work will have to allow the individual reasonable time to seek regular employment or to take training programs; provision will have to be made to include the worker in the State's workmen's compensation system or provide him similar protection. In addition, the State must give assurance that the individual will not be denied assistance if he, for good cause, refuses to accept employment. The State will have to work out arrangements with the employment service so that employable people will be registered for jobs, and similar arrangements will need to be worked out with the agency responsible for the vocational education or adult education program in the State looking toward making the resources of those programs available to the needy person working on work and training projects.

Although the committee expects that the program will be used primarily for the unemployed fathers of children in the aid to dependent children program, States may, if they wish, make the program available to mothers who are eligible under other provisions of the law such as the death or absence from the home of a parent. If States do so, the bill requires that appropriate day-care arrangements will be made for the children while the mother is at work. The committee added an amendment which would exclude from gross income for Federal income tax purposes, payments for work performed under such projects.

The new work programs would under the bill expire June 30, 1967. Prior to January 1967, the Secretary is to report to the President, for transmission to the Congress, on the experience under the program, including information on the operation of the program in each of the States which implements the legislation.

3. Payments for both parents.

Under current provisions of the law, the formula determining the Federal share of a State's assistance payment includes funds with respect to the needs of only one parent. Thus, in families where the father is incapacitated or unemployed, no provision is made under the Federal law for both parents even though both are living in the home. Some States include the needs of both parents in determining family need, but other States do not. The committee believes that the provision of the House bill that authorizes the inclusion of both parents as recipients for Federal matching purposes is justified.

4. Payments to children removed by court order into foster care

In order to give the States an alternative to leaving children in unsuitable homes or caring for them elsewhere without Federal participation in the cost, the Congress last year enacted a temporary provision for Federal participation, under limited circumstances, in the cost of care in foster family homes. This applied to children who had been receiving aid to dependent children but had been removed by a court from homes found to be contrary to the welfare of the child.

*1955 A number of States have used this provision and others have indicated their intention to do so. The committee believes that the House was justified in making this a permanent feature of the law.

Under the temporary provision in the 1961 amendments, Federal participation was limited to payments to children placed in foster family homes. The House bill would have extended this provision to include nonprofit private child-care institutions. The committee deleted this extension of the program.

Under current provisions of law, the same agency that administers the aid-to-dependent-children program must be responsible for the care and placement of the child removed to a foster home. There are in a few States other public agencies, particularly juvenile courts, which frequently, under existing practice, are responsible for arranging the placement and providing the supervision of children who the court has decided must live in homes other than those of their own families. The committee bill proposes a temporary measure to provide an opportunity to evaluate the problems which might arise in this situation. The committee bill therefore includes a provision continuing eligibility for Federal participation in aid-to-dependent-children payments in foster homes under certain conditions even though the responsibility for placement and care is not given to the State public assistance agency. The conditions are that the responsibility for placement and care be given by the court to another public agency which has in effect an agreement with the public assistance agency under which a plan for each child will be made and other objectives of the program carried out in a manner satisfactory to the public assistance agency.

The amendment is to expire June 30, 1963 and the Secretary is to file a report with the Congress by March 31, 1963 describing the experiences under the provision and giving his recommendation as to further action.

5. Additional authority to States to prevent abuses in aid to dependent children payments

The committee bill approves section 108 of the House bill which would give the States more flexibility in dealing with the instances of money not being properly spent for the well-being of the child. The committee, however, believes that the House bill section 107(a) which would allow States to make voucher and other restricted payments is neither necessary nor desirable. The committee believes that the problems of misuse of funds which exist in the ADC program can be dealt with satisfactorily through the use of the new protected payment provision in section 108 or under the existing provisions of law as to the appointment of guardians and legal representatives.

The protected payment provision is a new concept in public assistance and provides for payment to a person other than the relative with whom the child is living who has an interest in the welfare of the child. Under the bill, States which choose to make such a payment may do so if they take several steps which are specified in the section. This provision is limited to a 5-year period with a requirement for a study and report of its effects and its administration.

Under the House-approved bill a State would have had to meet all of the needs of recipients of the program before protective payments were authorized. A committee amendment specifies that if an individual's payment (in conjunction with any other income or resources he may have), *1956 meets his needs, there may be Federal financial participation in a protective payment. The effect of this provision is to make it possible for protective payments to be made in behalf of certain ADC recipients in States in which there is a maximum limiting the amount of assistance an individual may receive. These are the cases in which the statutory maximum does not prevent need from being met in full accordance to the State's standards.

Unsuitable home provision.-- As a result of the action of some States in denying assistance to children because of the undesirable nature of homes maintained for them by their relatives, a former Secretary of Health, Education, and Welfare issued a ruling that such States, effective July 1, 1961, could no longer be considered in conformity with the Social Security Act. The Congress by legislation in 1961 provided that there would be no withholding of any payment to which a State is otherwise entitled under the aid to dependent children program for any period before September 1, 1962, by reason of any action taken pursuant to a State statute which requires that aid be denied under the State plan with respect to a child because of the conditions in the home in which the child resides.

That provision was enacted by the Congress so as to afford an additional time in which further study might be given to this problem and within which the Secretary of Health, Education, and Welfare and the States might cooperate on working out a solution.

Michigan, one of the three States that has such a law, has proposed to amend its statute so as to make it mandatory that general assistance be provided to children taken off the aid to dependent children rolls because of the unsuitability of their homes. The bill would permit States to discontinue aid to dependent children in these cases if a State statute provides other adequate care and assistance with respect to the child.

6. Changing the name of aid to dependent children

In line with the new emphasis on family services, the bill would provide that the name of the program be changed to ‘Aid and Services to Needy Families With Children,’ and that the name of the assistance provided under that program be changed to ‘Aid to Families With Dependent Children.’

7. Payments to relative of child when child is dependent

The bill includes a clarifying amendment to correct a defect in earlier legislation. The current provisions of law have the effect of denying Federal sharing in the cost of medical care to the relative with whom the dependent child is living, under the aid to dependent children program, unless, for that month, there was a money payment paid in behalf of the child. The bill corrects this defect by allowing Federal sharing in the cost of the medical care provided a relative even though, for the month paid, there was no money payment with respect to the child.

D. INCREASE IN FEDERAL FUNDS FOR CHILD WELFARE SERVICES, INCLUDING DAY CARE OF CHILDREN

The committee’s bill would--

1. Increase the ceiling in the amounts authorized for annual appropriation for grants to the States for child welfare services

Under existing law (pt. 3 of title V of the Social Security Act), \$25 million is authorized for annual appropriation for grants to the States for child welfare services.

***1957** The bill would increase the ceilings authorized for annual appropriation to the following amounts:

\$30 million for the fiscal year ending June 30, 1963.

\$35 million for the fiscal year ending June 30, 1964.

\$40 million each for the fiscal years 1965-66.

\$45 million each for the fiscal years 1967-68.

\$50 million for the fiscal year 1969 and each year thereafter.

This expansion of the child welfare program is needed in order to provide a wider range of constructive welfare services for children, particularly those receiving aid to dependent children. At the present time, 360,000 children receive these services from public welfare agencies. About 8,200 staff members of State and local public welfare agencies are devoting full time to the child welfare program. Much more remains to be done before the children in our Nation can be assured of receiving these preventive and protective services when they are needed.

Many factors contribute to the need to expand child welfare services. Important among them are: (1) Continued increase in total child population and marked rise in proportion of older youth, (2) continued urbanization bringing increased child welfare problems at the same time that there are still critical needs in rural areas, and (3) continued rise in costs of child welfare services.

The bill would require each State to show that it is extending services in the State with a view to making child welfare services available throughout the State to all children in need of them by July 1, 1975. The services would be provided by the staff of the State or local public welfare agency who would, to the extent feasible, be trained child welfare personnel. In providing for this extension of services, priority would be given to communities with the greatest need for them, after considering their relative financial need.

The bill also would require inclusion in the State child welfare plan of provision for coordination between the services authorized under its provisions and those which are provided for children in the State plan relating to dependent children which is approved under title IV of the Social Security Act. Under a recent administrative order issued by the Secretary of Health, Education, and Welfare, the States are now required to make the maximum use of child welfare staff in providing consultation and services for children in families receiving public assistance. The committee believes that this practice should be continued and expanded under the provisions of the bill and that there should be more coordination between the child welfare and public assistance programs.

2. Earmark Federal child welfare funds for the provision of day care under the State child welfare plan

Under the bill, up to \$5 million of Federal child welfare funds would be earmarked for day care for the fiscal year 1963, and up to \$10 million for 1965 and each year thereafter. These earmarked funds would be allotted among all States, in relation to the State's child population and per capita income, except that no State would receive less than \$10,000 for day care services. The States would be required to match these funds with funds spent for child welfare services under the State child welfare plan. The following table shows how much would be available to each State for day care in addition to the amount that would be available with an appropriation *1958 of \$25 million for child welfare services as recommended by the President in his 1963 budget estimate.

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*1959 In order that the most urgent needs for expanding and improving day-care services will be met first, the bill would require, as conditions of plan approval, that the State child welfare plan provide, with respect to day care services--

(1) for such safeguards as may be necessary to assure provision of day care under the plan only in cases in which it is in the best interest of the child and the mother and only in cases in which it is determined, under criteria established by the State, that a need for such care exists; and

(2) for giving priority, in determining the existence of need for such day care, to members of low-income or other groups in the population and to geographical areas which have the greatest relative need for extension of such day care.

The committee added a provision to make it clear that, for families who are able to pay for day-care services, fees consistent with their ability to pay will be charged.

To encourage the development of a program that will involve the contributions of welfare, education, and health agencies, the bill includes two additional conditions of plan approval. With respect to day care, the State child welfare plan would be required to provide--

(1) for cooperative arrangements with the State health authority and the State agency primarily responsible for State supervision of public schools to assure maximum utilization of such agencies in the provision of necessary health services and education for children receiving such day care; and

(2) for an advisory committee, to advise the State public welfare agency on the general policy involved in the provision of day care under the State plan, which shall include among its members representatives of other State agencies concerned with day care or services related thereto and persons representative of professional or civic or other public or nonprofit private agencies, organizations, or groups concerned with the provision of day care.

3. Clarify the definition of child welfare services

Under the present law, Federal funds may be used for child welfare services for the 'protection and care of homeless, dependent, and neglected children, and children in danger of becoming delinquent.' The bill would clarify this definition by providing that the term 'child welfare services' means public social 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.

E. OTHER CHANGES IN PUBLIC ASSISTANCE PROGRAMS

1. Incentive for employment through consideration of expenses

Under present law, all income of recipients of public assistance is taken into account (with a limited exception under title X), in determining need. *1960 States are permitted, but not required, to take into consideration the expenses an individual has in earning any income (this practice is not uniform in the country and in a substantial number of States full consideration of such expenses is not given). The committee believes that it is only reasonable for the States to take these expenses fully into account. Under existing law if these work expenses are not considered in determining need, they have the effect of providing a disincentive to working since that portion of the family budget spent for work expenses has the effect of reducing the amount available for food, clothing and shelter. The bill has, therefore, added a provision in all assistance titles requiring the States to give consideration to any expenses reasonably attributable to the earning of income.

The bill would also provide in the aid to dependent children program that States would be permitted, subject to limitations prescribed by the Secretary, to set aside all or any portion of earned or other income for future identifiable needs of a dependent child. The effect of this provision is to permit States, as to earned or unearned income, or both, to authorize a plan for the child's future needs, such as his education or training for employment.

2. Optional single State plan for aged, blind, disabled, and medical assistance for the aged

The bill provides a new title to be added to the Social Security Act-- title XVI-- PERMITTING States, if they choose, to file a combined plan for the old-age assistance, aid to the blind, aid to the permanently and totally disabled, and medical assistance for the aged. If a State does not administer one or more of these programs, such program does not have to be established in order to have a combined plan. Existing plan requirements and other provisions of law now in the separate titles I, X, and XIV would, in the main, be incorporated in the new title.

The changes relate to the incentives for participation in the new combined title: (1) more favorable medical matching for the blind and the disabled; (2) averaging together payments to the aged, blind, and disabled; and (3) simplification of administration.

First, a change would be made in the formula determining the Federal share of assistance payments. Under legislation enacted in 1960 and 1961 the average old-age assistance maximum payments on which the States can receive Federal financial participation had added to it an additional \$15 limited to medical care. Under this bill, States could receive Federal participation up to an average maximum of \$70 and could also receive Federal participation in medical care expenditures up to \$15 beyond that figure to \$85. The same formula, under the proposed title, XVI, would be extended to recipients who are blind or who are permanently and totally disabled.

Second, combining the three programs into a single plan will enable States to average their assistance payments for the aged, blind, and disabled and would be to the financial advantage of some States. Under current provisions of law, the Federal share for each program is determined separately. If the State's average payment for old-age assistance, for example, exceeded the Federal matching maximum, the State receives no Federal funds with respect to expenditures above the maximum, even though in another assistance program, the average State expenditure may be below the *1961 specified matching maximum. States which choose to combine their programs, under the terms of new title XVI, will be able to average the expenditures as among the categories.

Third, a single plan, rather than the three which most States have to submit and maintain, could make for administrative simplification.

Those States with separate agencies administering programs for the blind can submit a separate blind program under this title

and still derive the medical care advantage.

If a title XVI plan is submitted by a State it cannot also have a plan under title I, X, or XIV, either concurrently or subsequently.

The substantive provisions of the medical-assistance-for-the-aged program, while incorporated in this title, are in no way changed. In the opinion of the committee, States should continue to have the option as to the inclusion of optometric services.

3. Grants for training public welfare personnel

To provide increased flexibility in training personnel necessary to provide services contemplated under the bill, the committee modified the training provisions in section 705 of the law without increasing the authorizations established by the House-passed bill. Within the \$3.5 million maximum for fiscal 1963 and the \$5 million maximum thereafter, the committee bill would--

(1) Provide authority for the Federal Government to administer a program of direct training activities for the staff of State and local public welfare agencies, including short-term training courses, and training of persons who in turn would train local workers. There is now a lack of authority on the part of the Department of Health, Education, and Welfare to provide such training activity; and

(2) Enable the Federal Government to pay the costs of stipends and scholarships for persons to be trained in schools of social work and other training institutions for employment in public welfare agencies.

Another committee amendment would permit presently authorized Federal grants for research or demonstrations in the field of child welfare to be used for special projects for training personnel in this field. The present law (sec. 526(a) of the Social Security Act) authorizes making these grants to institutions of higher learning as well as to agencies or organizations engaged in child welfare activities. Under this amendment, special projects for training in institutions of higher learning could also include traineeships. The majority of child welfare caseworkers have had no graduate social work training. This amendment would assist in improving the quality of services now provided by these workers.

4. Waiver of plan requirements for demonstrations

The public assistance titles of the Social Security Act contain a number of requirements on the States for the approval of a State plan. These plan requirements, however, often stand in the way of experimental projects designed to test out new ideas and ways of dealing with the problems of public welfare recipients. One such requirement, for example, is that the plan be in effect throughout the State. A demonstration project usually cannot be statewide in operation. For this reason, under the bill the Secretary would be authorized to waive plan requirements to the extent he believes *1962 this action is necessary to carry out a demonstration or experimental project, if such project furthers the general objectives of the program. This would mean that the regular Federal participation would be available for such projects whether they involve assistance, service, or administrative expenditure.

Also States are often handicapped in developing good demonstration projects by lack of funds. Often State funds are appropriated only for programs of care or service which are a part of the basic State plan and accordingly are not available to pay the State share of the cost of these projects. For this reason, the bill provides that up to \$2 million of the sums appropriated for payments to the States under the assistance titles for any fiscal year may be used to meet the necessary costs provided there is no duplication of the Federal funds. Projects to be initiated are expected to be selectively approved by the Department and to be those which are designed to improve the techniques of administering assistance and the related rehabilitative services under the assistance titles.

5. Appointment of Advisory Council and other advisory groups

The bill authorizes the appointment by the Secretary of Health, Education, and Welfare during 1964 of an Advisory Council

to review the administration of the public assistance and child welfare programs. The Council would make its report and recommendations to the Secretary not later than July 1, 1966, and would then go out of existence. The Secretary would be directed, however, to appoint succeeding advisory councils similarly constituted to study the programs and make reports, at appropriate intervals after the appointment of each.

Each of the advisory councils will consist of 12 persons who shall, to the extent possible, be representatives of employers and employees in equal numbers, representatives of State or Federal agencies concerned with the administration or financing of the programs to be considered, representatives of nonprofit organizations concerned with social welfare programs and other persons with special knowledge or experience, and members of the public. The councils are authorized to engage technical assistance and clerical staff and may, in addition, receive other assistance and information from the Department. The members of the council other than Federal employees are to receive reimbursement for the time spent in this work in addition to travel and related expenses.

In addition, under the bill, the Secretary would be authorized to appoint such advisory committees as he deems necessary to advise him and consult with him in carrying out his functions under this act. The bill reported by the committee amends the House bill so as to place reasonable limits on the provision of the House-passed bill relating to such committees. The Secretary would be authorized to have up to 10 advisory committees at any one time whose membership may not exceed 15 people each. The House approved bill had no limitation.

6. Assistance to repatriated American citizens

Legislation was enacted in 1961 which provided for a temporary program of assistance in this country to American citizens who must, because of abnormal international conditions or illness or destitution, be returned to this country from abroad. In addition to a small number of Americans who *1963 became ill or destitute and who must be aided temporarily after their return is arranged by the Department of State, the program has helped some American citizens who have had to leave Cuba and who need temporary assistance here until they could get established with friends, relatives, or in their own communities. The committee recommends that this legislation be continued for another 2 years, until June 30, 1964.

7. Income and resources requirement in the aid to the blind program

Exemption as to plans for achieving self-support.-- The committee added a provision to the House-passed bill which provides that, in determining need for eligibility purposes in the aid to the blind program, a State shall, in addition to the exempted amounts of earned income in present law, exempt such other amounts of income and resources for an individual who has a plan for achieving self-support as will be necessary to fulfill such plan. The period of the additional exemption cannot be in excess of 12 months for any individual. Under existing law State blind agencies are required to disregard the first \$85 per month of earned income, plus one-half of earned income in excess of this amount.

Certain State plans not meeting requirements.-- For many years, the States of Pennsylvania and Missouri did not receive Federal participation in their aid to the blind programs because the programs in these States differed in certain material respects from the requirements of the Federal law. In 1950, a special amendment was enacted authorizing Federal sharing in the aid to the blind payments in those States limited to those persons found needy, even though some persons under the plan were not needy under the requirements of the Federal law. The legislation was temporary and has several times been extended. It is now scheduled to expire in 1964. Your committee recommends that this legislation be made permanent, and it would also be incorporated into the single combined program under title XVI.

8. Limitation on payments to Puerto Rico, the Virgin Islands, and Guam

The House bill increased the dollar limitation on public assistance payments for these three jurisdictions to reflect the increase in Federal matching provided for the aged, blind, and disabled. The bill as reported by the committee provides a further increase in the dollar limitations for Puerto Rico and the Virgin Islands. The committee was performed by the Department of Health, Education, and Welfare that there is no problem in this respect as to Guam at this time. These changes are reflected in the following table:

TABULAR OR GRAPHIC MATERIAL SET FORTH AT THIS POINT IS NOT DISPLAYABLE

No change is made in the Federal matching share (one-half) applicable to these jurisdictions.

***1964 IV. SECTION-BY-SECTION ANALYSIS**

The first section of the bill provides that the act may be cited by its short title (the ‘**Public Welfare Amendments** of 1962’). The remainder of the bill is divided into titles and parts as follows:

Title I-- **Public welfare amendments.**

Part A-- Improvement in services to prevent or reduce dependency.

Part B-- Improvement in administration through demonstrations, training, and public advisory groups.

Part C-- Improvement of public welfare programs through extension of temporary provisions and increase in Federal share of public assistance payments.

Part D-- Simplification of categories.

Part E-- Miscellaneous and technical amendments.

Title II-- General.

TITLE I. PUBLIC WELFARE AMENDMENTS

PART A-IMPROVEMENT IN SERVICES TO PREVENT OR REDUCE DEPENDENCY

SECTION 101. SERVICES AND OTHER ADMINISTRATIVE COSTS UNDER PUBLIC ASSISTANCE PROGRAMS

Federal Financial participation in costs of services

Section 101(a) of the bill amends the provisions of titles I, IV, X, and XIV of the Social Security Act which relate to the Federal matching of State funds expended for administration under the State public assistance plans (secs. 3(a)(4), 403(a)(3), 1003(a)(3), and 1403(a)(3)), so as to increase the Federal share of such expenditures insofar as they are for services directed at the prevention or reduction of dependency.

Under existing law the Federal share of administrative expenses incurred in carrying out the State plan approved under title I, IV, X, or XIV is 50 percent. This includes, specifically, the cost of services provided by the staff of the State or local public assistance agency to applicants and recipients to help, them attain self-care or (except in title I) self-support, and (in the case of title IV) to help the relatives with whom dependent children are living to attain self-support or self-care and to maintain and strengthen family life for the children. The bill would change this in several respects.

Under this section of the bill, the Federal share would be increased from 50 to 75 percent in the case of expenditures for the proper and efficient administration of the State plan which are--

(1) for those services, designed to help individuals attain or retain capability for self-support or self-care (or to maintain and strengthen family life for children), which are prescribed by the Secretary under the amendments made by section 101(b) of the bill (discussed below) as the minimum to be provided under the State plan (including such services provided under title I to applicants for and recipients of medical ***1965** assistance for the aged even though the minimum is not required in their case);

(2) for other services provided to applicants or recipients and specified by the Secretary as likely to prevent or reduce

dependency;

(3) for services of the type described in paragraph (1) or (2) which are specified by the Secretary as appropriate for individuals who (within the period or periods prescribed by the Secretary) have been or are likely to become applicants or recipients, but only if such services are requested by such individuals; and

(4) for the training of personnel employed or preparing for employment with the State or local public assistance agency.

Except as provided by the amendments contained in section 101(b) of the bill (discussed below), the Federal share of all other administrative expenses under the public assistance programs would remain at 50 percent; these would include the expenses of services which are not included under paragraph (1), (2), or (3) above and which are provided to applicants and recipients, and to individuals who request them and (within the period or periods prescribed by the Secretary) have been or are likely to become applicants or recipients. The portion of administrative expenses to which the 75-percent Federal share is applicable would be determined in accordance with methods and procedures permitted by the Secretary.

Services made available under the State plan could be furnished by the staff of the State or local public assistance agency (as under existing law), or subject to limitations prescribed by the Secretary (where in the judgment of the State public assistance agency they cannot be as economically or effectively provided by the staff of the State or local public assistance agency and are not otherwise reasonably available, and pursuant to agreement with the State public assistance agency), by a State health or vocational rehabilitation agency or by any other State agency which the Secretary deems appropriate (whether provided by its staff or by contract with nonprofit private or local public agencies). However, any services which are defined as vocational rehabilitation services under the Vocational Rehabilitation Act may not be provided with Federal financial participation by the staff of the State or local public assistance agency if the services are available to individuals in need of them under the State vocational rehabilitation plan or if the State vocational rehabilitation agency is able and willing to provide such services on a reimbursable basis pursuant to agreement with the public assistance agency. Nor may the State public assistance agency make arrangements with any other State agency except the State vocational rehabilitation agency for the provision of vocational rehabilitation services which the State vocational rehabilitation agency is able and willing to provide on a reimbursable basis.

The amendments made by section 101(a) of the bill would be effective with respect to expenditures made after June 30, 1962.

Requirements for full Federal matching of State administrative expenditures

Section 101(b) of the bill amends titles I, IV, X, and XIV of the Social Security Act to provide that in order to qualify for full Federal matching of State administrative expenditures a State must provide in its State plan ***1966** that the State shall make available to applicants for or recipients of public assistance at least those services to help them attain or retain capability for self-care, or (except in title I) self-support, which are prescribed by the Secretary (except that the minimum services so prescribed would not be required in the case of title IV such services would include services to maintain and strengthen family life for children). A State whose State plan does not meet these requirements would receive Federal matching for its administrative expenses in the amount of 25 percent of the sums expended for such purposes, rather than the full Federal matching.

In the case of any State whose State plan meets the minimum service requirements prescribed by the Secretary but with respect to which the Secretary finds, after reasonable notice and opportunity for hearing, that the State plan provision has been changed so that it no longer complies with such requirements or that in the administration of the plan there is failure to comply substantially with such provision, the State's administrative expenses will be matched at the 25-percent rate (rather than some at 50 and some at 75 percent) until the Secretary is satisfied that there will no longer be any such failure to comply.

The new provisions (which are added as sections 3(a)(5), 3(c), 403(a)(4), 403(c), 1003(a)(4), 1403(a)(4), and 1403(c) of the Social Security Act) would be applicable to expenditures made after June 30, 1963.

SECTION 102. EXPANSION AND IMPROVEMENT OF CHILD-WELFARE SERVICES

Increase in authorization of appropriations

Section 102(a) of the bill amends section 521 of the Social Security Act to increase the authorization of appropriations for grants to the States for child-welfare services, under part 3 of title V of such act, to \$30 million for the fiscal year 1963, \$35 million for fiscal 1964, \$40 million each for fiscal 1965 and 1966, \$45 million each for fiscal 1967 and 1968, and \$50 million for each fiscal year thereafter. Under existing law the authorized appropriation is \$25 million for each fiscal year.

Coordination with dependent children program and extension of child-welfare services

Section 102(b) of the bill amends section 523(a) of the Social Security Act, which provides for grants to States for the use of cooperating State public welfare agencies in carrying out State plans for child-welfare services developed jointly by such agencies and the Secretary, to require inclusion in each such plan of provision for coordination between the services provided thereunder and the services provided for dependent children under title IV of the Social Security Act. In addition, if the plan provides for day care services, which may include the provision of day care (see the new sec. 527 of such act, as added by the bill and discussed below), it would have to provide--

- (1) For cooperative arrangements with the State health and education agencies to assure maximum utilization of such agencies in the *1967 provision of health services and education for children receiving such care;
- (2) For an advisory committee including representatives of public and private agencies concerned with day care which would advise the State public welfare agency on the general policy involved in day care services under the State plan;
- (3) For safeguards to assure provision of day care under the plan only where it is in the best interest of the child and mother and only in cases where (under State-established criteria) a need for it exists, and for payment of reasonable fees for day care by families able to pay therefor; and
- (4) For giving priority, in determining the existence of need for day care, to those groups and geographical areas which have the greatest relative need for the extension of such care.

This amendment also requires a satisfactory showing by each State that it is extending the provision of child-welfare services in the State, giving priority to communities with the greatest need for such services after considering their relative financial need, with a view to making child-welfare services provided by the staff of the State or local public welfare agency (who would to the extent feasible be trained child-welfare personnel) available throughout the State to all children in need of them by July 1, 1975.

These new requirements would not become applicable until July 1, 1963.

A further amendment to section 523(a) would make it clear that expenditures in meeting the cost of child-welfare services provided by a State (as well as such services provided locally) will qualify for Federal matching funds under the child-welfare services program.

Allotments for day care

Section 102(c) of the bill adds to part 3 of title V of the Social Security Act a new section 527, providing for the allotment among the States of funds for day care services (including the provision of day care) under the State child-welfare service plans. Such care could be provided only in facilities (including private homes), which are licensed by the State or approved by the State agency responsible for licensing facilities of this type. Funds earmarked for day care services under section 522(a) of the Social Security Act (as amended by this section of the bill, discussed below) would be allotted among the States on the basis of the population under age 21 and the State's allotment percentage (which under sec. 524 of such act varies between 30 and 70 percent in accordance with the relative State per capita income), except that there would be a minimum State allotment of \$10,000. The portion of the allotment of a State which the State certifies it would not use could be reallocated among other States needing additional funds and able to use them in providing day care under the State plan. The reallocation would be made on the basis of the need for the additional funds, after taking into consideration the population

under 21 and the relative per capita income of the States needing such additional funds.

Section 102(c) of the bill also amends section 522(a) of the Social Security Act to provide that (effective for fiscal years beginning after June 30, 1962), the excess above \$25 million of the annual appropriation for child-welfare services, up to a maximum of \$10 million, shall be earmarked for the provision of day care under the State child-welfare services plans.

***1968** This section also makes a technical change in the formula used in calculating the uniform initial allotment of \$50,000 to \$70,000 per State.

Definition of child-welfare services

Section 102(d) of the bill adds to part 3 of title V of the Social Security Act a new section 528 setting forth a modified definition of the term 'child-welfare services' (and makes a conforming amendment in sec. 521). Under the new definition such term would mean public social services which supplement or substitute for parental care and supervision for the purpose of (1) preventing 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 in their own homes and elsewhere. With this modification the purposes for which grants to the States under part 3 of title V could be used would be clarified.

SECTION 103. WELFARE SERVICES FOR EACH CHILD UNDER DEPENDENT CHILDREN PROGRAM

This section of the bill amends section 402(a) of the Social Security Act so as to require each State plan under the dependent children program (on and after July 1, 1963) to include provision for the development and application of a program for such welfare and related services for each recipient child as may be necessary in the light of the particular home conditions and other needs of the child. The plan would also have to provide for the coordination of such programs (and other services provided for children under the State plan under title IV) with the child-welfare services plan under part 3 of title V, with a view to providing services which would best promote the welfare of such children and their families.

SECTION 104. TECHNICAL AMENDMENTS TO REFLECT EMPHASIS ON REHABILITATION AND OTHER SERVICES

Section 104(a) of the bill, in order to reflect the emphasis being placed on rehabilitation and other services by the other provisions of the bill, makes the various amendments throughout title IV of the Social Security Act (and conforming amendments elsewhere) which are necessary to change the name of the State plans under such title and of the assistance provided under such plans. Henceforth, such State plans would be known as State plans for aid and services to needy families with children (instead of State plans for aid to dependent children as at present); and the assistance provided under such plans would be designated as aid to families with dependent children instead of aid to dependent children.

Section 104(b) of the bill makes it clear that State plans approved under title IV of the Social Security Act and already in effect will be deemed to have been automatically conformed with the amendments made by section 104(a).

Section 104(c) of the bill, in order to further reflect this new emphasis, amends sections 1, 401, 1001, and 1401 of the Social Security Act (which state the purposes of the public assistance programs) in order to include specific reference to rehabilitation services, and in addition amends section 1 of such act to reflect the intention that rehabilitation and other services ***1969** may be provided for individuals under the medical assistance for the aged program as well as those under the old-age assistance program.

SECTION 105. COMMUNITY WORK AND TRAINING PROGRAMS

Section 105(a) of the bill adds to title IV of the Social Security Act a new section 409, authorizing Federal financial participation in expenditures made, as aid to families with dependent children, in the form of payments for work performed by a relative (18 years of age or older) with whom a dependent child is living. Federal participation in these payments could

be made only under limited conditions designed to assure protection of the health and welfare of the dependent children and their relatives:

(1) The work must be performed for the State public assistance agency or another public agency under a program (which need not be in effect throughout the State) administered by or under the supervision of the State public assistance agency.

(2) There must be State financial participation in these expenditures.

(3) The State plan must include provisions which give reasonable assurance that--

(a) appropriate health, safety, and other conditions of work will be maintained;

(b) the rates of pay will be not less than the applicable minimum rate under State law for the same type of work, if there is any such rate, and not less than the prevailing wage rates on similar work in the community;

(c) the work projects will serve a useful public purpose; will not displace regular workers or be a substitute for work that would otherwise be performed by employees of public or private agencies, institutions, or organizations; and (except in the case of emergency or nonrecurring projects) will be of a type not normally undertaken by the State or community in the past;

(d) the additional expenses of the work will be considered in determining the worker's needs;

(e) the worker will have reasonable opportunities to seek regular employment and secure appropriate training or retraining and will be provided with protection under the State workmen's compensation law or similar protection; and

(f) aid will not be denied because of a relative's refusal with good cause to perform work under the program.

(4) The State plan would also have to include provision for--

(g) cooperative arrangements with the public employment offices and with the State vocational education and adult education agency or agencies looking toward employment and occupational training of the relatives and maximum use of public vocational or adult education services and facilities in their training or retraining;

(h) assuring appropriate arrangements for the care and protection of the dependent child during the relative's absence from the home in order to perform the work under the program;

***1970** (i) such other provisions as the Secretary finds necessary to assure that the operation of the program will not interfere with the objectives of title IV of the act.

(5) A State participating in such a program would also have to provide (in its State plan) that there will be no adjustment or recovery by the State or any locality on account of any payments which are correctly made for the work.

The cost of administration of a State plan approved under title IV of the act for which Federal funds are paid could not include the cost of making or acquiring materials or equipment in connection with work under a community work and training program or the cost of supervision of that work, and could only include other costs attributable to the programs which are permitted by the Secretary.

These new provisions would be applicable only for purposes of expenditures under approved State plans during the period October 1, 1962, to June 30, 1967.

Section 105(b) of the bill would require the Secretary to submit a report to the President, for transmission to the Congress prior to January 1, 1967, on the administration of the provisions and the experience of the States with community work and training programs, together with the Secretary's recommendations for continuation of and modifications in these provisions.

Section 105(c) of the bill adds a new [section 120 to the Internal Revenue Code](#) excluding from gross income for Federal

income tax purposes payments for work performed by an individual under a work and training project established under the amendments contained in section 105(a) of the bill. Such payments are also exempted from income tax withholding under [section 3401 of the Internal Revenue Code](#). These amendments would apply to taxable years ending, or remuneration paid, after September 30, 1962.

SECTION 106. INCENTIVES FOR EMPLOYMENT THROUGH CONSIDERATION OF EXPENSES IN EARNING INCOME, AND PROVISION FOR FUTURE NEEDS OF DEPENDENT CHILDREN

This section of the bill amends for all four public assistance titles of the Social Security Act (secs. 2(a)(10)(A), 402(a)(7), 1002(a)(8), and 1402(a)(8)) to require the States, in determining need for public assistance, to take into account any expenses that may be reasonably attributable to the earning of income; under the present law and practice, while the States are required to consider any income and resources (with certain exclusions in the case of aid to the blind under title X) in determining need for such assistance, they are encouraged but not required to take these expenses into consideration.

This section further amends section 402(a)(7) of the Social Security Act to allow the State, subject to limitations prescribed by the Secretary, to permit all of any portion of the earned or other income to be set aside for the identifiable future needs of a dependent child (and thus to consider it as not available for meeting current subsistence needs).

The changes made by this section of the bill would not become effective until July 1, 1963.

*1971 SECTION 107. PROVISION OF CARE FOR CHILD WHO IS IN UNSUITABLE HOME

Section 107 of the bill amends section 404(b) of the Social Security Act, which now provides that Federal payments under title IV of the act shall not be withheld from a State prior to September 1, 1962, by reason of action taken pursuant to a State statute which requires aid to be denied with respect to a child because of unsuitable conditions in the home in which the child resides. Under this amendment, no such payment may be withheld from a State on or after September 1, 1962, by reason of any action taken pursuant to such a State statute if adequate care and assistance are otherwise provided for such child under State law.

SECTION 108. PROTECTIVE PAYMENTS UNDER DEPENDENT CHILDREN PROGRAM

Section 108(a) of the bill amends section 406(b) of the Social Security Act, which defines the term 'aid to families with dependent children', to extend the definition of such term to include protective payments-- i.e., payments made to another individual with respect to the dependent child and the relative (and relative's spouse) with whom the child is living-- under certain conditions. (Public assistance payments on behalf of an eligible person to a judicially appointed legal representative are already authorized under sec. 1111 of the Social Security Act).

Under this amendment the payee would have to be someone who, as determined in accordance with standards prescribed by the Secretary, is interested in the welfare of the child and relative; and the State plan under which the payments are made would have to include provision for--

- (a) determination by the State agency that payments in this form are necessary because the relative is so unable to manage funds that it would be contrary to the child's welfare to make the payments to such relative;
- (b) making payments in this form only when they (in conjunction with other income and resources) will meet all the needs of the individuals with respect to whom they are made, under rules otherwise applicable under the State plan for determining need and amount of assistance to be paid;
- (c) special efforts to improve the ability of the relative to manage funds, and periodical review of the situation to determine whether payments in this form are still necessary-- with provision for judicial appointment of a guardian or legal representative if the need for payments to another interested individual continues beyond a period specified by the Secretary;

(d) opportunity for a fair hearing before the State agency on the determination that payments to another interested individual with respect to the child and relative are necessary; and

(e) aid in the form of foster care (as provided for in sec. 408 of the act).

Sections 108(b) and 108(c) of the bill amend section 401(a) of the Social Security Act to provide that, for purposes of determining the maximum amount payable by the Federal Government with respect to expenditures *1972 under a State plan approved under title IV of such act, the number of individuals with respect to whom protective payments are made in any month who may be included as recipients of aid to families with dependent children may not exceed 5 percent of the number of other recipients of such aid during the month.

The new provisions relating to protective payments would be applicable only for purposes of expenditures under approved State plans during the period October 1, 1962, to June 30, 1967. Section 108(d) of the bill would require the Secretary to submit a report to the President, for transmission to Congress prior to January 1, 1967, on the administration of the new provisions and the experience of the States in making such payments, together with the Secretary's recommendations for continuation of and modifications in these provisions.

SECTION 109. AID FOR BOTH PARENTS OF DEPENDENT CHILD

This section of the bill amends section 406(b) of the Social Security Act to permit Federal financial participation in the costs of money payments and medical care to meet the needs of the spouse of a relative with whom a dependent child is living (as well as the needs of such child and relative as provided in existing law), but only if such relative is the child's parent and the spouse is living with him, and only if the child is a dependent child by reason of the unemployment or incapacity of a parent.

This amendment would apply in the case of expenditures made under approved State plans after September 30, 1962.

PART B-IMPROVEMENT IN ADMINISTRATION THROUGH DEMONSTRATIONS, TRAINING, AND PUBLIC ADVISORY GROUPS

SECTION 121. ADVISORY COUNCIL ON PUBLIC WELFARE

This section of the bill adds to title XI of the Social Security Act a new section 1114, providing for the establishment from time to time of an Advisory Council on Public Welfare. The first such Council would be appointed in 1964, and would be directed to report to the Secretary by July 1, 1966. The Council would review and make recommendations with respect to the administration of the Federal-State public assistance and child-welfare services programs and with respect to the relationship between the Federal-State public assistance programs and the old-age, survivors, and disability insurance program, among other things (such as the relative Federal and State fiscal capacities). The Council would have 12 members representative of various interests concerned with public and nonprofit private welfare programs and of the general public. The Secretary could also appoint advisory committees (not to exceed 10 at any one time and not to exceed 15 members on each committee) to advise him on his functions under the Social Security Act. Compensation at rates of up to \$75 per day, plus travel expenses and per diem in lieu of subsistence, would be authorized for members of the Council or any advisory committee. Such members would also be exempted from the application of certain conflict-of-interest laws; but this exemption would not extend to salary payments from anyone *1973 other than the appointee's employer at the time of his appointment or to the prosecution of any claim against the Government, during his appointment, on any matter with which he was concerned during his appointment.

SECTION 122. WAIVER OF STATE PLAN REQUIREMENTS FOR DEMONSTRATIONS

This section of the bill adds to title XI of the Social Security Act another new section-- section 1115-- authorizing the Secretary to waive any of the State plan requirements under any of the public assistance titles of such act when determined by him to be necessary to carry out any experimental, pilot, or demonstration project which may promote the objectives of any of such titles. Also, the costs of any such project in which the Federal Government would not otherwise participate

financially under any of such titles or under section 1110 of such act (relating to grants, contracts, and jointly financed arrangements for research and demonstration projects in the public welfare and related fields) could be included, for purposes of such participation, as expenditures under, or for the administration of, the State plan approved under any of such titles, but only for the period and to the extent prescribed by the Secretary.

In addition, costs of such projects not covered as provided above (or under the other provisions of the act) could be met from the appropriations for payments to States under any of such public assistance titles, but not more than \$2 million of the total of all such appropriations could be used for this purpose in any fiscal year and then only during the period up to July 1, 1967.

SECTION 123. INCREASE IN ADEQUATELY TRAINED WELFARE PERSONNEL

Section 123(a) of the bill amends section 705(a) of the Social Security Act, which contains the authorization of appropriations for grants for the training of public welfare personnel. Under this amendment an appropriation of \$3,500,000 would be authorized for the fiscal year 1963 and an appropriation of \$5 million would be authorized for each fiscal year thereafter; existing law authorizes the appropriation of such sums as the Congress may determine for the year 1963 but terminates the program with that year.

This section of the bill would also change the manner in which training grants would be made. Under existing law the Secretary of Health, Education, and Welfare is authorized to make allotments to the States and the States, in turn, are to administer the training grants. Under the committee amendments, the training of personnel employed or preparing for employment in the administration of public assistance programs, as well as the establishment and maintenance of fellowships and traineeships for such personnel, would be accomplished by the Secretary directly or through grants to or contracts with public or nonprofit private institutions of higher learning. For this same purpose, special courses of study or seminars of short duration (not in excess of 1 year) could be provided directly or through grants to or contracts with public or nonprofit private agencies or institutions.

***1974** Payments could be made in advance or by way of reimbursement and adjustments made for overpayments or underpayments.

To the extent found necessary, the Secretary could prescribe requirements to assure repayment of fellowships and traineeships if an individual fails to work a prescribed period of time in a Federal, State, or local agency in connection with the administration of a State or local public assistance program. The Secretary might relieve the individual of this obligation to the extent that its enforcement would be inequitable or contrary to the purposes of any of the public welfare programs.

Section 123(b) of the bill amends section 526(a) of the Social Security Act which authorizes funds for research or demonstration projects in the field of child welfare to include special projects for training personnel for work in the field of child welfare, including traineeships with stipends and allowances permitted by the Secretary.

PART C-IMPROVEMENT OF PUBLIC WELFARE PROGRAMS THROUGH EXTENSION OF TEMPORARY PROVISIONS AND INCREASE IN FEDERAL SHARE OF PUBLIC ASSISTANCE PAYMENTS

SECTION 131. EXTENSION OF AID WITH RESPECT TO DEPENDENT CHILDREN OF UNEMPLOYED PARENTS OR IN FOSTER FAMILY HOMES

Extension with respect to children of unemployed parents

Section 131(a) of the bill amends section 407 of the Social Security Act to extent for 5 years (to June 30, 1967) the temporary provision enacted in 1961 authorizing Federal financial participation under title IV of such act in expenditures for aid to children who are dependent by reason of the unemployment of a parent. Under the law in effect prior to the 1961 amendment, such participation was limited to cases where the dependency was attributable to the death, continued absence, or incapacity of a parent.

Extension with respect to foster family home care

Section 131(b) of the bill amends section 408 of the Social Security Act to extend indefinitely the temporary provision enacted in 1961 authorizing Federal financial participation under title IV of such act in expenditures for aid in the form of foster care in foster family homes for children removed from the home of a relative because of a judicial determination that continuation in the home would be contrary to the welfare of the child. Such temporary provision would have expired June 30, 1962.

SECTION 132. INCREASE IN FEDERAL SHARE OF PUBLIC ASSISTANCE PAYMENTS

Subsections (a), (b), and (c) of this section of the bill amends sections 3(a), 1003(a), and 1403(a) of the Social Security Act to increase permanently the Federal share of the cost of old-age assistance, aid to the blind, and aid to the permanently and totally disabled under titles I, X, and XIV of such act. Under these amendments (in the case of States other than Puerto Rico, the Virgin Islands, and Guam) the Federal Government would pay, in the case of expenditures made after September 30, 1962, *1975 twenty-nine thirty-fifths of the first \$35 of the average monthly public assistance payment per recipient, and would match additional expenditures up to a maximum average payment of \$70 a month per recipient on the basis of the State's Federal percentage as computed under the act. The bill also adjusts the separate medical care matching provisions of title I to reflect the increases in the other parts of the matching formula. Proportionate increases would be made in the average monthly maximums with respect to which Federal funds will be paid under the public assistance programs in Puerto Rico, the Virgin Islands, and Guam.

Existing law sets the Federal share of expenditures to the State other than Puerto Rico, the Virgin Islands, and Guam at four-fifths of the first \$31 per recipient, with a maximum payment per recipient of \$66 a month, until June 30, 1962, after which these figures would have reverted to \$30 to \$65 respectively. The temporary provisions of existing law are extended through September 30, 1962, by subsection (e) of this section of the bill.

Subsection (d) of this section of the bill repeals (with respect to expenditures made after June 30, 1962) section 303(d) of the Social Security Amendments of 1961 (Public Law 87-64) and section 6 of Public Law 87-31, which provided the temporary increases currently in effect in the public assistance ceilings applicable to Puerto Rico, the Virgin Islands, and Guam under section 1108 of the Social Security Act. (See discussion of sec. 151 of the bill, below.)

SECTION 133. EXTENSION OF ASSISTANCE TO REPATRIATED AMERICAN CITIZENS

This section of the bill amends section 1113(d) of the Social Security Act to extend for 2 years (to June 30, 1965) the authorization of temporary assistance enacted in 1961 for American citizens and their dependents, returned from foreign countries because of destination, illness, war, or similar crises.

SECTION 134. REFUSAL OF UNEMPLOYED PARENT TO ACCEPT RETRAINING

This section of the bill amends section 407 of the Social Security Act, which authorizes Federal financial participation under title IV of such act in aid with respect to children who are dependent by reason of a parent's unemployment, so as to require the denial of such aid in cases where the parent refuses without good cause to undergo retraining which is available from public vocational education facilities. The amendment made by this section would not become effective until July 1, 1963.

SECTION 135. CERTAIN STATE PLANS NOT MEETING INCOME AND RESOURCES REQUIREMENTS FOR THE BLIND

Section 135(a) of the bill amends section 1002(b) of the Social Security Act to make permanent a temporary provision of law which has been in existence since 1950 and which authorizes Federal financial participation under title X of such act in certain aid to the blind programs (e.g., Missouri and Pennsylvania) that do not meet the requirements of section 1002(a)(8) of such act (which requires taking into consideration with a *1976 limited exception all of an individual's other income and resources in determining his need for aid to the blind).

Section 135(b) of the bill repeals section 344 of the Social Security Act Amendments of 1950 (which is the temporary provision referred to above and is replaced by the amendment made by sec. 135(a) of the bill).

PART D-SIMPLIFICATION OF CATEGORIES

SECTION 141. OPTIONAL COMBINED STATE PLAN FOR AGED, BLIND, AND DISABLED

Section 141(a) of the bill adds to the Social Security Act a new title XVI, which would make available to States that might prefer to operate their adult public assistance programs under a single plan an option to combine their programs of aid to the aged, blind, and the disabled and their program of medical assistance for the aged. A State electing to combine these programs and to receive payment under the new title XVI for any period could not (under sec. 141(b) of the bill) receive payment under title I, X, or XIV for the same or any subsequent period (except with respect to medical care furnished prior to the earliest such period and administrative expenses in connection with such care and other assistance furnished prior to the earliest such period). Payments would be authorized under the new title XVI beginning October 1, 1962.

With but few exceptions, the State plan requirements, Federal matching, and other provisions which are common to titles I, X, and XIV of the act (including those added by other amendments in the bill) are incorporated in the new title, and those provisions of title I, X, or XIV which are not common to the other two are applicable under the new title only to the category presently covered by them. Thus, the provision in title X on disregarding earned income of blind individuals (as well as the special provision for certain State plans which do not meet the regular income and resources requirements discussed under sec. 135 of the bill) is applicable under the new title only to blind individuals; the prohibition against any duration of residence requirement in the case of medical assistance for the aged under title I would apply under the new title XVI only for purposes of medical assistance for the aged. Any State whose State agency presently administering the aid to the blind program under title X is not the same as its State agency or agencies administering the programs under titles I and XIV would, upon combining such programs and coming under the new title XVI, be permitted to retain its separate State agency for the blind to administer (as a separate State plan) the portion of the approved plan under title XVI which relates to blind individuals.

The provisions of title I authorizing separate and additional Federal funds for medical care would apply in the case of medical care for all individuals eligible for aid to the aged, blind, or disabled under a State plan approved under the new title. Also, the provisions of the present definition of old-age assistance, including medical care (but not in cash assistance) for the first 42 days of an individual's stay in a medical institution as a result of a diagnosis of tuberculosis or psychosis, would apply to all individuals under a State plan approved under the new title.

***1977** Section 141(c), (d), and (e) of the bill make amendments extending to the new title XVI several provisions of law now applicable to the other four public assistance programs. These provisions are section 1109 of the Social Security Act (relating to the disregarding of the earned income of blind individuals in determining the need of other individuals), section 1111 of such act (permitting public assistance payments to judicially appointed legal representatives on behalf of eligible persons), and section 618 of the Revenue Act of 1951 (relating to public access to information concerning public assistance recipients under certain conditions).

Section 141(f) of the bill provides that when a State combines its adult public assistance programs and comes under the new title XVI, any overpayments or underpayments remaining to be adjusted under those programs will be adjusted under the new title as though they had been made under it.

PART E-MISCELLANEOUS AND TECHNICAL AMENDMENTS

SECTION 151. INCREASE IN LIMITATION ON TOTAL PUBLIC ASSISTANCE PAYMENTS TO PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

This section of the bill amends section 1108 of the Social Security Act to increase the amount of the separate dollar

limitations which are imposed on the total of the payments which may be made to Puerto Rico, the Virgin Islands, and Guam during any fiscal year under the public assistance programs (other than medical assistance for the aged). The increases provided under this amendment would be permanent, replacing (as well as raising) the temporary ceilings which are currently in effect and which would have expired June 30, 1962. The ceiling for Puerto Rico is raised from the present temporary figure of \$9,500,000 to \$10,500,000; that for the Virgin Islands from \$320,000 to \$400,000; and that for Guam from \$430,000 to \$450,000. The new ceilings would be effective with respect to fiscal years ending after June 30, 1962.

SECTION 152. PAYMENTS TO RELATIVE OF CHILD WHEN CHILD IS DEPENDENT

This section of the bill amends section 406(b) of the Social Security Act to permit the relative with whom a dependent child is living to receive money payments or medical care under the program of aid to families with dependent children to meet his needs for any month whether such child is receiving aid under such plan in the form of money payments or in the form of medical care. Under existing law the relative can receive aid only if the aid being received by the child is in the form of money payments.

This amendment would apply in the case of expenditures made under approved State plans after June 30, 1962.

SECTION 153. DEFINITIONS OF 'STATE' and 'UNITED STATES'

This section of the bill makes a technical amendment to section 1101(a) of the Social Security Act in order to make the definitions of ***1978** 'State' and 'United States,' now applicable for purposes of titles I, IV, V, VII, X, XIV, applicable also to the new title XVI (added by sec. 141 of the bill) and to the title (XI) in which the definitions appear.

SECTION 154. INCOME AND RESOURCES TO BE DISREGARDED IN DETERMINING NEED OF AN INDIVIDUAL FOR AID TO THE BLIND

This section of the bill amends section 1002(a)(8) of the Social Security Act to provide that a State in determining need of a person for aid to the blind shall disregard, in addition to amounts excluded by existing law, for a period of not to exceed 12 months (for the plan of any individual), such additional amounts of other income and resources, in the case of an individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of such plan.

SECTION 155. RESPONSIBILITY FOR PLACEMENT AND FOSTER CARE OF DEPENDENT CHILDREN

This section of the bill amends section 408(a) of the Social Security Act which provides for Federal participation in foster home care payments for dependent children. The amendment permits the responsibility for the placement and care of such dependent children to rest either with the State or local agency administering the plan approved under title IV or with any other public agency with whom the agency administering or supervising the administration of the plan has an agreement in effect. Such agreement must include provision for assuring development of a plan for each child which is satisfactory to the State public assistance agency and such other provisions as may be necessary to assure that the objectives of the State plan approved under title IV are met.

The provision is effective for 1 year, July 1, 1962, to June 30, 1963. By March 1, 1963, the Secretary of Health, Education, and Welfare is to submit a report to the President for transmission to the Congress describing experience under the provision and his recommendations as to its continuance or modification.

TITLE II-IN GENERAL

SECTION 201. MEANING OF TERM 'SECRETARY'

This section of the bill provides that the term 'Secretary,' when used in the bill and in the provisions of the Social Security

Act amended by the bill, means the Secretary of Health, Education, and Welfare, unless the context otherwise requires.

SECTION 202. EFFECTIVE DATES

This section of the bill specifies (except in the case of amendments becoming effective on the date of enactment) the effective dates which apply to the various amendments made by the bill. In this section-by-section summary each of the effective dates so specified is set forth under the discussion of the amendment involved.

1 Cost figures for fiscal 1963.

2 Cost figure for fiscal 1963.

3 Cost figures for fiscal 1963.

4 \$7,00) a year after it goes into effect in July 1963.

5 Increases to \$16,000,000 in 1964 and subsequent years.

6 Cost figures for 1963.

7 The House bill would have increased these figures to \$9,800,000 and \$300,000, respectively, to reflect other changes made by the bill.

(Note: 1. PORTIONS OF THE SENATE, HOUSE AND CONFERENCE REPORTS, WHICH ARE DUPLICATIVE OR ARE DEEMED TO BE UNNECESSARY TO THE INTERPRETATION OF THE LAWS, ARE OMITTED. OMITTED MATERIAL IS INDICATED BY FIVE ASTERISKS: *****. 2. TO RETRIEVE REPORTS ON A PUBLIC LAW, RUN A TOPIC FIELD SEARCH USING THE PUBLIC LAW NUMBER, e.g., TO(99-495))

S. REP. 87-1589, S. Rep. No. 1589, 87TH Cong., 2ND Sess. 1962, 1962 U.S.C.C.A.N. 1943, 1962 WL 4692 (Leg.Hist.)